RELATIONSHIP BETWEEN PERSONALITY FACTORS AND WILLINGNESS TO SPEND IN FAST MOVING CONSUMER GOODS – A STUDY ON YOUNG ADULTS OF WEST BENGAL, INDIA

Ishita Chatterjee[1]*, Manab Saha[2], Durjoy Majumder[3]

*[1]Assistant Professor, Department of Applied Psychology, University of Calcutta

[2]Free Lance researcher, 109/1, Block-C, Bangur Avenue, Kolkata 700 055

[3]Assistant Professor, Department of Physiology, West Bengal State University

ABSTRACT

Fast moving consumer goods (FMCG) sector is the fourth largest sector in India touching everybody's daily life. This study aims at finding the relationship between personality factors of Neo five i.e., neuroticism, extraversion, openness to experience, conscientiousness, agreeableness to tightwad – spendthrift scale. A sample of 300 young adults aged between 22-32 years residing in west Bengal and falling in the middle socio-economic strata as screened by Kuppuswamy's revised SES scale was selected for the study. Results revealed that personality dimensions – neuroticism, extraversion, openness to experience and agreeableness was positively and significantly related to spending behaviour while conscientiousness was negatively related to spending. Extraversion shows the strongest relation with spending while agreeableness comparatively showed low relations, only extraversion could predict spending positively and significantly, it could predict 35.6% of the variance. The study has direct implications in sales promotion and advertising.

KEYWORDS: 1) PERSONALITY 2) EXTRAVERSION 3) WILLINGNESS TO SPEND 4) YOUNG ADULTS   5) FMCG

B) Introduction:

Fast moving consumer goods sector (FMCG) forms a major component of purchase for consumers at large (Srivastava, 2013). The sector has been growing at a CAGR of 11% over

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
GE- International Journal of Management Research (GE-IJMR)
Website: www.aarf.asia. Email: editoraarf@gmail.com , editor@aarf.asia

Page 167

the last decade (Report of the Indian FMCG industry, 2012). The FMCG industries in India has cut throat competition within themselves, they have a direct impact on the Indian economy. FMCG are products that are sold quickly and relatively low cost. Examples include non durable goods such as soft drinks, toiletries and processed foods.

I) PERSONALITY:

Personality is consistent and enduring. The traits that a person possesses are relatively consistent in the sense that they vary in degree from time to time but are never truly absent, endurance to these traits are the key to define them as a part of one's personality. The study of personality has been approached by theorists in a variety of ways. Personality reflects individual differences. It can be defined as those inner psychological characteristics that both determine and reflect how a person responds to his/her environment (Schiffman and Kanuk, 2006).In fact some parts of personality are unique to certain persons or while some part of it can be found in many persons.

In psychology the big five personality traits are five broad domains of personality that are used to describe the uniqueness of each human. The theory is based on the big five factors is called the five factor model (McCrae & Costa Jr., 1992). The big five factors are neuroticism, extraversion, openness to experience, conscientiousness, agreeableness.

- Openness is a general appreciation for art, emotion, adventure, unusual ideas, curiosity, and variety of experience. People who are open to experience are intellectually curious, appreciative of art and sensitive to beauty.

- Conscientiousness is a tendency to show self discipline, act dutifully and aim for achievement against measures or outside expectations. It is related to the way in which people control, regulate and direct their impulses. High scores on conscientiousness indicate a preference for planned rather than spontaneous behaviour.

- Extraversion is characterized by breadth of activities (as opposed to depth) surgency from external activity/situations, and energy creation from external means. The trait is marked by pronounced engagement with the external world. Extraverts enjoy interacting with people and are often perceived as full of energy. They tend to be enthusiastic, action oriented individuals.

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
GE- International Journal of Management Research (GE-IJMR)
Website: www.aarf.asia. Email: editoraarf@gmail.com , editor@aarf.asia
Page 168

- The agreeableness trait reflects individual differences in general concern for social harmony. Agreeable individual's value getting along with others. They are generally considerate, kind, generous, trusting and trust worthy, helpful, and willing to compromise their interests with others (Rothman and Coetzer, 2003).

