DEMOGRAFIC DETERMINANTS OF CONSUMERISM

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Abstract

Consumerism is a global social phenomenon that developed with development of consumer society. It is characterized by excessive consumption above real needs, which is justified by economic progress. In the consumerist world, stimulating consumption is vital for an economy because it contributes to the growth of gross domestic product. Since there is no objective need for consumers to have so many products and services, consumption is being presented through advertising mechanisms as something that is necessary and above all needed. The media, through advertising messages, seek to remove the feeling of guilt among consumers by linking consumption with a sense of happiness, satisfaction, belonginess and status in society. This made consumerism a very important sociocultural environmental factor, which fundamentally changed the way all businesses operate by placing the customer at the centre of all business decisions. Consumerism as a phenomenon depends, among others, of demographic and other characteristics of consumers such as age, gender, working status, income. The aim of this paper is to analyse influence of demographic characteristic to consumerism behaviour of consumers in Bosnia and Herzegovina. The results of the research showed that a significant number of customers in Bosnia and Herzegovina show signs of consumerist behaviour, which is mainly stimulated by unplanned and unnecessary purchases at discounts, as well as emotions related to shopping. Consumerist behaviour of the respondents shows that there is statistically significant association between gender and consumer behaviour only but not between age or working status or average monthly income and consumer behaviour.

Keywords: consumerism, consumer behaviour, gender, age, working status, income.

1. Introduction

Contemporary professional and scientific literature observes the ideology of consumerism through a socio-cultural aspect in which real human needs are intertwined with consumer desires, which imposes the need to understand the connection of consumerism and consumer mentality. Namely, today consumerism is defined as a group of activities of independent organizations, governments and businesses created to protect consumers. (Kesić T. 2006). But consumerism can also be seen as a value system in which the possession of material goods is very high on the list of human priorities, considering the economic but also the sociological aspect of the development of consumerism (Čičić, M. 2009). Emphasis is placed on the excessive pursuit of certain forms of shopping that makes the individual happy and satisfied. In a consumerist society, need and desire have become synonymous, and excessive consumption a lifestyle.

The consumer society has developed after the Second World War with the era of modern consumer culture that promoted the ideology of abundance and wealth. At that time, the growth of gross domestic product imposed itself as the main measure of the success of an economy, so that consumption sought to be encouraged in all ways, making consumerism the main feature of

capitalism. The main imperative of capitalism is to make money, and the money earned should be spent somewhere.

The aim of this paper is to determine whether consumerism is determined by demographic characteristics (gender, age, income, education, family status, etc.) of the population in Bosnia and Herzegovina; For the purpose of the research, a hypothesis was set Consumer behaviour of customers in Bosnia and Herzegovina is predominantly determined by their demographic characteristics.

In order to check the hypothesis, data were collecting using several different research techniques. The theoretical aspect of the research is based on searching various bibliographic units (from books, publications, articles, research, journals, case studies to texts published on the Internet or other media) in the field of management and marketing. The empirical part of the research was conducted on a representative sample of customers in the largest shopping centres in Bosnia and Herzegovina using a survey questionnaire, as the most used data collection instrument.

2. Literature review

The concept and development of consumerism is related to the 20th century, especially after the Second World War when consumerism emerged as a self-organized movement of consumers and government agencies with the aim of general consumer protection and strengthening their rights in relation to traders. It first appeared in the United States, and soon spread to other developed countries. Namely, after the end of the Second World War, an era of social changes followed, in which capitalist society became consumeristic as well, and entered the phase of mass consumption. There has been economic development, geographic expansion, revenue growth, education and technological progress. The combined effect of these factors has led to social pressure in the context of dissatisfaction with the current social, economic and political situation in the country, resulting in the establishment of appropriate legislation in the form of higher product quality, better safety standards and establishing of restrictions for false advertising. However, this notion of consumerism lost its meaning when it turned against its original goal - the consumer.

