NPTEL

CONSUMER BEHAVIOR

MODULE 7: SOCIOLOGICAL INFLUENCES ON
CONSUMER DECISION MAKING

MODULE 7.1 and 7.2: CONSUMER GROUPS AND
CONSUMER REFERENCE GROUPS
LESSON – 32

FAQS (FREQUENTLY ASKED QUESTIONS):

Ques 1 What do you mean by a consumer group? Discuss the various types of consumer groups?

Ans 1   The term "group", may be defined as two or more people who interact with each in order to achieve mutually agreed upon goals; such goals may relate to an individual or to the many who get together for the achievement of such goals. "Consumer groups", refer to individuals or group of individuals or the family who have a need and desire purchasing a good or service so as to fulfill the need and derive satisfaction.

Groups may be classified on various bases like i) number and size; ii) regularity of contact; and iii) structure and hierarchy. The various types of consumer groups are as follows:

i) ***Primary and Secondary Groups***: The distinction between *primary and secondary groups* is based on the significance/relevance of the group to an individual, and the frequency of interaction between group members.

Based on the regularity of contact and the importance given to subsequent interaction, groups may be classified as primary and secondary. When people interact with each other on a regular basis, and regard each others' opinions as valuable and significant, they are said to constitute a primary group; an individual who interacts with others regularly, is said to be a member of that primary group. For example, family, neighbours, work peers, co-workers and colleagues. Secondary groups, on the other hand, are those, where the level of interaction is infrequent, irregular and occasional, and not much of value is given to other's judgments and beliefs. When a person interacts with others on an occasional basis, he is said to be a constituent of a secondary group. So far as consumer behavior is concerned, the focus lies on primary groups.

ii) **Formal and Informal Groups**: Based on the group structure and membership, roles and norms, as well as purpose of formation, groups may be classified as *formal and informal groups.*

When the group structure and membership (membership roll list), roles (various positions, like president, secretary etc), group norms (do's and don't's) and the reason for existence (goals of the group) are clearly defined, the group is said to be a formal group. On the other hand, when the group structure, roles and norms as even the purpose of the group are ill defined, or not defined at all, they are said to constitute an informal group. So far as consumer behavior is concerned, informal groups are of greater relevance to a marketer because with ill defined structures, and lesser of rules and regulations, there is greater opportunity for interaction between the members, better exchange of information and greater influence of each other on consumption patterns and behavior.

c) **Membership and Symbolic Groups**: Groups can also be classified on the basis of membership as *membership groups and symbolic groups*. When a person belongs to a group by virtue of membership or even if he merely qualifies for a membership to that group, it is called a membership group. On the other hand, when a person does not form a part of a group and/or does not qualify to be a member of the group, but nonetheless adopts the values, norms and patterns of behavior similar to members of the group, he is said to be a member of a symbolic group. In consumer behavior, the focus lies on membership groups.

Ques 2   What is a reference group? Why does a consumer look up towards a reference group?

Ans 2   It is a natural tendency on the part of an individual to look up to another as with comparison; each one of us looks towards another individual or a group as a point of comparison. This group to which a person looks up as a point of comparison is known as a *reference group*. A reference group may be a person or a group to which an individual looks up as a frame of reference for his general and specific acts of behavior, values, opinions, attitudes etc. The reference person or the reference group exercises tremendous influence on an individual. This is true for consumer behavior as well.

A consumer always has with him in his conscious and sub-conscious state, a person or a group that he looks up to as a reference point. Consumer actually look up to reference groups because:

a) He desires information before he actually decides to go in for the purchase of a product and service offering. As reference groups are regarded as impartial and have no hidden agenda like salespersons, consumers trust the former more than the latter.

b) He wants social approval for the product/services purchased or the brands bought, and he feels that once he has this approval from the reference group, he would not face any kind of social embarrassment .

c) He feels that he would be much at ease if he does something that others approve of.

The reference group exercises impact on the manner in which a consumer selects, purchases and uses a product or service offerings and/or brands. He influences the purchase decision making process as also the purchase decisions, consumption patterns and resultant behavior. It is noteworthy that consumers have different reference groups; he may look towards one for guidance and advice of one product, and he may look towards another for purchase of another product. Gradually, the consumer begins to adopt the standards and norms used by the reference group(s) and behaves like them. Thus, marketers make effective use of reference groups in bringing about changes in a consumer's thinking and purchasing pattern.

Ques 3   What are the factors that affect the influence of Reference Groups?

Ans 3   The impact of reference groups on the behavior of a person is subjective in nature; it varies across a) people; b) product and service offerings; as also c) situational factors. Nevertheless there are certain factors that affect the impact that a reference group generates on people. The factors that impact reference group influence on consumption behavior are explained as follows:

i) Information and Experience: The amount of knowledge and experience an individual possesses or has the capacity to possess determines the impact that the reference group can generate. A person who has information about a product and service offering, the brand, and the 4 Ps, and also possess some experience, would not look for advice from his reference groups, and it is unlikely that he would be carried away by advice from others. On the other hand, a person who is little or no knowledge and also lacks

experience, would look towards primary and secondary reference groups for help and advice.

ii) Power, credibility, and trustworthiness: The impact that a reference group can generate also depends upon how powerful, credible and trustworthy the reference group is. When a reference group is powerful, and regarded as credible and trustworthy, there is greater probability of it being able to influence people. A person who looks towards reference groups for information and advice about product and service offerings as also brands, always examines the credibility and trustworthiness of the group. He may also be fearful of the power of the reference group and would go by group-say out of fear or to avoid any undesirable consequences. He may also be looking for social approval and acceptance of others in his reference group. The probability of he being persuaded by such reference groups is high.

iii) Conformance with group and social approval: When a consumer is other- directed or socially-directed, and looks towards others for social approval, he generally conforms to the advice given by members of his reference groups. This is because he wants to be identified with people whom he likes or whom he wants to be associated with. Thus he would conform to the product and service and/or brand suggested by members of their reference group.

iv) Visibility and Conspicuousness of the Product: The impact of reference groups also depends on the visibility and conspicuousness of a product. When a product offering is visible and conspicuous, such that it relates to esteem and is status revealing (fashion apparel, carpets and upholstery, jewellery and other luxurious items), the consumer tends to be conscious while purchasing it especially because of reaction of others (fear of social disapproval, social embarrassment). Thus he would buy such keeping in mind the advice, likes and dislikes of reference group. When the product is low on public visibility and conspicuousness, one is less likely to be influenced by the reference group.

Ques 4 Does Reference Group appeal vary by product? Discuss in reference to Bearden's and Etzel's model?

Ans 4   The influence of Reference Groups varies according to the nature of the product and/or service. Reference groups have varied influence on consumers depending upon the type of the product, whether a luxury or a necessity, and whether it used in public and viewed by others or whether it is used in private.