- Neuroticism is the tendency to experience negative emotions, such as anger, anxiety, or depression. It is sometimes called emotional instability, or is reversed and referred to as emotional stability. Those who scored high in neuroticism are emotionally reactive and vulnerable to stress.

Personality traits have been found to have an influence on consumer decision making and consumption patterns. The traits that consumer possess, influences their decision making processes and subsequent consumption patterns. Consumer behaviourists have identified general and consumption specific traits; on the basis of these, they have been able to usefully formulate and implement marketing strategies, through first segmenting the market, targeting it, positioning their product/ service offering and designing the marketing mix accordingly.

II) **Willingness to spend**:

People likely to differ in their tendency to experience the pain of paying, and these individual differences likely have important behavioural implications. At sufficiently high levels, the pain of paying may deter spending even more than would a deliberative, considering the pleasures that are foregone by consuming immediately. The affective reaction to spending may lead to spend less than their more deliberative selves would prefer. We refer to such consumers as "tightwads". By contrast, at sufficiently low levels, the pain of paying may deter spending less than would a deliberative consideration of foregone pleasures. The failure to feel the pain of paying may lead some consumers to spend more than their consequentiality selves would prefer. We refer to such consumers as "spendthrift".

Consumptive behaviour is behaviour that is no longer based on rational considerations, but because of the desire that has reached a level that is no longer rational. Consumptive behaviour is a human tendency to perform limitless consumption, where people are more concerned with emotional factors than necessity. Humans no longer buy things that

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
GE- International Journal of Management Research (GE-IJMR)
Website: www.aarf.asia. Email: editoraarf@gmail.com , editor@aarf.asia

Page 169

are really needed, but buying goods solely to buy and try the product although the product is basically not needed.

It is revealed that people do not spontaneously perceive prices in a manner consistent with standard economic theory. Vague notions of foregone pleasures are unlikely to provide compelling motivation to control current spending.

It is proposed that consumer rely on an immediate 'pain of paying' to control their spending consumers often behave differently than they would ideally like to behave. It was proposed that an anticipatory pain of paying drives "tightwads" to spend less than they would ideally like to spend. "Spendthrifts" by contrast experience too little pain of paying and typically spend more than they would like to spend.

Spending differences between tightwads and spendthrifts are greatest in situations that amplify the pain of paying and smallest in situations that diminish the pain of paying.

C) Objectives:

1) To study the nature of personality of the young adults of West Bengal

2) To study the willingness to pay in connection to FMCG

3) To study the relationship between personality dimensions and willingness to pay in connection to FMCG

4) To study whether personality dimensions could significantly predict willingness to spend in connection to FMCG

D) Method

I) **Sample**:

The convenient sample of the study consisted of 300 young adults (150 male & 150 female) aged between 22 years to 32 years, with mean age, 25.75 years SD 4.25 of middle to upper middle SES (screened by revised Kuppuswamy SES scale) (Kumar et al, 2013). Graduates were participants of this study. The consent was first taken followed by the administration of

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
GE- International Journal of Management Research (GE-IJMR)
Website: www.aarf.asia. Email: editoraarf@gmail.com , editor@aarf.asia

Page 170

the questionnaires. Person's who did not give their consent or did not complete the questionnaire was excluded from the study.

II) **Tools Used:**

- General Information Schedule: This generated information regarding various demographic variables.

- Revised KuppuSwamy scale (2013): for screening the SES status of the participants.

- Big Five Inventory: This version of the Big Five Inventory consists of 44 items originally developed by Robert McCrae & Paul Costa (1987). The Big Five Inventory is a self report inventory designed to measure the Big Five Dimensions. It is quite brief for a multidimensional personality inventory, and consists of short phrases with relatively accessible vocabulary. Scoring is done on a 5 point type scale ranging from 'Strongly Disagree' to 'Strongly agree'. The maximum possible score on the various dimensions. The five dimensions are Neuroticism, extraversion, openness to experience, agreeableness, and conscientiousness.
  The scale has adequate reliability and validity.

- Tightwad – Spendthrift Questionnaire: Originally developed by Rick, Scott, Cynthia & Loewenstein.G (2008), was adapted by the present researcher to a five item scale. The items were scored in a likert type 4 point scale. The items were all related to spending in connection to FMCG. The scale has .68 test retest reliability and face validity.

