

THE EFFECT OF AGE ON HOUSEHOLD SPENDING PATTERNS IN KOREA

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Over the past 20 years Korean consumption patterns have changed considerably: health care, public transportation, communication costs increased rapidly while clothing, food, utility expenditures increased slightly. The changes of these consumption pattern might result from rapid economic development, improvement of level of living, and the increase in women's labor force participation. Previous life-cycle consumption research, focusing primarily on age-associated differences in consumption behavior, has established a variety of important expenditure patterns related to aging of the household (Ferber, 1973). However, few research has examined the effects of households' age on their expenditure patterns in Korea. The purpose of this study is to analyze the consumption pattern of different ages of households for 16 expenditure categories (food at home, food away from home, clothing, housing, utility, personal care, medical expense, education, communication, furniture and furnishings, private transportation, public transportation, leisure, social customs, association, extra expenditure). Data was obtained from Urban Household Economy Survey published the Korean National Statistical Office. To examine the effect of age as categorical variables on 16 expenditure items for households in Korea, analysis of variance and regression technique are statistical tools in this study. The age groups are divided into 6 groups such as a group with less than 25, 25-34, 35-44, 45-54, 55-64, and more than 65-year-old. Means of each expenditure items with 6 different age groups are presented with the results of ANOVA and scheffe test.

The results of ANOVA showed that for all expenditure categories, effect of age is significant but the patterns of age effects with dummy set are not consistent for all items. For each item, specific age groups have different consumption patterns with other groups and we do not find any specific age group which shows unique consumption patterns for all items. However for all 16 items, means of 6 age groups are significantly related with expenditure amounts by the results of F-Test. The continuous variables related to each expenditure amounts of 16 items. Households with younger age of reference person spend less than others for the items of food at home, utility, communication, social customs, and extra expenditures whereas above group spends less or more inconsistently for other items. The results of the analysis may provide useful informations for marketers and retailers in developing strategies for market segmentation, and for financial planning counselors in developing a financial educational program.