Bearden and Etzel have examined the issue from two perspectives, viz., a) the decision to purchase the type of product; and b) the choice of the brand. They conclude that reference group influence varied by 1) the type of product; whether it is a luxury or a necessity; and 2) its visibility; whether it is used in public or private settings or environment (See Figure). According to Bearden and Etzel, reference group influence is strong both for the purchase decision as well as for the brand in case of *public luxuries*, like expensive carpets, paintings, antiques etc. The consumer does not possess a need for such products, but requires them for social approval and acceptance, and finds these purchases as crucial for avoidance of social embarrassment, and ridicule. Because of the lifestyle and the social class that a consumer belongs to, he is conscious towards the purchase of such products as well as the brands that he buys. Thus, reference groups influence both the consumer's need for the product in general as well as the choice of brand. On the other hand, when in case of products which are *public necessities*, like a car or a cell phone, reference group influence is weak with respect to the purchase decision, but strong with respect to the choice of the brand. The reference group does not affect the decision to make a purchase as the product is already regarded as one of necessity and will be purchase regardless of what the members of the reference group have to say; the only impact that a reference group can make is with respect to the brand.

BRAND	PRODUCT	
	Weak reference group influence (-) on product	Strong reference group influence (+) on product
Strong reference group influence (+) on brand	PUBLIC NECESSITIES Influence: Weak for product and strong for brand Eg. Cars, Cell phones	PUBLIC LUXURIES Influence: Strong for product and strong for brand Eg. Carpets, Painitings, Antiques
Weak reference group influence (-) on brand	PRIVATE NECESSITIES Influence: Weak for product and weak for brand Eg. Towels, Soaps and Detergents	PRIVATE LUXURIES Influence: Strong for product and weak for brand Eg. Body massagers, Sauna bath

Figure1: Effects of Reference Groups on product purchases and Brand Choices
Adapted from Wells W.D. and Prensky, D., Consumer Behavior, 1996, John Wiley & sons, Inc.

Further Bearden and Etzel also conclude that reference group influence is weak both for the purchase decision as well as for the brand in case of *private necessities*, like towels, soaps and detergents etc. The consumer is aware of such necessities, and will purchase them irrespective of what the reference group has to say. Further, he would not be conscious of social approval and/or embarrassment as these products are not viewed publicly, and so the influence of reference groups with respect to the brand will also be low. Finally, in case of products which are private luxuries, like sauna baths, body massagers etc., reference groups influence is strong with respect to the purchase decision, but weak with respect to the choice of the brand. This is because the product is not used publicly and the brand purchased would not cause any social embarrassment.

SELF EVALUATION TESTS/QUIZZES:

Section A   True/false:

1.   Based on the group structure and membership, roles and norms, as well as purpose of formation, groups may be classified as legitimate and illegitimate*.*

2.   A group where people hold membership, meet face-to-face and have interaction, and where people abide by the values, norms, opinions and judgments that the group entails, is known as a compliant group.

3.   The impact of reference groups depends on the visibility and conspicuousness of a product.

4.   According to Bearden and Etzel, reference group influence is strong both for the purchase decision as well as for the brand in case of *public necessities.*

Section B   Fill up the blanks:

1.   Based on the regularity of contact and the importance given to subsequent interaction, groups may be classified as _____ and _____

2.   As consumer behavior is concerned, the focus lies on small _____ groups.

3.   When a person acts out instances of behavior which relate to consumption patterns and behavior, it is known as _____ socialization.

4.   A _____group may be a person or a group to which an individual looks up as a frame of reference for his general and specific acts of behavior, values, opinions, attitudes etc.

5.   _____ appeals are the most commonly used kind of appeal.

6.   _____ appeals are also known as slice-of-life commercials.

Section C   Multiple choice questions:

1.   This group to which a person looks up as a point of comparison is known as a

a) reference group

b) social group

c) formal group

d) None of the above.

2.   Which of the following is true about Bearden and Etzel's Model:

a) Bearden and Etzel have examined the issue from two perspectives, viz., a) the decision to purchase the type of product; and b) the choice of the brand.

b) Reference group influence varied by the type of product; whether it is a luxury or a necessity;

c)) It is also influenced by the visibility; whether it is used in public or private settings or environment.

d) All of the above.

Section D   Short answers:

1.   Define normative reference groups.

2.   What do you mean by primary reference groups?

3.   Mention commonly used reference group appeals.

4.   Mention two basic advantages of using reference group appeals.

KEY

Section A   True/false:

1.   False   2.   False   3.   True   4.   False

Section B   Fill up the blanks:

1.   Primary and secondary   2.   Informal   3.   Consumer

4.   Reference   5.   Celebrity   6.   Common-man

Section C   Multiple choice questions:

1.   a   2.   d

Section D   Short Answers:

1.   Those groups that influence general or broadly defined values, attitudes and/or behavior are known as *normative reference groups*. For example, for a child the family acts as a normative reference group.

2.   Such group(s) with which a person has a direct (face-to-face) contact and where a direct influence occurs, is known as a primary reference group(s). For example, family, friends, neighbours, superiors, peers, colleagues etc.

3.   Celebrity appeals; expert appeals; common man appeals; executive appeals, trade or spokes-character appeals.

4.   Reference group appeals are useful for a marketer in two ways; firstly they provide information and increase consumer awareness and knowledge; two, they reduce perceived risk amongst consumers, with respect to market offerings.

_____

FAQS (FREQUENTLY ASKED QUESTIONS):

Ques 1   What do you mean by the term "family"? How is it relevant for a marketer?

Ans 1   The term "family" refers to the basic sociological unit. The term has been used to denote two or more people staying together and related to each other by blood or marriage. The composition, size and structure (in terms of roles and statuses) has undergone a change across time and culture. There have been large families including grandparents, parents, children, uncles, aunts and cousins (all staying together as a joint family); and small families which comprise just parents with their children (nuclear family). Roles and statuses have also changed, with both men and women taking active part in making purchase decisions, and women playing roles which were earlier reserved for men and vice versa. Thus, the family as a social unit has varied in composition and structure, as well as the roles played by family members.

Today, what we see around us are three kinds of families, viz., *the married couple, the nuclear family and the extended family*. The *married couple* family comprises the husband and the wife, generally representative of couples who have recently got married and are yet to start a family. The *nuclear family* comprises husband, wife and their children. The *extended family* includes the nuclear family with grandparents or uncles and aunts.

The family as a social unit is of tremendous importance for a marketer. This is because of three reasons, viz., a monetary source for dependents, an indication of values and lifestyles, and the root for socialization.

a) *Monetary source*: The family may comprise a single earner or a dual earner; the rest of the members acts as dependents; It is father and/or mother who are the bread earners, and earn for the rest of the members (children) who act as dependents. While this role was restricted earlier to the man in the family, there is a transition, and today even the woman in the family is playing this role. As is seen the children and the teenagers comprise a major portion of the market as buyers of goods and services. While they desire product and service offerings, the money comes from the parents. Thus providing financial resources to the dependents and looking into their economic well being is a basic family function that the head of the family plays.

b) *Values and lifestyles*: The parents in the family are also a source of values and lifestyles for the family. The grandparents and the parents in the family, inculcate among the children basic values and norms, and also tell them about suitable lifestyles. This has an impact on the children when it comes their day to day living, on their education, career, recreational activities, etc. With both parents earning and having occupations, and the family experiencing a dual-income set up, a transition has been witnessed in lifestyles of children and dependents. Children are becoming independent day by day and becoming clearer about "what" they want; the brands they seek. People are also time-constrained and so seeking easy ways out. This has led to the emergence of products and services that are easily available, convenient to use and free of hassles. For example, there is the fast food industry, ready-to-eat packaged meals etc.

c) *Socialization*: The socialization of members' right from childhood to adulthood is the primary function that a family plays. Socialization takes place at two stages, one during childhood, as family of orientation, and two after marriage as family of procreation. This reflects itself in the values, lifestyles and overall modes of behavior of individuals; eg. the kind of food to eat, dresses to wear, customs and practices to follow etc. are all a result of the socialization process. Such socialization can be discussed at three levels: socialization at childhood, socialization at adulthood, and intergenerational socialization.