Brief definition of the variables: "Personality is the dynamic organization within the individual of those psychological systems that determine his/her unique adjustment with the environment". (Allport, 1937)

Willingness to spend: willingness to spend is the psychological pain one will feel, paying for a product or service. (Baumeister, 2002)

E) Procedure:

From the social sites, emails of 500 college/university students and service holders in various companies spanning a wide range of job profiles from engineers, teachers, bank employees,

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
GE- International Journal of Management Research (GE-IJMR)
Website: www.aarf.asia. Email: editoraarf@gmail.com , editor@aarf.asia
Page 171

accountant's were selected. Data were collected by online mode. From the pool only 300 data were used for final calculation which satisfied the inclusion criteria of educational level, SES, complete fill up of questionnaires and residents form West Bengal, India. The data were analyzed with SPSS 17 for Mean, SD, Pearson Product Moment Correlation and Linear Regression by Enter method.

Table 1. The mean and standard deviation of the variables.

Personality Domains	Mean	Standard Deviation
Neuroticism(N)	26.78	8.34
Extraversion(E)	26.90	9.19
Openness(O)	31.78	10.72
Agreeableness(A)	28.92	9.51
Conscientiousness(C)	30.00	10.59
Willingness to spend (Tightwad-spendthrift scale)	14.21	5.32

Result:

Table 1 and Figure 1 reveal the nature of personality of the young adults of West Bengal, India.

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
GE- International Journal of Management Research (GE-IJMR)
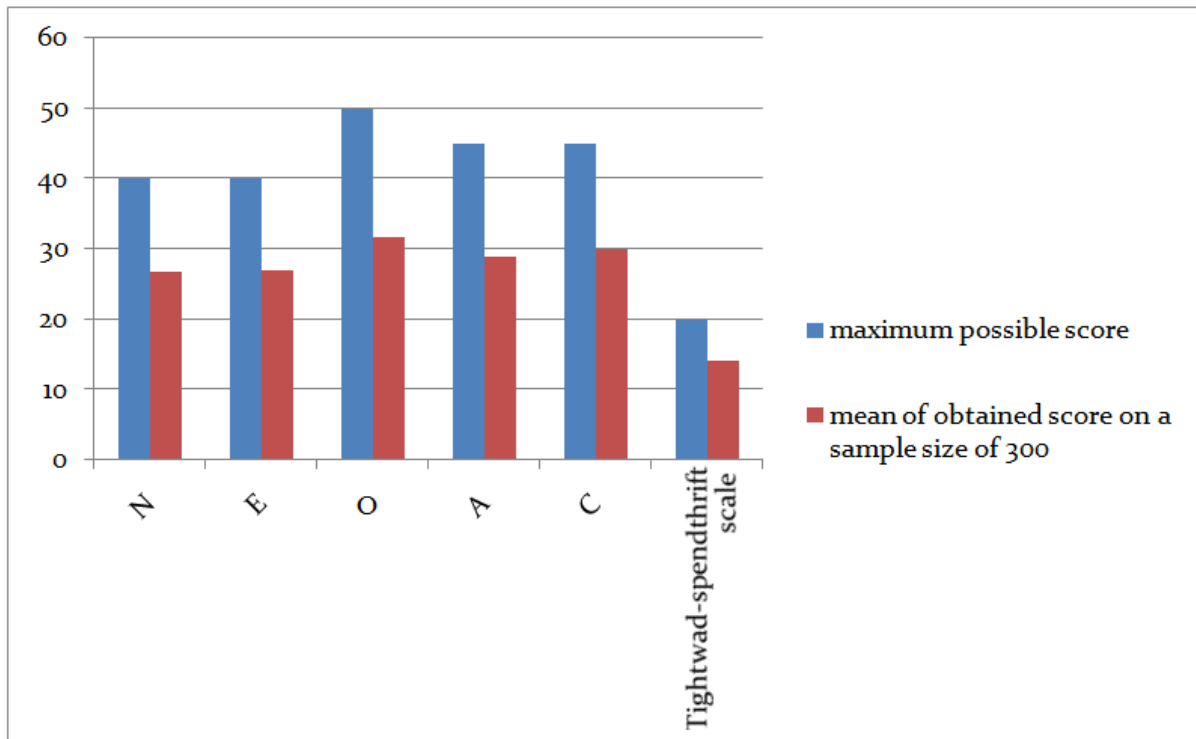Website: www.aarf.asia. Email: editoraarf@gmail.com , editor@aarf.asia
Page 172

Figure 1. The nature of personality of the young adults of West Bengal, India.

