

An Analysis of Financial Literacy on Spending Habits of Genz with Special Reference to Personal Care Products.

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Abstract - In today's fast-paced digital economy, financial literacy plays a crucial role in shaping how Generation Z manages money and makes spending decisions, especially in the context of personal care products. This study explores how financial knowledge influences the spending habits of Gen Z, who are constantly exposed to online shopping, digital payments, social media trends, and influencer marketing. Based on primary data collected from 110 Gen Z respondents using a structured questionnaire and convenience sampling, the study applies percentage analysis, weighted average, and Henry Garrett's ranking technique to understand their purchase behaviour. The findings indicate that most respondents demonstrate basic awareness of budgeting, price comparison, and setting monthly limits, they still engage in occasional impulsive purchases influenced mainly by product quality, brand, and price rather than social media pressure. A majority of respondents spend less than ₹1000 per month on personal care and prioritize necessity over trends, reflecting moderate financial discipline. The study concludes that financial literacy positively supports responsible spending and informed purchase decisions, but digital exposure and lifestyle influences continue to affect the behavior of Genz. By focusing specifically on the personal care segment, this research adds a new dimension to financial literacy studies and offers useful insights for educators, policymakers, and marketers to promote mindful and sustainable spending among young consumers.

Keywords: Financial Literacy, Generation Z, Spending Habits, Personal Care Products, Impulsive Purchase, Budgeting, Digital Influence, Purchase Decision.

1. INTRODUCTION

In today's economy, financial literacy has become essential for making informed financial decisions and maintaining overall wellbeing, particularly among Gen Z, who are deeply influenced by online shopping, social media trends, and digital payment systems. At the same time, the growing importance of personal care products driven by selfcare awareness, appearance, and lifestyle trends has made this category a frequent area of spending, often marked by impulsive purchases. This study examines how financial literacy shapes the spending behaviour of Gen Z with special reference to personal care products, focusing on spending habits, savings behaviour, financial planning awareness and the influence of digital platforms and peer pressure on purchase decisions. By analysing whether financial knowledge the research offers insights for educators, policymakers, and marketers to promote responsible and sustainable consumption among Genz consumers .Overall, this study highlights the growing importance of financial literacy in influencing the spending habits of Gen Z consumers. By analysing the connection between financial knowledge and spending behaviour, the research aims to understand how financial literacy can help in developing more mindful and sustainable consumption patterns in the personal care products market.

OBJECTIVES

- To analyze the level of financial literacy and spending habits of Gen Z on personal care products.
- To examine the influence of financial literacy on personal care purchase decisions among Gen Z.
- To recommend measures to improve responsible spending behavior of Gen Z towards personal care products.

RESEARCH METHODOLOGY TYPE OF RESEARCH

This study adopts the descriptive research methodology, which aims to systematically analyze the consumer behavior and financial awareness. The research method aims to understand how financial literacy influences purchasing decisions and spending patterns among Gen Z consumers through the collection of primary data using the questionnaire approach in the convenience sampling method.

SOURCES OF DATA:

This research collects data through one method that is via Primary data.

PRIMARY DATA:

"Primary data are the data collected by the researcher from the respondents through methods such as surveys, questionnaires, interviews, and observations, etc., for the specific purpose of the research."

AREA OF STUDY:

The study was conducted among Gen Z consumers who are aware of or use personal care products. The data for the study were collected from students belonging to different colleges and other people who belongs to Gen Z world, which helped in gathering responses from students with different backgrounds and preferences.

SAMPLE SIZE

The sample size of the study is to be 110 respondents.

TOOLS USED FOR ANALYSIS

- Percentage analysis
- Weighted average
- Henry Garrett's ranking

REVIEW OF LITERATURE

Adinda Farhana (2026)- Financial Behaviour and Its Association with Impulsive Buying Behaviour: An Empirical Analysis on Gen Z. This research explores in depth the intricate relationship between financial behaviour and impulsive buying behaviour among Generation Z and Millennials two cohorts that have grown up in the digital era and are heavily influenced by online platforms. As digital payment systems, e-commerce applications, and social media marketing continue to expand, these generations face increasing exposure to persuasive digital advertising and instant purchasing options. Such exposure often leads to emotionally driven and unplanned purchases, raising concerns about long-term financial well-being. Using a quantitative research design, the study gathered primary data through structured questionnaires distributed to both Gen Z and Millennial respondents. The research examined several dimensions of financial behaviour such as budgeting practices, saving consistency, expense tracking, and long-term financial planning to determine how these variables influence impulsive buying tendencies. Statistical analysis revealed a significant negative correlation between disciplined financial behaviour and impulsive spending: individuals who demonstrate better control over their finances are less likely to make spontaneous purchases. In contrast, participants with weaker financial management skills tend to exhibit higher impulsivity, particularly within digital shopping contexts where convenience and social influence are strong. These findings emphasize the importance of enhancing financial literacy programs that go beyond basic knowledge to include behavioural awareness and emotional regulation in digital consumption. The study provides valuable insights for educators, policymakers, and marketers, highlighting the need to

promote responsible financial decision-making and encourage mindful spending among young adults in the fast-evolving digital economy.