- *Socialization at childhood*: Socialization during childhood takes place when children observe and later on replicate the behavior of the elders (grandparents, parents and older siblings) at home. The children are taught about the values and modes of behavior, directly through instruction and communication, and indirectly through observation of behavior by elders at home. As they replicate behavior, they are rewarded and the behavior gets reinforced. Thus, the family of orientation has an important role to play. However as they grow up, their consumption behavior also gets influenced by friends, as well as reference groups (both direct and indirect). The process of socialization helps adopt shopping and buying skills of products and services, as also brands at dealer's outlets and stores.

- *Socialization at adulthood*: Socialization does not get restricted to childhood. It extends throughout the life of an individual, as an ongoing process. As a person grows up into

adulthood, he interacts with his friend, colleague and work peers and is influenced by them. After he gets married, he starts a household once again and his consumption pattern and behavior is impacted by his spouse. As the newly married couple begins to settle down as a household, they make adjustments with each other with respect to values, lifestyles and modes of behavior. They also make adjustments and adapt themselves with respect to the likes and dislikes of each other, including preferences for product and service offerings as also brands. Once hey have children, they begin to impact and are also impacted by them. Thus, just like the family of orientation, the family of procreation also has an important role to play.

- *Intergenerational socialization*: Values, lifestyles and behavior get transferred from one generation to another. So do preferences for product and services as also brands. We often see that people prefer certain brands, just because their parents preferred it over others. Product and brand loyalty as also preferences get transferred from one generation to another. This is referred to as intergenerational socialization.

Ques 2 Discuss the Family Life Cycle? How do buying preferences and consumption patterns change through various stages of the FLC?

Ans 2   The family life cycle has been defined as a series of stages through which most families' progress, with varying characteristics across varies stages; these characteristics relate to marital status, size of the family, the age profile of the family members (focusing on the age of the oldest and/or youngest child), the employment status of the head of household, the income level and the disposable income at hand. The amount of disposable income is usually inferred from the stage in the family life cycle. While the tradition FLC has undergone change and newer forms have appeared, the concept still draws attention from consumer researchers and practitioners. Researchers have studied the consumption behavior across the various stages of the family life cycle. They have attempted to study the various peculiarities, tried to relate these to the stages in the FLC, and drawn generalizations.

Traditional Family Life Cycle:

Traditionally the life cycle, illustrated a progression of stages through which families passed; it comprised stages, starting from bachelorhood (single), to married (couple), to family growth (parenthood: birth of children), to family contraction (grown up children leaving home for studies or employment) to post parenthood (all children leaving home) to

dissolution (single survivor: death of one of the spouses). Based on these, the traditional FLC can be synthesized into five basic stages, which may be mentioned as follows:

- Stage I: **Bachelorhood**: Young single adult (male/female) living apart from parents and into a livelihood.
- Stage II: **Honeymooners:** Young married couple.
- Stage III: **Parenthood:** Married couple with at least one child living with them at home.
- Stage IV: **Postparenthood:** An older married couple with no children living at home. Children have left home for studies or for employment.
- Stage V: **Dissolution:** One surviving spouse.

These stages, consumption patterns and the product preferences are explained below:

1. *Stage I: Bachelorhood*: The stage comprises a young single adult (male/female) living apart from parents and into a livelihood. While incomes are low as they have just started a career, financial burdens and responsibilities are also low. As such bachelors have a high level of disposable income.

Priorities and Preferences of Purchase: They tend to spend their money on house rent, basic furniture and kitchen equipment. They are recreation oriented and like to spend on purchase of automobiles (particularly motor bikes), travel (trekking and holidays), adventure sports (motor racing, bungee jumping etc.), health clubs, clothes and fashion accessories).

Implications for Marketers: Marketers realize that bachelors possess large disposable income; they find in them an attractive segment for sports, travel, entertainment and fun.

2. *Stage II: Honeymooners*: The stage comprises a newly married couple and continues till the first child is born. One of the spouses may be working or both may be working. They are financially better off than they would be in the next stages. If both are working, income is higher. If both are working, the couple has discretionary income at hand that permits a good lifestyle, and provides for purchases or savings.

Priorities and Preferences of Purchase: They tend to spend on creating a home for themselves. They spend on cars, furniture, curtains and upholstery, electronics, kitchen appliances and utensils, and vacations.

Implications for Marketers: They form an attractive segment for the marketer as they form the highest purchase rate amongst segments. The highest average purchase of durables takes place in this stage.

3. *Stage III: Parenthood*: The stage comprises married couple with children. This stage extends for about a long 20-25 year period; and could be further broken up into three stages, viz., Full Nest I, Full Nest II and Full Nest III. Throughout these stages, the size and structure of the family gradually changes, so does income and expenses with varying priorities. The financial expenses increase rapidly with children being born in Full Nest I and gradually decrease as children become independent and self-supporting as one reaches Full Nest III.

- <u>Full Nest I</u>: The youngest child in the family is six or below.
Priorities and Preferences of Purchase: While liquidity of cash is low, expenses are high. The family spends on baby food, diapers, medicines for cough and cold, doctor visits, child toys and games, school admissions and fees and insurance policies. There are increased expenses on child care.
Implications for Marketers: At this stage, purchasing is at the peak, and so this is an attractive segment for the marketer. The children in the family begin to impact family purchases, and are a huge potential for future.

- <u>Full Nest II</u>: The youngest child in the family is six or above. Generally the stage comprises children aged 6-12 years.
Priorities and Preferences of Purchase: Financial position gets better as one begins to rise up the ladder. If the wife is also working, children are "latchkey kids." The family spends on food, clothes for children, education of children, insurance policies and investments. They also pay for medical expenses and particularly, dental treatment. They go in for deals; buy larger-size packages, and economy packs. Junk food, fashion clothing and accessories, video games etc. are prime demands.
Implications for Marketers: At this stage, purchasing is still at the peak, and so this is also an attractive segment for the marketer. The children, as also teenagers continue to   impact family purchases. The latchkey kids are a potential for home delivered junk food like pizzas and burgers.

-<u>Full nest III</u>: They are older married couples with dependent and/or independent children but staying together at home. Children reach the higher educational level; one of them may start earning too.

Priorities and Preferences of Purchase: The family income continues to increase and so do expenses. The family continues to spend on food, clothes for teenagers, higher education of children, and also repeat purchase of durables that were bought in honeymooning stage or Full Nest I. The family buys new furniture, electronic goods and appliances and cars. Thus there is high average purchase of durables. The family also invests in real estate and property and/or flats. They continue to spend on medical expenses, particularly dentists and visit general physicians for regular check ups.

Implications for Marketers: At this stage, income begins to increase as one of the children begins to earn. As expenses see a rise, the stage offers a potential for marketers.

4. ***Stage IV: Postparenthood*****:** This is a stage that occurs once children have left home. They leave home first for education, and then for employment. As they complete their education, and find employment, they gradually leave home one by one, thus, leaving the nest. Thus, this stage has also been broken into two stages, viz., Empty Nest I and Empty Nest II. As one moves across Empty Nest I and II, the size and structure of the family changes (quite similar to the Parenthood stage and the Full Nest I, II and III).

