



A Study on Investor Segmentation and Equity Investment Preferences (With Reference to Steel City Securities Limited, Visakhapatnam)

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ABSTRACT

Investor segmentation and equity investment preferences are critical dimensions of modern financial market research. Effective segmentation enables financial institutions to classify investors into distinct groups based on demographic and beh

avioural characteristics, facilitating targeted marketing strategies and customised investment solutions. This study empirically investigates investor segmentation and equity investment preferences with reference to Steel City Securities Limited, Visakhapatnam. Primary data were collected through a structured questionnaire administered to 150 equity investors representing diverse demographic and behavioural profiles. The analysis covers four key dimensions: demographic profile, investment profile, decision-making patterns, and behavioural tendencies. Findings reveal that the 25–35 age group constitutes the largest investor segment (30%), self-employed individuals dominate at 38.67%, and wealth creation is the primary investment objective for 26.67% of respondents. Notably, 50% of respondents admitted to purchasing stocks based on social media hype, and FOMO (Fear of Missing Out) significantly influences investment behaviour. The study concludes that effective investor segmentation and targeted financial education are essential for improving equity market participation and investment quality.

Keywords: *Investor Segmentation, Equity Investment Preferences, Behavioural Finance, FOMO, Wealth Creation, Steel City Securities Limited, STP Framework.*

1. INTRODUCTION

According to Kotler and Keller (2016), market segmentation is the process of dividing a broad market into sub-groups based on shared characteristics, enabling firms to design targeted products and communication strategies aligned with the needs of each segment.

The equity market plays a significant role in national economic development by channelising savings into productive investments. With the rapid growth of digital trading platforms and mobile brokerage applications, retail investor participation in India has expanded substantially, particularly among younger demographics. This growth makes it critical to understand how different investor categories behave and what drives their investment preferences.

Investor segmentation classifies investors into distinct groups based on age, income, risk tolerance, investment objectives, and behavioural traits. Conservative investors prefer stable, dividend-paying stocks; aggressive



investors pursue high-growth equities; long-term investors rely on fundamental analysis; short-term traders respond to market trends. These differences necessitate segment-specific financial products and advisory strategies.

Equity investment preferences are shaped by rational factors expected return, risk, and liquidity and psychological factors including overconfidence, herd behaviour, loss aversion, and FOMO (Fear of Missing Out). These biases cause systematic deviations from rational decision-making, resulting in suboptimal portfolio outcomes.

The present study examines investor segmentation and equity investment preferences with reference to Steel City Securities Limited (SCSL), Visakhapatnam a leading full-service regional brokerage firm established in 1995 with over 3 lakh clients, 420 business locations, and memberships across NSE, BSE, MCX, NCDEX, and MSEI.

2. REVIEW OF LITERATURE

Kotler and Keller (2016) examined segmentation frameworks in financial services and demonstrated that demographic variables age, income, occupation significantly influence consumer behaviour and purchasing decisions, providing the theoretical foundation for investor classification.

Kahneman and Tversky (1979) introduced Prospect Theory, demonstrating that individuals evaluate outcomes relative to a reference point and weight losses more heavily than equivalent gains. This framework is foundational to understanding risk-averse and risk-seeking investor segments.

Barber and Odean (2001) established empirically that overconfidence leads to excessive trading, higher transaction costs, and lower net returns. Their study highlights the importance of understanding investor psychology when designing advisory and segmentation strategies.

Bikhchandani and Sharma (2000) found that investors frequently follow collective actions, disregarding private information. This informational cascade is especially relevant to retail investors influenced by social media and market trends.

Shefrin (2002) explored how psychological biases mental accounting, overconfidence, and regret aversion systematically shape investment decisions beyond rational financial considerations.

De Bondt and Thaler (1985) found that investors overreact to new information, causing price reversals a pattern closely linked to herd behaviour and news-driven decision-making common among retail equity investors.