Consumption, as a term, first appeared in the American media in 1927. During this period of changes for American democracy, the role of the consumer becomes more important than the role of the citizen. The then President of the United States, Herbert Hoover, was the first politician to openly point out that consumerism was an integral part of the American way of life and a prerequisite for American economic progress. Namely, he formed various teams of psychologists and advertisers, and set them a clear goal: "to create desires in people that will transform them into consumerist machines of happiness, while making it a prerequisite for economic progress". For the first time, Americans are becoming more important to their government as consumers then as a citizen. (Hromadžić, H. 2008). That means that basic task of development of the consumer society is transforming citizens into consumers. This process Lipovetsky describes through three periods: mass production, mass consumption and hyper consumption society. (Čolić, S. 2008)

Mass production lasted from 1880 to 1945, is characterized by, among others, reducing production costs, increasing productivity, and faster production process. This phase made the product available to the general population, which focused on the brand and packaging, and not on the content of the product. At this stage, for the first time, companies are investing more money in advertising their products, which are mostly named after the company itself (eg. Coca Cola). Until that moment, the products were anonymous, mixed at points of sale without recognizable differences and unpackaged.

The second phase of the development of the consumer society, which lasted from the 1950s to the end of the 1970s, is the phase of mass consumption. At this stage, the consumer society is experiencing its heyday. Consumption no longer serves only to satisfy needs but becomes a way of life. There is economic growth, improvement of living standards, trade revolution in terms of expanding retail chains, hypermarkets and supermarkets, development of technology, and strengthening the consumer power of the population.

The end of the 70's of the last centuries is characterized with the development of a hyper-consumer society with modern consumer culture that promoted the ideology of abundance and wealth. Consumers are changing their lifestyle, settling values and moving away from traditional norms and customs.

Historical analysis of consumer culture gives a clear overview of factors that have influenced the development of consumerism as a modern phenomenon today, from strengthening the role of consumers, raising living standards, technological progress, growing market segmentation, the emergence of many new products to changing consumer preferences, habits, desires and lifestyles. Numerous researchers were analysed consumerist behaviour in connection with the demographic characteristics of customers such as gender, age and including income and work status of consumers.

Concerning gender, most research shows that women are more prone to unplanned and unnecessary shopping in compares with men. Also, women are more susceptible to in-store marketing practices and discounts, and they are more involved in the buying process itself, while men, from the other side, buy targeted and do not pay attention to other products.   (According to Herrmann, A. 2002). However, some other research shows that gender does not affect unnecessary and impulsive shopping. (Verplanken i Herabadi, 2001); (according to Gutierrez, B. 2004)

In terms of age, it is interesting to research is their differences between young and older people concerning the impulsive buying habits. There are some research that suggest an increase in impulsive buying between the ages of 18 and 39, with purchasing impulsivity being more pronounced in the population under 35 than in the elderly (Bellenger, Robertson and Hirschman, 1978; Wood, 1998; according to Gutierrez, 2004). On the other hand, there are some results that did not shown a correlation between the age of the respondents and impulsiveness in shopping. (Mihić, M., Kursan, I., 2010)

Regarding the average monthly income and the current work status of consumers, it is assumed that those with higher incomes and employed will be more prone to consumerist behaviour, because they have higher disposable income that they can direct to such buying activities.

3. Consumerism in Bosnia and Herzegovina (Research methods and Results)

This research was conducted in Bosnia and Herzegovina on a sample of 311 respondents using a survey questionnaire (the online survey method was used due to its speed, lower costs and flexibility). The survey consisted of 11 questions divided into two groups: 1) questions related to the general characteristics of the respondents (gender, age, average monthly income, working status); 2) questions that examine the consumption habits of the respondents and determine the (non)existence of consumerist behaviour among the respondents. The survey questionnaire consists of closed-ended questions, with pre-offered answers. The respondents answered in accordance with their attitudes, opinions and beliefs related to the subject of the research. The analysis of the collected data was performed in the statistical program SPSS and the software package MS Excel. Out of a total of 311 respondents, the majority are women (65%). Most