-<u>Empty Nest I</u>: This is a stage that occurs when at least one of the children has left home. He/she has completed education, taken up a job and has left home to start his/her home. He/she is independent and can manage on own. While children are managing to start up on their own, parents are still working.

Priorities and Preferences of Purchase: The family size gradually begins to shrink. Parents are still earning; expenses gradually reduce, and so there is highest level of savings and disposable income at hand. The family spends on food, installments for real estate/house, higher education of the dependent children, and, medical expenses on dentist, physiotherapy and heart. They have leisure time in hand, and watch television, movies, and may even go on a vacation.

Implications for Marketers: At this stage, the couple beings to again have disposable income in hand. Financial responsibilities towards children begins to decrease. This stage offers potential for marketers who are involved in providing services like leisure, travel and holiday.

-<u>Empty Nest II</u>: In this stage, all the children have left home, and the couple has retired from occupation. They live on pension and other social security investments. If health permits, they take up part-time jobs.

Priorities and Preferences of Purchase: The couple has higher disposable incomes because of savings and investments, and they have fewer expenses. They decide to spend on all that they had been thinking to spend on but had not been able to because of familial responsibilities. They spend money on food, travel and holidays, watch TV and form hobby clubs. They refurnish their home or may even move to newer homes after retirement. Medical expenses also see a rise. However, for those older retired couples who do not have much income from adequate savings and investments, the situation is much different. There is a sharp drop in their income.

Implications for Marketers: The stage is lucrative for those involved in the entertainment industry. Many industries provide special discounts in travel and stay as "Senior Citizen benefits, for example, hotels, airlines and railways. Banks and financial institutions also have special facilities for those above 60, especially higher rates of interest on deposits.

5. **Stage V: Dissolution:** This stage in the FLC occurs when one of the couple dies, and leaves behind the other surviving spouse.

Priorities and Preferences of Purchase: When one of the spouses is still earning, or earns money from savings and investments, things are little easier. However, if he/she is not earning, he/she follows a lifestyle that is economical. The primary expenditure is on medicines, checkups with doctors and restrictive diet.

Implications for Marketers: The stage is characteristic of a widow/widower with lower income and least shopping and expenses.

Modifications to the FLC:

With changes in our society, we witness a change in the traditional Family Life Cycle and the various stages through which it progressed earlier. There are various forms like single; late marriages; divorced (with/without children); dual income, no kids (DINKS); live-ins etc. Consumer researchers have thus brought about changes in the traditional FLC, so as to reflect changes in the family and lifestyle arrangements. Broadly speaking households may be classified as family households and non-family households (single individual or live-ins). Each of these family types has varying features and characteristics, which also get exhibited in their buying patters and consumption expenditure.

SELF EVALUATION TESTS/QUIZZES:
Section A   True/false:

1.   While, families have been referred to as households, not all households are families.

2.   Socialization extends throughout the life of an individual; it is an ongoing process.

3.   The buying roles would vary across product and service offerings as also the buying situation.

Section B   Fill up the blanks:

1. _____ socialization is the process by which children acquire the skills, knowledge, and attitudes necessary to function as consumers.

2. Product and brand loyalty as also preferences get transferred from one generation to another. This is a perfect example of _____ socialization.

3. The _____ stage can be further divided into three stages, viz., Full Nest I, Full Nest II and Full Nest III.

Section C   Short answers:

1. Mention the three kinds of families that we witness today?

2. Broadly speaking, the family as a social unit is of importance for a marketer for three reasons. Mention them.

3. Mention the five buying roles.

4. What do you mean by "latchkey kids?"

5. What do you mean by the Family Life Cycle?

6. Mention the various stages of the FLC?

KEY

Section A   True/false:

1. True   2.   True   3.   True

Section B   Fill up the blanks:

1. Child   2.   Intergenerational   3.   Parenthood

Section C   Short Answers:

1. The married couple, the nuclear family and the extended family.

2. As a monetary source; as a source for values and lifestyles; and socialization.

3. The initiator, influencer, decider, buyer and user.

4. Latchkey kids are preteen children who stay at home alone for a considerable part of the day, while their parents are off for work.

5. The family life cycle has been defined as a series of stages through which most families' progress, with varying characteristics across varies stages; these characteristics relate to marital status, size of the family, the age profile of the family members (focusing on the age of the oldest and/or youngest child), the employment status of the head of household, the income level and the disposable income at hand.

6. Bachelorhood, honeymooners, parenthood, post-parenthood, dissolution.

_____

MODULE 7.4: SOCIAL CLASS AND MOBILITY, LIFESTYLE ANALYSIS

LESSON – 34

FAQS (FREQUENTLY ASKED QUESTIONS):

Ques 1   What do you mean by the term "social class"? Discuss the dynamics of social class?

Ans 1   People in a society are placed in different strata based on their status; each of these strata may be referred to as social class. Schiffman defines social class as "*the division of /members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either more or less status".*

Social class is defined in terms of the amount of status the members of a particular class relatively have, in comparison with members of other social classes. Broadly speaking, the stratification into varied social classes, is done on the bases on three factors, viz., wealth (economic assets) power (ability to exert influence over others) and prestige (recognition received). However, marketing academicians and researchers, as well as consumer researchers, define status in terms of demographical variables like *income, occupation* and *education;* in fact, the three are interrelated and thus, used in conjunction to each other. While understanding buying patterns and consumption behavior, it is necessary to understand the dynamics of social class. These are discussed as follows:

i) ***Hierarchical structure***: Social class is hierarchical in nature. The social-class categories are ranked in a hierarchy that ranges from low to high. Based on education, occupation and income, the society is divided into various ranks, such that people in a particular rank are similar to others in the same rank and different across various ranks. So members of a particular social class view themselves as a) having a status similar to others in their own class; and b) having a status high or low than members of the higher or lower class. Based on the social class, they view themselves *equal* to other (in the same social class), *inferior* to others (from higher social class), and *superior* to others (from lower social class).   The hierarchical structure holds relevance for a marketer.

ii) ***Similarity of people within a social class:*** People within a social class are similar to each other. This similarity is not only witnessed in terms of their education, occupation and income, but also their thinking, values, norms, attitudes, lifestyle and behavioral patterns. There is similarity among members *within* each social class and dissimilarity with *between* social classes.

SELF EVALUATION TESTS/QUIZZES:

Section A   True/false:

1. In terms of marketing, the general measures of lifestyle relate to the use of product and service offerings by people belonging to a social class.
2. The VALS classifies consumers into three segments.
3. The VALS framework essentially provides for demographic segmentation.

Section B   Fill up the blanks:

1. Social class is measured in terms of _____
2. Lifestyles have been assessed in terms of activities, _____ and _____.
3. According to VALS, consumers could be of three kinds, viz., _____, outer-directed and inner-directed.
4. VALS 2 attempts to profile consumers by grouping them into three orientation categories, viz., principle oriented, status oriented, and _____ oriented.

Section C   Multiple choice questions:

1. Which of the following statements about the List of Values scale is false?
a) The goal of the scale is to assess the dominant values of a consumer.
b) It measures a total of nine values.
c) It is based on the premise that personal values are linked to consumption.
d) None of the above.