Nur Aliza et al. (2025)-Spending habits of gen z: how financial literacy, lifestyle, and self-control shape consumer behaviour in Yogyakarta. This study aims to analyse the influence of financial literacy, lifestyle, and self-control on the consumptive behaviour of Generation Z in the Special Region of Yogyakarta. A quantitative approach was used, with data collected through an online questionnaire. The respondents consisted of 100 Generation Z individuals residing in the Special Region of Yogyakarta. The data collected were analysed using multiple linear regression. The results showed that financial literacy has a significant positive effect on consumptive behaviour, lifestyle has a significant positive effect on consumptive behavior, while self-control has a significant negative effect on consumptive behaviour. The coefficient of determination of 71.6% indicates that these three variables collectively influence the consumptive behaviour of Generation Z, while the remaining 28.4% is attributed to other variables not included in this study.

Rully Arestha et al. (2024)-The Influence of Financial Literacy on the Consumptive Behaviour of Generation Z: A Systematic Literature Review. In this article, we explore the significance of financial literacy in shaping the consumer behaviour of Generation Z. Growing up in a world of technology and the internet, this generation faces unique challenges when managing their finances. Despite having access to vast information, they often struggle with impulsive and unplanned consumer behaviour, leading to excessive spending. We aim to investigate the impact of financial literacy on the consumer behaviour of Generation Z, with a particular focus on college students. To achieve this, we conducted a systematic literature review using secondary data from articles published on Google Scholar between 2020-2023. Our findings revealed three relevant articles that demonstrate a significant positive relationship between financial literacy and prudent consumptive behaviour among Generation Z students. While lifestyle and income also play a role in financial management, financial literacy remains a critical predictor of wasteful behaviour. We conclude that educational institutions and policymakers should prioritize financial literacy initiatives to equip Generation Z with the necessary skills to manage their finances actively. Finally, our research highlights the need for comprehensive follow-up studies to compare literacy levels and consumer behaviour across different tertiary institutions, providing valuable insight into developing trends and overall financial management among Generation Z.

OVERVIEW OF THE STUDY

Financial literacy has become one of the most essential skills in the modern world, though its development has been gradual over time. In earlier periods, it was not regarded as a critical competency and people managed their finances through basic understanding, personal experience and long-standing traditional practices. Most individuals focused primarily on earning, saving a small portion and spending on essential needs, with a little knowledge on structured financial planning, investment or long-term security. Financial knowledge was commonly transmitted informally across generations, where parents taught children simple habits such as saving money, avoiding unnecessary expenses, and living within their means. Since financial systems were relatively simple, decisions were largely confined to daily expenditures and occasional significant purchases like land, gold, or household items, reducing the perceived need for advanced financial knowledge. Despite this shift, access to financial knowledge remained uneven across different sections of society. In the contemporary era, marked by technological advancement and globalization, financial literacy has become a necessity rather than a choice. The widespread use of online banking, mobile payments, credit cards, digital wallets, and investment platforms has simplified transactions while simultaneously increasing the complexity of financial management. Consequently, individuals must possess a clear and comprehensive understanding of financial principles to manage their resources effectively and ensure long-term financial well-being.

FINDINGS

TABLE 1: PERCENTAGE ANALYSIS

Topics	Particulars	No of Respondents	Percentage %
Gender	Male	42	38.18
	Female	68	61.82
Age	18-20	49	44.55
	21-23	30	27.27
	24-26	15	13.64
	27-29	16	14.55
Source of income	Parents	66	60
	Employment	31	28.18
	Part-time job	8	7.27
	Business	5	4.55
Spending per month	Below Rs 1000	67	60.91
	Rs1000-3000	29	26.36
	Rs3000-5000	10	9.09
	Above Rs5000	4	3.64
Reasons for Purchasing	Necessity	28	25.45
	Appearance enhancement	20	17.74
	Professional/ Workplace requirement	11	10.08
	Special occasions/ Events	13	10.89
	Peer influence / Social media	8	7.66
	Following current trends	7	6.45
	Curiosity to try new products	6	6.05
	Brand preference/ Loyalty	10	9.27
	Discounts	7	6.45
TOTAL		110	100.00

SOURCE: Primary data

Interpretation:

The Majority (61.82%) of the respondents are female.

The majority (44.55%) of the respondents belonged to the age group of 18-20.

The majority (60%) of respondents belonged to the family/parent’s support.

The majority (60.91%) of the respondents belonged to personal expenses below Rs1000.