respondents were between 30 and 39 years old (30,5%), between 19 and 29 years old (28,6%), from 40 to 49 years old (19,3% of respondents) and from 50 to 59 years old 11,9%. The least respondents are up to 18 years old (7,7%) and over 60 years old (1.9%). Out of a total of 311 respondents, 61.4% of them are employed, while 25,4% of respondents are unemployed. 11,6% of them are students, while only 1,6% were pensioners. When asked about the amount of monthly income, 49,2% declared that they have an income between 501 - 1000 KM, (KM, Convertible Mark/Konvertibilna marka) or BAM is official currency of Bosnia and Herzegovina 1€= 1,95583BAM), which is also the most common answer. 26,4% of them stated that their average monthly income is in the range of 1001-1500 KM. Incomes of 501-1000 KM 20,3%, while only 4,2% have incomes more than 1500 KM.

For the purpose of researching consumerism in Bosnia and Herzegovina and its determinants, a hypothesis was set.

H: Consumer behaviour of customers in Bosnia and Herzegovina is predominantly determined by their demographic characteristics (such as gender, age but also working status and monthly income too).

The determinants of consumerism analysed in this research are gender, age, working status, and monthly income. Since through this research, using a questionnaire, only qualitative data has collected, the analysis of the impact of demographic characteristics on consumer behaviour in this case was performed using the chi-square test, where only the obtained frequencies were entered into the calculation. The chi-square test determines the connection between the two variables, i.e., whether it exists or not, however, the calculation of this test cannot determine the strength of this correlation. For the purpose of the results interpretation in this research, Pearson's coefficient is used.

When the value of empirical significance of this coefficient is less than 0.05 ($p < 0.05$), it can be concluded that there is a certain relationship between the tested variables. If the value of the coefficient is greater than 0.05 ($p > 0.05$), it means that there is no statistically significant relationship between the variables that were tested, and it is concluded that the variables are not significantly related.

According to this research, consumerism in B&H is mainly characterized by unnecessary and unplanned purchases. The variable of consumerist behaviour in the analysis was presented by a statement *It often happens to me that I go to the store for one thing and come back with ten others* and the results of the research are presented in the Table 1.

The first demographic characteristic that was analysed was gender, and it is started from the assumption that the expression of consumerist behaviour depends on gender, i.e., that there is a statistically significant relationship between gender variables and consumerist behaviour.

Table 1. Gender: It often happens to me that I go to the store for one thing and come back with ten others (Contingency table).

		It often happens to me that I go to the store for one thing and come back with ten others					Total
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Gender	F	6	11	14	83	88	202
	M	13	34	36	15	11	109
Total		19	45	50	98	99	311

Chi- square test			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	113.419a	4	.000
Likelihood Ratio	116.896	4	.000
Linear-by-Linear Association	89.008	1	.000
N of Valid Cases	311		
a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 6.66.			

Based on the chi-square test and the calculated Pearson's coefficient, a significance of 0.000 was determined, which is less than 0.05, and according to this, it can be concluded that there is a statistically significant correlation between the analysed variables. In other words, the initial assumption is accepted that consumerist behaviour depends on gender, which can also be seen from the contingency table. Namely, out of the total number of surveyed women (202), the majority agrees (83 + 88 = 171) with the stated statement about the practice of unplanned purchases, so it can be concluded that women are more submissive to such purchases. On the other hand, out of the total number of men (109), the majority disagrees with this statement (13 + 34 = 45), based on which the existence of differences in consumerist thinking and behaviour between the sexes can be noticed. The obtained results only confirmed the generally accepted fact that women buy more often, unplanned and spontaneously, out of pure pleasure, while men see shopping exclusively as a need and obligation.

The next demographic characteristic whose influence on consumerist behaviour is analysed is age. The assumption that there is a statistically significant association between age as an independent and consumerism as a dependent variable, was set up.

Table 2. Age It often happens to me that I go to the store for one thing and come back with ten others (Contingency table 1).