Research Gap

Despite growing behavioural finance research in India, studies simultaneously examining investor segmentation across demographic, economic, and behavioural dimensions with reference to regional brokerage firms remain scarce. Existing literature addresses macroeconomic variables or individual biases in isolation, neglecting a comprehensive segmentation approach. The increasing role of social media, YouTube-based financial content, and FOMO-driven decision-making at the regional investor level remains under-examined. This study addresses that gap by surveying 150 equity investors at Steel City Securities Limited, Visakhapatnam.

3. OBJECTIVES OF THE STUDY

- To segment equity investors based on demographic and behavioural characteristics.
- To analyse factors influencing investor segmentation risk tolerance, income, and experience.
- To examine equity investment preferences across different investor segments.
- To study the relationship between investor characteristics and decision-making patterns.
- To assess the extent of behavioural biases (FOMO and social media influence) on investor decisions.
- To suggest targeted marketing and advisory strategies based on segmentation insights.

4. RESEARCH METHODOLOGY

4.1 Need for the Study

The growing retail investor base in India's equity markets, facilitated by fintech innovations, has made understanding investor behaviour increasingly critical. Despite access to financial information, many investors make decisions driven by behavioural biases rather than rational analysis, causing portfolio underperformance and



market inefficiencies. Designing effective financial products, targeted marketing strategies, and investor education programmes requires a nuanced understanding of these demographic and behavioural dimensions.

4.2 Scope of the Study

The study is confined to investor segmentation and equity investment preferences among retail investors of Steel City Securities Limited, Visakhapatnam. It covers variables including age, income, occupation, education, investment experience, risk tolerance, investment objectives, decision-making strategies, and behavioural tendencies. Macroeconomic variables, company-level financial performance, and market efficiency are excluded.

4.3 Sample and Data Collection

The sample comprises 150 equity investors selected using Convenience Sampling from the client base of Steel City Securities Limited, Visakhapatnam. The structured questionnaire consisted of four sections: Section A Demographic Profile; Section B Investment Profile; Section C Investment Decision Patterns; and Section D Behavioural Tendencies and Preferences. Secondary data were sourced from research journals, stock exchange publications, annual reports, and regulatory documents.

4.4 Hypothesis

H₀: There is no significant relationship between investor demographic characteristics and their equity investment preferences.

H₁: There is a significant relationship between investor demographic characteristics and their equity investment preferences.

5. DATA ANALYSIS & INTERPRETATION

SECTION A: DEMOGRAPHIC PROFILE

Table 5.1: Demographic Profile of Respondents

Variable	Category	No. of Respondents	Percentage (%)
Age	Below 25 Years	20	13.33%
	25–35 Years	45	30.00%
	36–45 Years	35	23.33%
	46–60 Years	28	18.67%
	Above 60 Years	22	14.67%
Occupation	Student	17	11.33%
	Salaried	45	30.00%
	Self-Employed	58	38.67%
	Retired	30	20.00%
Income Level	Below ₹5 Lakhs	48	32.00%
	₹5–10 Lakhs	38	25.33%
	₹10–20 Lakhs	36	24.00%
	Above ₹20 Lakhs	28	18.67%
Education	High School	25	16.67%
	Graduate	35	23.33%
	Post-Graduate	52	34.67%
	Professional	38	25.33%

Source: Primary Data

The 25–35 age group constitutes the largest investor segment (30%), indicating that equity investment is primarily driven by working-age adults in their prime earning years. Self-employed individuals form the largest occupational category (38.67%), followed by salaried employees (30%), reflecting greater financial flexibility among the self-



employed. A majority of respondents (32%) earn below ₹5 lakhs annually, confirming that digital brokerage platforms have democratised equity access for lower-income groups. Postgraduates form the largest educational category (34.67%), indicating a positive correlation between educational attainment and equity market participation. Overall, the demographic profile reflects a young, educated, and income-diverse investor base requiring customised financial products and communication strategies.