Most (25.45%) of the respondents belong to the category of use personal products for necessity

WEIGHTED AVERAGE:

TABLE 2: SHOWING AGREEABILITY OF RESPONDENTS FOR MAKING PERSONAL CARE PURCHASES

S.No	Particulars	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Total	Weighted average
1	Prioritize need over brand preferences	52	28	22	4	4	110	4.09
		260	112	66	8	4	450	
2	Price comparison before purchasing	31	56	19	0	4	110	4
		155	224	57	0	4	440	
3	Checks for discounts and offer	27	31	41	7	4	110	3.63
		135	124	123	14	4	400	
4	Avoid purchase if it exceeds budget	28	34	23	17	7	110	3.54
		140	140	69	34	7	390	
5	Tracking personal expenses	29	35	21	5	20	110	3.43
		145	140	63	10	20	378	
6	Confidence in managing personal finance	23	43	25	8	11	110	3.53
		115	172	75	16	11	389	
7	Checks quality before purchase	31	39	23	5	12	110	3.65
		155	156	69	10	12	402	
TOTAL WEIGHTED AVERAGE								25.87
WEIGHTED AVERAGE								3.69

SOURCE: Primary data

$$\text{Weighted average } W = \frac{\sum WX}{\sum W}$$

$$\begin{aligned} \text{Total weighted average } \sum WX &= \sum (4.09+4+3.63+3.54+3.43+3.53+3.65) \\ &= 25.87 \end{aligned}$$

$$\begin{aligned} \text{Weighted average } W &= 25.87/67 \\ &= 3.69 \end{aligned}$$

INTERPRETATION:

From table, the majority of respondents agree to prioritize need over brand preferences with weighted average of 4.09.

HENRY GARRETT RANKING:

TABLE-3: SHOWING THE REASON THAT ATTRACTS RESPONDENTS FOR PURCHASING PERSONAL CARE PRODUCTS

	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Rank 6	Rank 7
Quality	82	9	5	2	2	3	7
Brand	2	62	15	10	4	12	5
Price	3	18	64	9	9	4	3
Ingredients	3	3	11	67	14	10	2
Ratings and review	3	4	9	10	69	8	7
Offer and discounts	3	12	5	9	10	63	8
Social media influence	14	2	1	3	2	10	78

$100(R_{ij}-0.5)/N_j$	Calculated value	Garret value
$100(1-0.5)/7$	7.14	79
$100(2-0.5)/7$	21.42	66
$100(3-0.5)/7$	35.71	57
$100(4-0.5)/7$	50	50
$100(5-0.5)/7$	64.28	43
$100(6-0.5)/7$	78.57	34
$100(7-0.5)/7$	92.85	21

S.No	Reasons	1	2	3	4	5	6	7	Total	Average score	Rank
1	Quality	6478	594	285	100	86	102	147	7792	70.83	I
2	Brand	158	4092	855	500	172	408	105	6290	57.18	II
3	Price	237	1188	3648	450	387	136	63	6109	55.53	III
4	Ingredients	237	198	627	3350	602	340	42	5396	49.05	IV
5	Ratings and review	237	264	513	500	2967	272	147	4900	44.54	V
6	Offer and discounts	237	792	285	450	430	2142	474	4504	40.94	VI
7	Social media influence	1106	132	57	150	86	340	1638	3509	31.9	VII

SOURCE: Primary data

INTERPRETATION:

From the above table 10, it can be noticed that out of 110 respondents Quality ranked first with the average score of 70.83, followed by Brand ranked second with an average score of 57.18. Then the Price ranked third with the average score of 55.53, followed by Ingredients ranked fourth with the average score of 49.05. Then Ratings and reviews ranked fifth with the average score of 44.54, then offer and discounts ranked sixth with the average score of 40.94, then at last the social media influence ranked seventh with the average score of 31.9.

SUGGESTIONS

Suggestions for Improving Financial Awareness and Behaviour

- The study shows that respondents have low income and depend on family support, yet impulsive spending affects their savings. It is suggested to follow strict budgeting by dividing expenses into essential and non-essential categories. Preparing a monthly spending plan can help control unnecessary purchases. Simple budgeting formats can be used for implementation. This will improve savings and financial discipline among individuals.
- The findings indicate that respondents only occasionally track expenses and mostly rely on unstructured manual methods. It is recommended to adopt consistent expense tracking through simple digital tools or organized records. Maintaining daily logs can help identify unnecessary spending patterns. This can be implemented using mobile apps or structured notebooks. Regular tracking will lead to better financial control and decision-making.
- The study reveals that impulsive buying behaviour is common and negatively impacts financial stability. It is suggested that behavioural control techniques, such as delaying purchases and evaluating actual needs, be adopted. Avoiding unnecessary browsing can also reduce impulsive buying. Awareness about the long-term impact of such spending should be created. This will help individuals manage their finances more effectively.

CONCLUSION

The study is to analyse the spending behaviour of individuals on personal care products and to understand its impact on personal financial management. The findings indicate that most respondents are young students with limited income who depend on family support, which influences their spending patterns. Their purchases are mainly based on necessity, with a preference towards essential products, while quality plays a key role in influencing their buying decisions.

The study also highlights that although respondents show basic financial awareness, such as setting spending limits and prioritizing needs, there are gaps in consistent financial practices. Impulsive buying behaviour and irregular expense tracking were found to affect savings and monthly budgeting. Additionally, the limited use of digital tools indicates a need for improvement in modern financial management practices.

Overall, the study fulfils its objective by providing insights into consumer behaviour and financial habits among young individuals. It emphasizes the importance of better financial discipline, awareness, and structured money management practices. With proper guidance and implementation of effective strategies, individuals can improve their financial stability and make more informed purchasing decisions in the future.

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