		It often happens to me that I go to the store for one thing and come back with ten others					Total
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Age	Less than 18	3	4	5	6	6	24
	19 – 29	4	19	10	31	25	89
	30 – 39	8	7	15	30	35	95
	40 – 49	3	9	8	14	26	60
	50 – 59	1	5	9	15	7	37
	Older than 60	0	1	3	2	0	6
Total		19	45	50	98	99	311

Chi- square test

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	28.848a	20	.091
Likelihood Ratio	29.765	20	.074
Linear-by-Linear Association	.465	1	.495
N of Valid Cases	311		
a. 10 cells (33.3%) have expected count less than 5. The minimum expected count is .37.			

The value of the calculated Pearson coefficient of 0.091 is greater than 0.05, which means that there is no correlation between these two analysed variables, i.e., that consumerist behaviour does not depend on the age of the consumer.

However, below Table 3, within chi-square test table, the note is quoted that 33.3% of cells have frequencies less than 5. If the 2x2 format of contingency tables is used, statisticians believe that none of the expected frequencies should be less than 5. In the case if the table has more than 2 rows and 2 columns, expected frequencies less than 5 can be tolerated, but only up to 20%.

In other words, a chi-square can be calculated only if less than 20% of the cells have a value of expected frequencies less than 5, and no cell less than 1. If this is not achieved, which is the case here, it is necessary to merge cells with expected frequencies less than appropriate.

From Table 3 the least expected frequencies are found in the cells related to the interval related to the age over 60 years. In order to meet the criteria for calculating the chi-square test, this interval was merged with the neighbouring one into one interval in which all respondents over 50 years of age were grouped. However, since this is a larger format contingency table, just one grouping was not enough to meet this criterion. For that reason, the five-point Likert scale for this question has been reduced to three. In this way, the basis for calculating the chi-square test was created, and the very essence of the analysis did not change.

Table 3. Age It often happens to me that I go to the store for one thing and come back with ten others (Contingency table 2).

		It often happens to me that I go to the store for one thing and come back with ten others			Total
		Disagree	Neutral	Agree	
Age	Less than 18	7	5	12	24
	19 - 29	21	10	56	87
	30 - 39	13	15	66	94
	40 - 49	14	8	40	62
	Older than 50	9	12	23	44
Total		64	50	197	311

Chi- square test			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	11.145a	8	.194
Likelihood Ratio	10.898	8	.208
Linear-by-Linear Association	.024	1	.877
N of Valid Cases	311		
a. 2 cells (13.3%) have expected count less than 5. The minimum expected count is 3.86.			

After created a criterion for calculating the chi-square test by performing the grouping of the answers, the size of the calculated Pearson's coefficient only confirmed the original assumption, i.e., that there is no statistically significant correlation between age and consumer behaviour of respondents (0.194> 0.05).

Although differences in priorities, desires, status, level of education and income between different age groups exist, the age limit for consumerism in this case has not been determined and it could be concluded that these factors do not affect the consumer behaviour of respondents.

Regarding the working status and its impact on consumer behaviour, in this analysis the relationship between these two variables is observed from the aspect of free time and the creation of shopping lists. It is assumed that the unemployed people have more time than employed have, so they can devote much more time to carefully purchasing plan decisions making by creating a shopping list with things they really need and sticking to that list when buying, which ultimately reduces impulsive purchasing.

In this case, the analysis of the chi-square test determined the value of the Pearson coefficient of 0.066, which is greater than 0.05, which means that there is no statistically significant correlation between the variables of work status and consumer behaviour.

The lack of connection between these two variables means that consumerism is not determined by the working status of the respondents, i.e., that there are not enough significant differences in the consumerist behaviour of students, employed and unemployed. It should be noted that the interval, in which retired people were grouped, was combined with the interval in which the unemployed were grouped, in order to meet the criterion for calculating the chi-square test which require that the expected frequencies value is less than 5 in less than 20% cases only. The grouping was performed with retired people, because the least frequencies were expected in that interval. They relate to the category of unemployed because, concerning the working status, they have the most similarities with this category, comparing to others that are the subject of analysis. (Table 4)

Table 4. Working status; It often happens to me that I go to the store for one thing and come back with ten others (Contingency table).

