An Impact of Spending of Spending Habits by The Under Graduate Students Towards Luxury Products in Coimbatore City

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Abstract:

Success does not always need to involve luxury. A simple life can lead to a focused and disciplined mind. However, in today's world, especially in rapidly growing cities like Coimbatore, luxury spending among college and university students has become more common. Coimbatore, which is developing as an educational hub with many colleges and universities, exposes students to an urban lifestyle. In this setting, branded phones, trendy clothing, and other luxury items are seen as signs of status and identity. In economics, luxury goods are those for which demand increases faster than income, unlike necessity goods that are essential for survival. The rise of consumer culture has made students more aware of brands, linking their personalities, success, and social recognition to the products they use. This trend is driven further by easy access to EMI options, credit facilities, and financial institutions, which make luxury items seem affordable and necessary.

Keywords — Luxury goods items, Lifestyle, Necessity goods, Awareness, Culture.

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I. INTRODUCTION

Media platforms like YouTube and Instagram serve as strong connections between students and product makers. Celebrities and influencers make luxury items feel essential for social acceptance. Many students, encouraged by parental support, spend without enough financial knowledge, thinking that higher-priced products will last longer and provide more value. Owning luxury products often ties to popularity, pride, and the desire to stay relevant among friends. Urban growth, shopping malls, brand stores, and rural-urban migration further escalate this behaviour, especially among teenagers who are key targets for discounts, offers, and free trials. Over time, buying luxury goods starts to take the place of buying necessities, leading to emotional stress, financial strain, and compulsive spending habits. This study aims to explore the factors that influence luxury spending among students in Coimbatore. It will look at sources of income, family background, media effects, spending habits, and peer pressure. The study also seeks to determine whether spending on luxury items increases satisfaction or causes psychological and financial stress. The ultimate goal is to promote financial awareness and responsible consumption among students.

II. OBJECTIVES OF THE STUDY

- To evaluate the level of awareness and satisfactory level towards luxury products in the market.
- To examine the relationship between income and the price range preferred when purchasing luxury products

III. SCOPE OF THE STUDY

This study examines the luxury spending habits of students in Coimbatore City across higher secondary, undergraduate, and postgraduate levels. It identifies key factors influencing luxury consumption, such as peer pressure, social media

influence, brand consciousness, and easy credit availability. The study also assesses students' financial literacy, including budgeting, saving, and prudent spending practices. Further, it analyzes the psychological and social effects of luxury consumption, focusing on stress, self-esteem, and social acceptance. The findings aim to promote responsible spending and support financial education initiatives in institutions.

IV. STATEMENT OF THE PROBLEM

Lifestyle changes, urbanization, and rising consumer culture have increased luxury consumption among students. Despite this, luxury spending often creates financial strain due to high costs, peer pressure, and social comparison. Students from diverse backgrounds continue to purchase luxury goods, especially in a rapidly urbanizing city like Coimbatore. Many students remain unaware of the long-term financial impact of such spending and are prone to impulsive buying. This study aims to assess students' luxury expenditure and identify the key factors influencing their consumption behavior.

V. RESEARCH METHODOLOGY

Data Collection

Primary Data: Collected through structured surveys with consumers in Coimbatore City.

Secondary data: For secondary data, the related journals, articles, websites, and past thesis were referred for this project.

VI. SAMPLE SIZE AND SAMPLING TECHNIQUE:

A Simple Random Sampling technique is used to select a representative sample from the rural consumers in Coimbatore city. 151 samples were collected from the respondents.

VII. TOOLS USED FOR ANALYSIS

- ANOVA
- Chi-Square
- Correlation

VIII. LIMITATIONS OF THE STUDY

- Very limited past studies available specifically in Coimbatore, making of comparison is difficult.
- Data was collected within a short period,so spending habits that change over time could not be fully captured.

IX. REVIEW OF LITERATURE

Kalavani and Janani (2024)[1] Both Conducted a study *"Consumer Preferences for Luxury Brands".* With a Sample & 154 Respondents. They used questionnaires, Ranking Analysis and Chi-Square Tests Together and Analyzed The data. Their Findings Showed That Brand Service and Quality, were The Top Factors influencing Customer Satisfaction. The Authors recommended improving Brand awareness Through Targeted Social Media, Personalized Services To Attract and Keep Customers. The study Concludes That The Branded Products greatly influence Consumer Preferences, especially among Youth because of Their style and Status Value.

DATA ANALYSIS AND INTREPRETATIONS: ONEWAY ANOVA

Table No – 1: Comparisons between level of awareness and satisfactory level towards luxury products in the market.

H0: There is no significant difference between age groups and the level of awareness and satisfaction towards luxury products in the market.

H1: There is a significant difference between age groups and the level of awareness and satisfaction towards luxury products in the market.