2. The VALS is based on two dimensions, viz.,
a) Primary motivation and secondary motivations.
b) Primary motivation and resources.
c) Self-orientation and resources.
d) None of the above.

Section D   Short answers:

1. Write short notes on :
a) Social class mobility
b) Lifestyle analysis

2. Consumer researchers define status in terms of three demographical variables. Name them.
3. Discuss the relevance of the "hierarchical structure" in social class for a marketer?
4. Mention a few commonly used Lifestyle Analysis tools?
5. The VALS includes three primary motivations, and accordingly classifies the consumer population into three distinct types. Name the motivations.
6. Name a few measures used to measure social class.
7. The objective measures of social class may be divided into two categories. Name them.

KEY

Section A   **True/false:**

1. True   2.   False   3.   False

Section B   **Fill up the blanks:**

1. Status   2.   Interests, Opinions   3.   Need-directed   4.   Action

Section C   **Multiple choice questions:**

1. d   2.   b

Section D   **Short answers:**

1 a) People in community can move from one strata to another. They can move either up or down the social class; this mobility gets exhibited in two forms. One, individuals can move either up or down in social-class standing across generations, i.e. while their parents may have belonged to one strata, they begin to belong to another, either upper or lower. Two, such a transition may also be seen through one's life, i.e. as a person becomes independent and starts earning, he may belong to one class and as he progresses in life, he may begin to belong to another. Upward mobility is more common and is generally the trend these days.

1b) Consumer behaviorists and researchers have studied lifestyles of the community and made generalizations. Lifestyles have been assessed in terms of activities, interests and opinions (AIOs). They have been measured as a general measure as well as a specific measure. In terms of marketing, the general measure relates to the use of product and service offerings by people belonging to a social class. As a specific measure they relate to

brands, whether economy, middle-range or premium. Thus, lifestyle analysis may be used as a general measure or as a specific measure.

Marketers make use of general lifestyles while making product decisions, whether related to the product itself, or price, place and promotion. This would include assessment of new product opportunities, the segmentation, targeting and positioning and all other decisions related to the marketing strategy. On the other hand, marketers make use of specific lifestyles while making decisions related to a brand, be it its positioning, pricing and any other decision related to brand management.

2. Income, Occupation and Education

3. The hierarchical structure holds relevance for a marketer in the following ways.

- First, marketers can use this as a basis to segment the market; the various strata provide a basis for market segmentation.

- Two, when people are "other-directed" or susceptible to social influence, they would buy such products and services and/or brands that people from their respective social classes purchase. This is because they look for social approval. So they would purchase certain products and service offerings and/or brands because they are used and favored by members of their own class.

- Third, people are class conscious and relate brands to their social class; thus, they would buy brands which they feel relate to their "class", and would avoid brands that they relate to "lower-class" products. There are social-class influences on the actual consumption of products.

-Fourth, the higher social class or the upper social class also acts as reference groups, for people in the lower class. The latter aspire to emulate the former and desire buying products and brands which the former buy.

4. VALS, VALS 2, List of Values, Geo-Demographic Analysis (PRIZM), Yankelovich's MONITOR MindBase.

5. Ideals, Achievement and Self-expression.

6. Subjective measures, Reputational measures and Objective measures.

7. Single variable indexes, Composite-variable indexes.

_____

LESSON – 35

FAQS (FREQUENTLY ASKED QUESTIONS):

Ques 1   What do you mean by the term "culture"? Discuss the characteristics of culture?

Ans 1   Culture may be defined as the "personality of a society". It is broad and all pervasive in nature, inclusive of language, customs and traditions, norms and laws, religion, art and music, etc. It also includes the interests of people, the work practices and orientations, as also their attitudes towards general and specific issues.

Culture delineates precisely, the do's and dont's of a society, and specifies all that is acceptable and all that is not. It is reflective of values and beliefs that are widely accepted by members of a society. The members of a society subscribe to the various values, beliefs and norms, and this gives strength to a society's culture. This does not imply that cultures are truly rigid; in fact, they evolve and adapt to changing situations and times.

The culture of a society also has a bearing on buying patterns and consumption behavior. In terms of consumer behavior, Schiffman defines culture as "*the sum total of learned beliefs, values, and customs that serve to direct the consumer behavior of members of a particular society*". The kinds of products and services and/or brands that consumers' buy and use, are all based on their cultures and sub-cultures. For example, the food they eat and the kinds of clothes they buy and wear, are all impacted by their culture, their customs, traditions, norms and values.

Culture and its impact on consumption behavior can be better explained by understanding the nature and characteristics of culture:

a) *Culture is natural and permeates naturally into the social system*. Its inbreds into the members of a social system and is all-pervasive. It influences the manner in which a person behaves, as consciously or sub-consciously, we are all governed by culture. Not only do people use their values and beliefs to govern their behavior, but they also except that others' behavior would also be similar and consistent (as culture is shared). Culture unites the members of a social system.

In terms of consumer behavior, the kinds of food we buy and eat or the clothes that we purchase and wear, are all governed by the socialization process. Similar is with

respect to other purchases that we make. Culture encompasses the general and specific patterns of consumption behavior.

b) *Culture helps in satisfaction of needs.* In fact, it exists as it helps satisfy the needs of people. Beliefs, values, customs and tradition, help govern the social system, and specify the manner in which people in a social system should behave; they delineate the do's and don't's, and thereby create boundaries of acceptable behavior in the social system. However, such values, beliefs, customs and traditions continue to exist as long as they meet the needs of the people in the society. That is why culture evolves with passage of time. As the needs of the people evolve, beliefs, values, customs and tradition also undergo change so as to meet and match with newer needs and wants.

For example, in earlier times, people preferred eating their whole meals at home. In fact, eating out was considered unhealthy and undesirable. With a change in society, and the emergence of dual income households, people have begun eating out of home; the fast food culture is in. This has given a boost to the fast food and restaurant industry. Thus, we see that when a value system fails to satisfy the members of a social system, it is adapted, changed and/or modified to suit newer social patterns and trends.

Marketers must be conscious of newly developed and embraced values, customs and traditions, so as to be able to take advantage of the situation. For example, lately developed consciousness of people towards i) fashion, has given boost to the apparel and accessories business; ii) fitness, has given boost to the gymnasium and sports business; iii) health, has given a boost to natural products like fruit juices, honey, aloe vera, etc.

c) *Culture is not inborn; it is learnt as a result of the socialization process.* There occurs a socialization process right from one's childhood, a process that continues throughout life. Culture is imparted by this socialization process. This learning of culture could be of two kinds; viz., enculturation and acculturation. The process of learning one's native culture is known as enculturation, while the process of learning a new or a foreign culture is known as acculturation.

We are impacted by our family (family of orientation and family of procreation), as well as our friends throughout our life. People learn from family and friends about what are acceptable and what is not in terms of our values and beliefs. Cultural learning could take place in three forms, viz., formal learning, informal learning and technical learning.

-formal learning: when a child is taught how to behave by family, viz., grandparents, parents and siblings; they tell him about the right's and wrong's in behavior.

-informal learning: when the child learns by imitating the behavior of others, be it members in the family, or friends, or celebrities, or characters.

-technical learning: when the child is taught how to behave in a formal educational environment by a teacher.