Table 2. Pearson correlation coefficient between the personality variables and tightwad's-spendthrift scale.

	N	E	O	A	C
Tightwad-spendthrift scale	0.50**	0.62**	0.46**	0.35**	-0.47**

Significant at 0.01level

Table 2 reveals that the Neuroticism, Agreeableness, Openness to experience, to be positively and significantly related to tightwad-spendthrift scale. Extraversion showed the highest co-relation, while agreeableness showed the least co-relation

Conscientiousness showed negative and significant co-relation with tightwad-spendthrift scale.

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
GE- International Journal of Management Research (GE-IJMR)
Website: www.aarf.asia. Email: editoraarf@gmail.com , editor@aarf.asia
Page 173

Table 3A.

Model-1	B	Standard error	beta	T	Significance
Constant	4.717	4.017		1.174	.243
Extraversion	.452	.127	.780	3.547	.001
Agreeableness	.080	.100	.143	.797	.428
Conscientiousness	-.058	.111	-.116	-.528	.599
Neuroticism	.070	.102	.109	.681	.498
Openness to experience	.043	.070	.086	.616	.540

Table 3B.

Model	R	R^2	Adjusted R^2	Standard error	Sum of squares	M^2	F	significance
1	0.623	0.388	0.356	4.27	1091.05	218.21	11.929	.000

Linear regression with tightwad-spendthrift as dependent variable and the personality dimensions as independent variables (enter method)

Table 3A reveals that only extraversion Beta: 0.780 as a significant predictor of tightwad-spendthrift scale.

Table 3B reveals that extraversion could predict 35.6% of the variance significantly.

G) Discussion:

Personality has always been found to influence spending behaviour. The role of personality in household saving and borrowing behaviour was studied long back in 2001 by Nyhus and Webley. They found that the personality factors like emotional stability, autonomy and extraversion were robust predictors of saving and borrowing behaviour. In this study also a

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
GE- International Journal of Management Research (GE-IJMR)
Website: www.aarf.asia. Email: editoraarf@gmail.com , editor@aarf.asia
Page 174

positive and significant relation was found between **willingness to spend** to Neuroticism, openness to experience, extraversion and agreeableness.

The concept of thrift, which has been considered a stable personality characteristic important for saving, to the personality dimension 'conscientiousness'. Conscientiousness was the most important personality dimension associated with financial self control, which is important for both saving and borrowing behaviour. Conscientiousness' and 'Inflexibility' (which corresponds to agreeableness) were significantly related to saving behaviour and intention to save. Conscientiousness is negatively correlated with willingness to spend and agreeableness showed the least correlation with willingness to spend. Hence there are good reasons to expect that personality dimensions might be important for saving behaviour and willingness to spend. Conscientiousness is related to traits such as planning, self discipline, and ability to delay gratification. Thus people high on this dimension are tightwad to even FMCG. Webley and Nyhus (2001) found that people who have mild or serious debt at least once were less conscientious than people who never have been debtors. Extraverts found less pain in paying. Personality is associated with compulsive buying behaviour was confirmed in a study by Mathai and Haridas (2014) among the retail customers in Kochin city. Extravert persons have "an energetic approach to the social and material world and traits such as sociability, activity, assertiveness and positive emotionality" (John and Srivastava, 1999). Since extraverts are more outgoing, they will make more impulse purchases compared to others (Mathai and Haridas, 2014). Here extraversion showed highest correlation to spendthrift and in case of FMCG, they spend more on personal care products, foods and drinks. Extraversion could predict 35.6% of variance. Pinkirani (2014) in her article wrote about the factors influencing consumer behaviour too emphasized the importance of personal factors like personality. Muniady et al, 2014 found personal factors such as lifestyle, personality and economic situations affect the consumer behaviour of Malaysian university students. The study found personality factors to have a strong influence on consumer behaviour.