		It often happens to me that I go to the store for one thing and come back with ten others					Total
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Working status	Student	6	6	7	9	8	36
	Unemployed	6	11	18	26	23	84
	Employed	7	28	25	63	68	191
Total		19	45	50	98	99	311

Chi- square test

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	14.672a	8	.066
Likelihood Ratio	12.920	8	.115
Linear-by-Linear Association	8.482	1	.004
N of Valid Cases	311		
a. 1 cells (6.7%) have expected count less than 5. The minimum expected count is 2.20.			

The same correction was made when analysing the impact of average monthly income on the consumerist behaviour of respondents. From table 5 the least expected frequencies, when it comes to the variable of monthly income, are in the cells related to the amount of income over 1500 KM (KM, Convertible Mark/Convertible marka) or BAM is official currency of Bosnia and Herzegovina 1€= 1,95583BAM). In order to be able to calculate the chi-square test, this interval was merged with the neighbouring one, in which all incomes over 1000 KM are grouped.

Table 5. Average monthly income: It often happens to me that I go to the store for one thing and come back with ten others (Contingency table)

		It often happens to me that I go to the store for one thing and come back with ten others					Total
		Strongly disagree	Disagree	Neutral	Agree	Strongly agree	
Average monthly income	Less than 500 KM	6	9	10	21	17	63
	501 – 1000 KM	7	16	32	45	53	153
	More than1000 KM	6	20	8	32	29	95
Total		19	45	50	98	99	311

Chi- square test

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	13.358a	8	.100
Likelihood Ratio	13.625	8	.092
Linear-by-Linear Association	.019	1	.892
N of Valid Cases	311		
a. 1 cells (6.7%) have expected count less than 5. The minimum expected count is 3.85.			

After the criterion for calculating the chi-square test was met, based on the calculated Pearson coefficient, which is 0.1 which is greater than 0.05, it can be concluded that there is no dependence between the analysed variables. It means that the amount of monthly income does not affect consumer behaviour.

From the contingency table, which shows all the answers of respondents, the most common assessment of respondents from all three intervals of monthly income, is the agreement or absolute agreement with the statement that they often buy unnecessary things. In other words, it does not mean that people will be more inclined to make unnecessary purchases just because have a higher income that can be directed to such buying activities, nor that they will be less prone to unnecessary purchases, just because they are able to direct to such activities a less part of their income. (Table 5)

The analysis of the influence of demographic characteristics on the consumerist behaviour of the respondents led to the following conclusions:

- there is a statistically significant association between gender and consumer behaviour.
- there is no statistically significant association between age and consumer behaviour.
- there is no statistically significant correlation between working status and consumer behaviour.
- there is no statistically significant correlation between average monthly income and consumer behaviour.

Since the results of the research show the significant impact of only one demographic variable (gender) on consumer behaviour, the hypothesis according to which consumer behaviour of consumers in Bosnia and Herzegovina is predominantly determined by their demographic characteristics cannot be fully accepted, but only partially.

4. Discussion and conclusions

Consumerism as a global social phenomenon that developed together with development of consumer society is characterized by excessive consumption above real needs, which is justified by economic progress. In the consumerist world, stimulating consumption is vital for an economy because it contributes to the growth of gross domestic product. Since there is no objective need for consumers to have so many products and services, consumption is being presented through advertising mechanisms (through different media) as something that is necessary and above all needed. This made consumerism a very important sociocultural environmental factor, which fundamentally changed the way all businesses operate by placing the customer at the centre of all business decisions. The research conducted for this paper used survey questionnaire with carefully created questions. The consumers in the retail market in B&H were the sample. The goal was to determine the degree of development of consumerism among the population of B&H and the connection between consumerism and demographic characteristic. The results of the research showed that a significant number of customers in B&H show signs of consumerist behaviour, which is mainly stimulated by unplanned and unnecessary purchases at discounts, as well as emotions related to shopping. Besides, the analysis of the influence of demographic characteristics on the consumerist behaviour of the respondents shows that there is an only statistically significant association between gender and consumer behaviour but not between age and consumer behaviour, between working status and consumer behaviour and between average monthly income and consumer behaviour.

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