As consumers, it is through our culture learning that we are taught what is regarded as a desirable purchase and what is not. Similar is with respect to brands. Our perception about brands is influenced i) informally by views and opinions from family, friends, and colleagues, and ii) formally by the marketer, the dealer and the sales people. Thus, both general and specific consumption behavior is indicative of the culture that we live in. The kind of products/services consumers buy are ultimately determined by culture as well. For example, in certain cultures, eating pork and beef is a taboo; thus, when McDonalds came to India, they had to introduce the chicken burger, instead of the normal beef burger sold in the US. They could not disregard the vegetarian population of the country and so introduced the veg-tikki burger.

MNC's who desire to enter foreign markets, and wish to introduce their products and services there, should carefully study and understand the cultures of such countries. They need to go through an elaborate process of acculturation so that they can understand the inhabitants of such cultures and their needs, so as to assess whether such potential markets could be profitable target segments. They should design the product and service offerings (including the 4Ps), in line with the culture so as to be bale to gain quicker acceptance. The colors, language and symbols, should all be kept in mind. The marketer could use all the three forms of cultural learning through designing appropriate promotional messages and using an appropriate channel.

d) *Culture is shared*. It is accepted and imbibed by all the members of the social system. In fact, it ties together the people that form a social system. Social institutions (family), educational institutions (schools, colleges and universities), political institutions (law, public policy, leaders and government), and religious institutions (like places of worship, artifacts, and religious leaders) etc., all help in transmitting this culture to the members of the society. The mass media, print and audio-visual, also has a role to play in the transmitting of culture.

Also today, cultures and sub-cultures are shared by people within, and outside. Needless to say, the mass media has a big role to play. With the various satellite channels vying for viewer ship across India, and higher TRP ratings, the various soaps and serials reflect cultures of all kinds; they portray all kinds of families, all types of cultures and sub-cultures. We get to see stories on families from Gujarati, Bengali, Punjabi and Tamilian

cultures; the dressing patterns, the favorite dishes, the customs and rituals etc. With the various national and vernacular channels that we have in India, we have begun to share sub-cultures too. Sub-cultures are no longer restricted to geographical boundaries today.

As consumers, we are also impacted most by such institutions, and primarily by mass media. As discussed in the above paragraph, with the advent of satellite channels, there is growing awareness of other cultures and sub-cultures. An important role on spread of culture is also through advertisements. Today there is demand for *dhokla* and *khakra* (Gujarati food) in North India, or *mishti doi* and *hilsa fish* (Bengali food) in South India. This trend is also increasing because people are crossing borders of their states and moving elsewhere for jobs and assignments.

e) *Culture is dynamic in nature, and evolves constantly with time.* It adapts itself to the changing environment. As said above, values, beliefs, customs and traditions continue to exist as long as they satisfy the needs and wants of the people. Once they cease to satisfy people's needs, they change. Thus, culture changes and adapts to the environment.

Marketers need to continually assess the environment so as to identify changing need patterns, and change/modify/adapt existing products and services, and even come up with new ones. One such example, i.e. dual income households and the need for eating out, resulting in demand for fast food and restaurants, has already been discussed above. With changes in culture, we can also witness its impact on the buying roles. The marketers have to identify the initiators, influencers, deciders, buyers and users, and approach them accordingly, either personally or impersonally via media. Marketers who continually assess the environment can identify opportunities and exploit them to their advantage.

Ques 2   What are the various methods by which culture can be measured?

Ans 2   Culture can be measured through use of many techniques, some of which are i) Projective Tests; ii) Attitude measurement tests and techniques; iii) Content analysis; iv) Consumer fieldwork; and v) Value measurement instruments.

i) *Projective Tests*: Projective tests can be traced to the psychoanalytic psychology, which argue that human beings have conscious and unconscious attitudes, motivations and personalities that are hidden and unknown from conscious awareness. The projective tests attempt to measure underlying traits, fears, anxieties and attitudes, motivations and personalities. They help reveal people's orientations towards the cultural values, myths, customs, traditions and rituals.

The participants are shown pictures, images, cartoons and characters, inkblots and

incomplete sentences/paragraphs to understand, interpret and comprehend them. The participants are asked to give as responses all that first comes into their minds. Gestures and body language, tone of voice and other reactions are also noted. The assumption behind use of such tests is that one tends to project and interpret to these ambiguous stimuli from ones' sub-consciousness. Such tests are used to study motivation and personality. The two commonly used tests are the Rorschach Inkblot Test and the Thematic Apperception Test (TAT).

ii) *Attitude measurement tests and techniques*: Attitude measurement tests and techniques are used to measure attitudes of people towards persons, objects, and situations. They reflect people's attitudes and orientations towards the cultural values, myths, customs, traditions and rituals.

iii) *Content analysis*: Content analysis focuses on the examination of verbal, written, non-verbal and pictorial compositions/communication. The content analysis helps reveal and explain the content of messages and the varying interpretations. Assessment about the society, and its culture as well as evolutionary socio-cultural changes can be gauged through the content of verbal, written, non-verbal and pictorial compositions/communication.

iv) *Consumer fieldwork*: Fieldwork may be conducted on consumers, so as to observe their behavior, and draw generalizations about the values, myths, beliefs, customs, traditions and rituals. Such generalizations are drawn on observable in store shopping behavior. Verbal and non-verbal body language are also observed and recorded. Sometimes, instead of being passive observers, the researchers may assume active roles and interact with the consumers (participants) as salespersons. Interviews and focus group sessions may also be used.

v) *Value measurement instruments*: Researchers today, are increasingly making use of value measurement instruments. These are scales that measure values by means of a questionnaire. Participants are asked to give their opinion on varied issues like peace, freedom and independence, comfort and convenience, ambition and success etc. Through interpretation of their responses and the observation of behavior, researchers can infer the dominant or underlying values of the society. Such values would influence general and specific consumption patterns and buying behavior. Commonly used value measurement instruments are the Rokeach Value Survey, the List of Values (LOV), and the Values and Lifestyles—VALS.

SELF EVALUATION TESTS/QUIZZES:
Section A   True/false:
1. Culture is a society's personality, unique in itself and differentiated from others
2. A single culture can be broken up into various social classes.

Section B   Fill up the blanks:

1. The process of learning one's native culture is known as_____, while the process of learning a new or a foreign culture is known as _____.

2. MNC's who desire to enter foreign markets should carefully study and understand the cultures of such countries. They should go through a process of _____.

3. _____tests can be traced to the psychoanalytic psychology, which argue that human beings have conscious and unconscious attitudes, motivations and personalities that are hidden and unknown from conscious awareness.

Section C   Short answers:

1. Define culture in the context of consumer behavior.
2. Mention the characteristics of culture.
3. What are the forms in which cultural learning take place?
4. Mention the various components of culture?
5. Mention commonly used value measurement instruments.

KEY

Section A   True/false:

1. True   2.   False

Section B   Fill up the blanks:

1. Enculturation, Acculturation 2.   Acculturation   3.   Projective

Section C   Short answers:

1. The culture of a society also has a bearing on buying patterns and consumption behavior. In terms of consumer behavior, Schiffman defines culture as "*the sum total of learned beliefs, values, and customs that serve to direct the consumer behavior of members of a particular society*". The kinds of products and services and/or brands that consumers' buy and use, are all based on their cultures and sub-cultures.

2. a) Culture is natural and permeates naturally into the social system; b) Culture helps in satisfaction of needs; c) Culture is not inborn; it is learnt as a result of the socialization process; d) Culture is shared; e) Culture is dynamic in nature, and evolves constantly with time.