Level of awareness towards luxury products in the market.						
ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
Are you aware of Difference between Genuine & Fake Luxury Products?	Between Groups	4.291	1	4.291	5.328	0.022
	Within Groups	119.202	148	0.805		
	Total	123.493	149			
Are you aware of the Locations of	Between Groups	0.308	1	0.308	0.440	0.508

| Luxury Brand Outlets in Coimbatore | Within Groups | 103.752 | 148 | 0.701 | | |
| | Total | 104.060 | 149 | | | |

Satisfactory level towards luxury products in the market.						
ANOVA						
		Sum of Squares	df	Mean Square	F	Sig.
How satisfy Are you with the Quality of Luxury Products you have Purchased	Between Groups	1.024	1	1.024	1.753	0.188
	Within Groups	86.416	148	0.584		
	Total	87.440	149			
What extent are you satisfying with your Financial Situation after Purchasing Luxury Products	Between Groups	2.676	1	2.676	4.879	0.029
	Within Groups	81.164	148	0.548		
	Total	83.840	149			
Was The Quality of service at Luxury Stores Satisfy your experience?	Between Groups	0.053	1	0.053	0.083	0.773
	Within Groups	93.947	148	0.635		
	Total	94.000	149			
How Satisfy are you with Sacrificing Long Term Needs for Short Term Luxury Wants	Between Groups	0.182	1	0.182	0.196	0.659
	Within Groups	137.818	148	0.931		
	Total	138.000	149			

Source: Primary Data

RESULT:

The ANOVA analysis was carried out to examine the difference between age groups and awareness and satisfaction towards luxury products. The calculated significance value is greater than 0.05, indicating no significant difference among the groups. Hence, the null hypothesis is accepted and the alternative hypothesis is rejected. It is concluded that age does not significantly influence awareness and satisfaction towards luxury products.

1) CHI-SQUARE ANALYSIS

Table No – 3: Chi-square values – income and the price range preferred when purchasing luxury products

H0: There is no association between income/savings and the amount people wish to spend on luxury products

H1: There is an association between income/savings and the amount people wish to spend on luxury products

		How much would you like to Spend Towards Luxury Products			
		₹10,000-₹15,000	₹15,000-₹20,000	Above ₹20,000	Total
Income/Savings	Below Rs5,000	47	18	11	76
	Rs5,000-Rs10,000	8	26	0	34
	Rs10,000-Rs15,000	8	19	0	27
	Above Rs15,000	9	2	2	13
Total		72	65	13	150

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	41.600[a]	6	.000
Likelihood Ratio	46.932	6	.000
Linear-by-Linear Association	.391	1	.532
N of Valid Cases	150		

a. 3 cells (25.0%) have expected count less than 5. The minimum expected count is 1.13.

Source: Primary Data

RESULT:

The chi-square test yields a value of 41.600 with 6 degrees of freedom and an asymptotic significance (p-value) of 0.000. Since $p < 0.05$, we reject the null hypothesis, indicating a significant relationship between income level and luxury-spending preference. The result suggests that individuals' income influences how much they are willing to spend on luxury goods.

CORRELATION

Table No – 5: Analysis of Satisfaction Level & Financial Impact among students

H0: There is no significant correlation between "Satisfaction level with the Quality of Luxury Products" and "Satisfaction level With Financial Situation after Purchasing Luxury Products."

H1: There is a significant correlation between "Satisfaction level with the Quality of Luxury Products" and "Satisfaction level With Financial Situation after Purchasing Luxury Products."

	Pearson Correlation	Sig. (2-tailed)	N	Pearson Correlation	Sig. (2-tailed)	N
Satisfaction level with the Quality of Luxury Products Purchased	1	-	150	0.238	0.003	150
Satisfaction level With Financial Situation after Purchasing Luxury Products	0.238	0.003	150	1	-	150

Source: Primary Data

RESULT:

The Pearson correlation coefficient is 0.238, and the two-tailed significance (p-value) is 0.003. Since $p < 0.01$, the correlation is statistically significant at the 0.01 level, so we reject H_0 and accept H_1, indicating a positive, significant relationship between quality satisfaction and post-purchase financial satisfaction.

FINDINGS

- ANOVA shows age does not significantly influence awareness or satisfaction toward luxury products all age groups have similar perceptions.
- The chi-square test reveals a significant relationship between income level and luxury-spending preference meaning income drives willingness to spend on luxury.
- Pearson correlation finds a positive, significant link between satisfaction with product quality and post-purchase financial satisfaction.

SUGGESTIONS

- **Student-Focused Financing Options**

Give students with low incomes or savings personalized installment plans or buy-now-pay-later programs so they can afford luxury goods and feel less stressed about money.

- **Financial Education for Luxury Consumers**

After luxury purchases, provide buyers with budgeting and financial management advice to help them better manage their money and increase their level of satisfaction with their purchases

- **Flexible Payment-Method Portfolio**

Since income and savings have a big impact on the preferred payment method for luxury purchases, give budget-conscious customers a variety of payment options (digital wallets, EMI, and BNPL).

CONCLUSION

According to the study, young consumers' preferences for luxury spending, payment methods, and financial satisfaction are all strongly influenced by their income level in Coimbatore City. Students with low incomes and savings make up the majority of responders, underscoring the necessity of customized marketing tactics. Luxury buying experiences can be improved with income-based pricing, flexible payment options, and messaging that emphasizes quality. The results recommend

providing this group with financial advice and reasonably priced luxury options. Businesses can access this expanding market segment by matching offerings to their financial profiles. Strategies that work will increase sales and foster enduring brand loyalty.

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