SECTION B: INVESTMENT PROFILE

Table 5.2: Investment Profile of Respondents

Variable	Category	No. of Respondents	Percentage (%)
Investment Experience	Less Than 1 Year	30	20.00%
	1–3 Years	35	23.33%
	3–5 Years	45	30.00%
	More Than 5 Years	40	26.67%
Primary Objective	Wealth Creation	40	26.67%
	Tax Benefits	30	20.00%
	Short-Term Gains	28	18.67%
	Retirement Planning	26	17.33%
	Others	26	17.33%
Equity Allocation	Less Than 20%	48	32.00%
	20–40%	37	24.67%
	41–60%	41	27.33%
	Above 60%	24	16.00%
Strategy Used	Fundamental Analysis	45	30.00%
	News-Based	40	26.67%
	Technical Analysis	33	22.00%
	Instinct-Based	32	21.33%
Information Source	Self-Research	45	30.00%
	Social Media/YouTube	30	20.00%
	Financial Advisor	28	18.67%
	Friends/Family	27	18.00%
	Broker Advice	20	13.33%

Source: Primary Data

Most respondents (30%) have 3–5 years of investment experience, indicating a moderately experienced base with foundational market knowledge. Wealth creation is the primary objective (26.67%), followed by tax benefits (20%) and short-term gains (18.67%), reflecting a predominantly long-term orientation. A majority (32%) invest less than 20% of their total funds in equities, demonstrating cautious risk management. Fundamental analysis is the most preferred strategy (30%), followed by news-based decision-making (26.67%), confirming a preference for analytical approaches. Self-research is the dominant information source (30%), followed by social media and YouTube (20%), revealing growing reliance on digital channels for investment guidance.

SECTION C: INVESTMENT DECISION PATTERNS

Table 5.3: Investment Decision-Making Patterns of Respondents

Variable	Category	No. of Respondents	Percentage (%)
Portfolio Monitoring	Daily	31	20.67%
	Weekly	33	22.00%
	Monthly	48	32.00%
	Rarely	38	25.33%
Awareness (SIP/ETF/Index Funds)	Yes	95	63.33%



	No	40	26.67%
	Maybe	15	10.00%
Reaction to Price Fall	Sell Immediately	36	24.00%
	Wait for Recovery	38	25.33%
	Buy More (Average Out)	41	27.33%
	Ignore Short-Term	35	23.33%
Buy/Sell Influencer	Market Trends	40	26.67%
	Company Performance	38	25.33%
	News/Events	35	23.33%
	Tips & Rumours	25	16.67%
	Technical Indicators	12	8.00%

Source: Primary Data

Portfolio tracking is predominantly monthly (32%), reflecting a passive monitoring approach consistent with long-term strategies. Financial literacy is reasonably strong, with 63.33% aware of SIPs, ETFs, and index funds; however, 26.67% remain unaware, indicating persistent educational gaps. Reaction to price falls is balanced: 27.33% prefer to average out, 25.33% wait for recovery, and 24% sell immediately. Market trends (26.67%) and company performance (25.33%) are the primary buy/sell decision drivers, confirming reliance on both macroeconomic signals and fundamental indicators. These findings underscore the need for structured financial education to promote disciplined, evidence-based decision-making.

SECTION D: BEHAVIOURAL TENDENCIES & PREFERENCES

Table 5.4: Behavioural Tendencies and Investor Preferences

Variable	Category	No. of Respondents	Percentage (%)
Social Media Hype	Yes – Bought Based on Hype	75	50.00%
	No	45	30.00%
	Maybe	30	20.00%
FOMO	Never	36	24.00%
	Occasionally	38	25.33%
	Frequently	41	27.33%
	Always	35	23.33%
Stock-Picking Confidence	Very Confident	35	23.33%
	Confident	48	32.00%
	Neutral	41	27.33%
	Not Very Confident	26	17.33%
Return Preference	Prefer Stable Returns (Very Confident)	50	33.33%
	Prefer Stable Returns (Confident)	57	38.00%
	Neutral	43	28.67%

Social media influence is pervasive: 50% of respondents confirmed purchasing stocks based on hype or social media buzz, with an additional 20% uncertain reflecting broad susceptibility to external market narratives. FOMO significantly pervades investment behaviour, with 27.33% frequently experiencing it and 23.33% always feeling it; only 24% report never experiencing FOMO. Investor confidence in stock selection is moderate: 32% are confident and 23.33% very confident, yet 27.33% remain neutral and 17.33% lack confidence. A substantial majority (71.33%) prefer small, consistent returns over high but uncertain gains, confirming widespread risk aversion. These findings demonstrate that behavioural biases substantially govern equity investment decisions, necessitating targeted behavioural education initiatives.