3. Cultural learning takes place in three forms, viz., formal learning, informal learning and technical learning. Formal learning occurs when a child is taught how to behave by the family; Informal learning occurs when the child learns by imitating the behavior of others, be it members in the family, or friends, or celebrities, or characters; Technical learning occurs when the child is taught how to behave in a formal educational environment by a teacher.

4. The various components of culture are values, language, myths, customs, rituals and laws.

5. Rokeach Value Survey, the List of Values (LOV), and Values and Lifestyles—VALS.

FAQS (FREQUENTLY ASKED QUESTIONS):

Ques 1   As companies decide to expand their markets to foreign territories, they need to follow one of the two major strategies. Discuss these.

Ans 1   As companies decide to expand their markets to foreign territories, they need to follow one of the two strategies. Mention these.

i) They could offer the product/service offerings with the same marketing mix (standardized and global), as in their native country. Such a strategy is known as an *undifferentiated* strategy, i.e., one marketing strategy for all countries. Such a global strategy maintains the same product name; the features, attributes and other ingredients also remain the same (maybe with slight modifications); so do the other Ps. A large number of companies prefer a "world brand", i.e. products and service offerings are positioned, designed, priced, promoted and sold all over the world in the manner that is similar to the country of origin. The approach leads to a worldwide brand name, company image, recognition and reputation. Examples of such brands are IBM, Sony, etc.ii) They could adapt the product/service offerings in the foreign country. This would present a more "localized offering" where the and service offerings are positioned, designed, promoted and sold in a manner that is distinctive and specific to foreign countries and cultures. This strategy is referred to as adaptive global marketing or a "localized marketing strategy" where the objective is to meet the local needs in the most effective manner. The strategy has also been termed *concentrated* or *differentiated* marketing. The marketer offers differentiated marketing strategies for each country, with changes in product and /or brand name, as also product features, attributes and other ingredients as also the other Ps**.** The marketer would need to take into account differences in consumer behavior. McDonalds is a perfect example; when they entered India, they adapted their product offering by offering chicken burgers instead of the beef and pork (as consumption of beef and pork is a taboo with Hindus and Muslims). Further they introduced the McTikki Aloo Burger for vegetarians; they positioned themselves a "family" restaurant keeping in line with the Indian family concept. Companies that do not localize their offerings may find penetration into foreign cultures a difficult exercise. An example that can be quoted is Kellogg's Breakfast Cereal. They found it difficult to penetrate the Indian market as the very concept of cold milk at breakfast was against the traditional Indian belief (where hot milk was preferred especially at breakfast, and cold milk was regarded as unhealthy). It is thus concluded that a "world brand" may not always be favored. The marketer needs to adapt his product/service offerings.

Companies like Unilever, Nestle, Proctor and Gamble follow a mixed approach. They have standardized offerings in terms of their brands, but they blend and adapt their 4Ps to suit the needs of the local culture. Their offerings are generally standardized but the implementation strategy "local". Thus, they introduce under the same family brand name, soaps for different kinds of skin, shampoo for different kinds of hair (depending on the skin and hair types across countries and cultures), and detergents for different water types (hard water or soft water). This is where study of cross cultures becomes essential so as to identify differences and similarities across nations. A marketer has to go through the process of acculturation.

Ques 2   Write short notes on the following:
a) Product recognition continuum
b) High-tech to high-touch continuum.

Ans 2a)   Product recognition continuum:

A product recognition continuum has been proposed by researchers, that explains produce awareness and recognition amongst consumers of foreign cultures. The five-stage continuum explains product recognition from mere awareness of a foreign brand amongst consumers in a local market to a complete global identification of the brand.

Stage 1: In stage one, the local consumers are aware of a brand that is "foreign and alien." They have heard or read about this "foreign" brand, and may find the product/service offering as also the brand to be desirable. However, it is unavailable to them as it is not sold in their country. For example, Lamborghini and Porsche.

Stage 2: In stage two, the "foreign" brand is available in the local market. Local consumers are aware of the brand being "foreign" and made in a particular country. However, consumers have their own perceptions with respect to foreign brands which may be favorable or unfavorable. For example, BMW and Mercedes.

Stage 3: In stage three, the "foreign" or "imported" brand is widely accepted and accorded "national status". While it national origin is known, it does not affect their purchase choice. For example, Suzuki and Samsung.

Stage 4: In stage four, the foreign brand is converted partly or wholly into a domestic brand. The local consumers no longer consider it to be a foreign brand and perceive it as a local brand. While its foreign origin may be remembered, the brand has been adopted so very well that is "naturalized." For example, Colgate and Cadburys.

Stage 5: In this last stage, the foreign brand has so very well adopted and assimilated that the people no longer regard it as "foreign". In fact, many are not even aware of the country of origin, and never even bother to ask so. It is regarded as purely global or "borderless." For example, Unilever (Hindustan Unilever), Xerox and Dettol.

b) High-tech to high-touch continuum:

A high-tech to high-touch continuum framework helps a marketer assess whether to use *a global or a local marketing strategy.* According to the framework, for high-involvement products that approach either end of the high-tech/high-touch continuum, product standardization is more successful. It would be suitable for a marketer to position such products as global brands. On the other hand, for low-involvement products that lie on the mid-range of the high-tech/high-touch continuum, the marketer should follow a localized approach and go in for a market-by-market execution. The marketer should position such products as local brands.

Thus it can be observed that both marketers and consumers use a common vocabulary for high-tech products, like, kilo bytes, mega bytes for RAM storage capacity in computers or Bluetooth for data transfer in mobiles etc. In case of internet connections, the speed is marketed in MBPS (Mega bits per second); or In the case of hand held electronic devices, the marketer communicates in terms of GPS (Global Positioning System), Bluetooth, Camera with certain Mega-Pixel, MP3 etc. They use rational appeals for products like computers, laptops, cameras, DVD players etc. High-tech positioning is used for such products. On the other hand, marketers use social and emotional appeals or even status/image for high-touch products, be it perfumes, mobile phones, apparel wear etc. High-touch positioning is used for such image related products.

SELF EVALUATION TESTS/QUIZZES:

Section A   True/false:

1. Adaptive global marketing or a "localized marketing strategy" is also known as concentrated marketing.
2. For high-involvement products that approach either end of the high-tech/high-touch continuum, product standardization is more successful.
3. When customers across two or more countries are similar, the marketer can afford to have a similar marketing program.

Section B   Fill up the blanks:

1. _____ is defined as the process of learning a new or a foreign culture.

2. Through a _____ analysis, a marketer would get inputs into how the foreign culture is different to his native culture,

3. For low-involvement products that lie on the mid-range of the high-tech/high-touch continuum, the marketer should follow a _____ approach and go in for a market-by-market execution.

Section C   Multiple choice questions:

1. When marketers offer a product/service offering with the same marketing mix as in their native country, it is called a _____ strategy.

    a) global

    b) standardized

    c) undifferentiated strategy

    d) all of the above.

Section D   Short answers:

1. What are the two ways through which consumers are exposed to foreign cultures?
2. Define cross-culture consumer analysis.
3. What are the factors that determine whether a marketer should expand to select countries in the total international markets or whole of the international markets?