Sihombing & Yuniasavti (2014) found differences between extroverts and introverts towards consumption behaviour towards clothing and it was found that adolescents with extrovert personality tend to be more consumptive than adolescents with introverted personality. Again this indirectly supports that extraverts are more spendthrift.

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
GE- International Journal of Management Research (GE-IJMR)
Website: www.aarf.asia. Email: editoraarf@gmail.com , editor@aarf.asia

Page 175

H) Significance of the study:

In consumer spending behaviour, the personality of an individual customer is very important especially in FMCG products. Thus the findings are relevant to the marketers to group these customers into a single market segment, and develop products and promotional campaigns targeted to these segments.

An individual's personality is enduring and cannot be changed. But campaigns can be taken to appeal to relevant traits inherent in the target group of customers.

I) Limitations of the study:

The study undertakes narrowly defined segment of the population as sample and emphasizes on a particular sector (FMCG) in connection to personality and consumer behaviour which narrows down the scope of generalization. More research can be undertaken varying sample and sector.

J) References:

1. Allport, G.W., (1937), Personality: A psychological interpretation, New York; Holt Press.

2. Baumeister, F.R.,(2002),Yielding to temptation: self control failure, Impulsive purchasing and consumer behaviour, The Journal Of Consumer Research, Vol-28, No.-4,PP- 670-676

3. John, P.O, Srivastava, S.(1999), The big five trait taxanomy: History, measurement and theoretical perspectives, Handbook of personality: theory and research, Vol- 2, PP: 102-138, New York, Guiford Press.

4. Kumar, R.B.P & Shankar, R.D, Rao, A.R., Kuppu Swamy's socio-economic status scale- A revision of economic parameter for 2012, (2013) International journal, of research & development of health, Vol- 1, PP: 2-4.

5. Mathai T.S. & Haridas R (2014), Personality- its impact on impulse buying behaviour among the retail customers in Kochin city, 10SR Journal of Business and Management, Vol-16(4), PP: 48-55

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
GE- International Journal of Management Research (GE-IJMR)
Website: www.aarf.asia. Email: editoraarf@gmail.com , editor@aarf.asia

Page 176

6. McCrae, R.R. & Costa, P.T.J.R, (1987), Validation of the five factor model of personality across instruments and observers, Journal of Personality and Social Psychology, vol : 52, No : 1, PP : 81-90.

7. Muniady R, Mamun A, Permarupan Y.P, Zainol B.R.N (2014): factors influencing consumer behaviour: A study among university students of Malaysia, Asian Social Science, Vol: 10 no: 9, PP – 18-25.

8. Nyhus K.E, Webley.P (2001), the role of personality in household saving and borrowing behaviour, European journal of personality. PP: S85-S103.

9. Pinki Rani(2014), factors influencing consumer behaviour, Int.J.curr.Res.Aca.Rev.2014; vol: 2(9): PP: 52-61.

10. Report (2012) , the Indian FMCG industry, Dinodia capital Advisors Pvt.Ltd, New Delhi.

11. Rick, Scott, Cynthia & Loewenstein.G (2008), Tightwads and spendthrifts, Journal Of Consumer Research, vol: 34(6), PP: 767-782.

12. Rothman & Coetzer.EP (2003), the big five personality dimensions & job performance, SA journal of industrial psychology, vol: 29, No: 1.

13. Schiffman L & Kanuk L, (2006, Prime), consumer behaviour.

14. Shiombing S, Yumiasantir R, (2014), Diefferences in consumptive behaviour towards clothing and introverts on teenage girls, Indigenous Psychology seminar.

15. Srivastava (2013), Factors affecting buying behaviours of consumers in unauthorized colonies for FMCG products, Global journal of management & business studies, Vol: 30 no:7, PP: 785-792.

A Monthly Double-Blind Peer Reviewed Refereed Open Access International e-Journal - Included in the International Serial Directories.
GE- International Journal of Management Research (GE-IJMR)
Website: www.aarf.asia. Email: editoraarf@gmail.com , editor@aarf.asia
Page 177