6. KEY FINDINGS

1. The 25–35 age group is the largest equity investor segment (30%). Self-employed professionals dominate at 38.67%, reflecting higher financial discretion and risk appetite compared to salaried or retired investor segments.
2. Wealth creation is the primary investment objective (26.67%), confirming a long-term orientation. However, 18.67% prioritise short-term gains, indicating the co-existence of diverse investment horizons within the equity market.
3. A majority (32%) invest less than 20% of their total funds in equities, reflecting a cautious, risk-averse portfolio allocation strategy. Fundamental analysis (30%) is the most preferred decision-making approach.
4. Market trends (26.67%) and company performance (25.33%) are the dominant factors influencing buy/sell decisions, indicating reliance on both macroeconomic signals and fundamental indicators over speculation.
5. 50% of respondents have purchased stocks based on social media hype; FOMO affects approximately 76% of respondents to varying degrees, highlighting the substantial role of emotional and behavioural factors in equity investment decisions.
6. 63.33% are aware of SIPs, ETFs, and index funds, yet 26.67% remain unaware. A large majority (71.33%) prefer stable, consistent returns over uncertain high gains, confirming the pervasiveness of risk aversion across segments.

7. SUGGESTIONS

1. Brokerage firms like Steel City Securities Limited should conduct structured financial literacy programmes webinars, workshops, and digital training sessions educating investors on risk management, SIPs, diversification, and long-term equity strategies.
2. A personalised, segmentation-based advisory approach should be adopted, classifying investors by age, income, experience, and risk tolerance. Customised investment reports, segment-specific products, and continuous portfolio monitoring will enhance satisfaction and client retention.
3. Since 50% of respondents have made hype-driven investments, financial institutions should promote critical evaluation of digital content and conduct media literacy initiatives to reduce dependence on social media tips and unverified market information.
4. Behavioural biases FOMO, herd behaviour, and overconfidence should be addressed through targeted awareness campaigns and behavioural finance workshops to help investors recognise and manage their psychological tendencies.
5. Long-term investment strategies should be actively promoted, emphasising compounding, portfolio diversification, and SIP-based investing. Digital tools portfolio trackers, financial calculators, and research reports should be made available to support informed, evidence-based planning.

8. CONCLUSION

The study concludes that investor segmentation plays a vital role in understanding equity investment behaviour in a diverse market environment. Investors differ substantially in risk tolerance, financial goals, investment experience, and decision-making styles. The findings from Steel City Securities Limited, Visakhapatnam, reveal that the 25–35 age group, self-employed professionals, and postgraduate-educated investors constitute the most active equity market segments, each requiring tailored financial products and marketing communication strategies.

Equity investment decisions are simultaneously shaped by rational and behavioural factors. While investors demonstrate a preference for fundamental analysis and self-research, emotional biases particularly FOMO and susceptibility to social media hype substantially compromise decision quality. The substantial proportion of



respondents who have made hype-driven investments clearly illustrates the extent to which behavioural biases pervade retail investor behaviour in emerging markets.

Despite reasonable levels of financial literacy, persistent knowledge gaps in advanced investment concepts such as ETFs and index funds indicate the continued need for structured financial education. Overall, improving financial literacy, reducing the influence of behavioural biases, and adopting data-driven investor segmentation frameworks can collectively enhance investment decision quality, strengthen investor confidence, and support sustainable equity market growth. Financial institutions that adopt personalised, segment-specific advisory services are better positioned to build long-term investor relationships and achieve competitive differentiation.

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