KEY

Section A   True/false:

1. True   2.   True   3.   True

Section B   Fill up the blanks:

1. Acculturation   2.   Cross-cultural   3.   Localized

Section C   Multiple choice questions:

1. d

Section D   Short answers:

1. Consumers are exposed to foreign cultures i) through ones' own initiatives; and ii) through the marketers's efforts.

2. Schiffman defines cross cultural consumer analysis as "the effort to determine to what extent the consumers of two or more nations are similar or different."

3. The factors that determine whether a marketer should expand to select countries in the total international markets or whole of the international markets would depend on i) size of the market; ii) growth and attractiveness of the market; iii) stability in the market; iv) politico-legal environment and the accessibility of the countries involved.

MODULE 7.6: INTERPERSONAL COMMUNICATION AND INFLUENCE

LESSON – 37

FAQS (FREQUENTLY ASKED QUESTIONS):

Ques 1   Differentiate between marketing communication and interpersonal communication.

Ans 1 As consumers, we are exposed to two kinds of communication, viz., *marketing communication* and *interpersonal communication*.

Any form of communication that takes place between the marketer and the consumer, is referred to as *marketing communication*. The process is initiated by the marketer who through a communication program informs the public about his product/service offering, creates a favorable attitude and elicits action on the part of the

consumers. The marketers effort takes place through the communication mix or the promotion mix, be it advertising, sales promotion, publicity and public relations, personal selling and direct marketing.

There is another kind of communication that takes place between consumers themselves; it operates interpersonally with family, friends, peers and colleagues, strangers and opinion leaders etc., who discuss about product and service offerings, brands, prices, stores etc. This is referred to as *informal interpersonal communication.* This is also called word-of-mouth (WOM) communication.

Informal interpersonal communication is different from marketing communication in the sense that interpersonal communication takes place between individual consumers while marketing communication takes place between marketers and consumers.

Ques 2   Discuss advantages of WOM communication.

Ans 2 Consumers prefer word-of-mouth communication over other marketing communication as they believe that while the latter have an ulterior interest in making sales, the former is more credible with no ulterior motives. The other advantages of word-of-mouth communication are:

- Word-of-mouth communication reduces the physical and cognitive effort that the consumer has to take to gather information, evaluate alternatives and take the right decision.

- It helps an individual seek advice from the right person who has interest, knowledge and experience with a product and service category; especially in cases of high involvement products, a person may be less knowledgeable and less involved and can take advice from someone who is more experienced and knowledgeable for that product category.

- Word-of-mouth communication also reduces the level of uncertainty associated with a purchase. People turn to informal sources for information so as to be able to be certain with respect to the purchase decision. This is particularly true for high involvement products, as also for products that need social approval and/or match social class and social status.

People often turn to experts and opinion leaders for advice; They also look up to reference groups; While experts provide product knowledge and make consumers feel more certain about a product alternative, reference groups lead to an increase in

consumer's confidence about making a product choice that is socially approved and acceptable.

Ques 3   **Discuss critically the Two-Step Flow of Communication Theory.**

Ans 3 The Two-Step Flow of Communication Theory proposes that the Opinion Leader forms a vital link in the interpersonal communication process, and has an important role to play in transmission of information. According to the Two-Step Flow of Communication Theory, the message (information content from the marketer) flows from the mass media (both print and/or electronic audio-visual) to the Opinion Leaders and from there it is transmitted to the masses or the Opinion Receivers. The theory is two-stepped in the sense that it presents Opinion Leaders as direct recipients of information from the Mass Media, and it is they (opinion leaders) who in turn interpret and transmit this information to the general public or the masses (consumers, actual and potential). The Opinion Leaders thus act as middlemen in the entire process of communication.
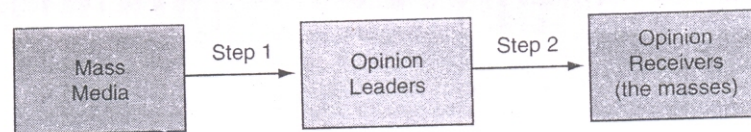

Figure 1: Two-Step Flow of Communication Theory

Source: Schifman, L.G. and Kanuk, L.L., Consumer Behavior, 9th Edition, Pearson, Prentice Hall.

The Figure illustrates the Two-Step Flow of Communication Theory. In Step 1, Information flows in a single direction (one way) from the impersonal mass media to Opinion Leaders. In Step 2, it flows from the Opinion Leaders (who interpret, verify, assimilate and transmit the information) to the Opinion Receivers (the masses or the public, viz., friends, neighbors, and others).

While laying emphasis on the vital role that Opinion Leaders play, the theory rejects the belief that mass media left alone can influence the masses, and enable a sale. As a major contribution, the theory supports the premise that social interaction between people serves as major means for spread of information, development of

attitudes (favorable and unfavorable), and acts of behavior. As such, the opinion receiver is more likely to be influenced by the opinion leader than by the media. Thus the theory lays emphasis on the role played by the Opinion Leaders in information transmission, advice and opinion.

However, with passage of time, the Two-Step Theory came to be regarded as inadequate and inaccurate on account of the following reasons:

- Opinion leaders are not generic in nature. They are specific to a product category and vary from product to product. An expert in one product category would not be an expert for another product category.

- Opinion leaders are also not a permanent elite.

- Different social groups have their own opinion leaders.

- As per the theory, information flow is one-way from the opinion leader to opinion receivers (or the masses). In reality, information does not flow one way; both parties exchange information. Also, communication need not always be forward one-way, initiated by the opinion leader. It could also be initiated by the masses (someone from the "opinion receiver") who ask (seek) the "leader" for information and advice.

- Opinion leaders are not the only source of information for a consumer. The mass media influences both the opinion leaders as well as the consumers.

- Lastly, but importantly, marketers do not only and/or always communicate with consumers via an opinion leader. Marketers also communicate directly with consumers through the various tools of the promotion mix. In fact the integrated marketing communication programme calls for a perfect blend of the various tools. Consumers are always exposed to other means of communication and do not solely rely on opinion leaders.

Thus, gradually it was realized that the Two-Step Flow of Communication Theory does not provide a very apt and accurate explanation about the manner in which consumers acquire information and use it in their decision making.

SELF EVALUATION TESTS/QUIZZES:

Section A   **True/false:**

1.   The credibility of the source is equally important in word-of-mouth communication.

2.   Word-of-mouth communication can be both positive and negative, with the former having a more profound and deeper effect.

3. Opinion leaders are generic in nature.

Section B   Fill up the blanks:

1. Any kind of informal interpersonal communication that takes place between individuals as consumers is known as _____ communication.

2. The marketing message or information content can be classified into three types, viz., product news, advice and_____.

3. As per the Two-Step Flow of communication Theory, _____act as middlemen in the entire process of communication.

4. _____ are those among the masses who neither influence nor are influenced by others.

Section C   Multiple choice questions:

1. Consumers are more likely to seek information in which of the following cases:

a) when the product is expensive, technically complex, risky and not purchased frequently.

b) when the product is related to lifestyle, image and social class.

c) both (a) and (b)

d) neither (a) nor (b).

2. According to the _____ theory, Opinion Leaders can both influence and are influenced by Opinion Receivers.

a) Two-step Flow of Communication

b) Reference group

c) Multistep Flow of Communication Theory

d) Opinion Leadership Theory

Section D   Short answers:

1. Mention factors that impact word-of-mouth communication.

KEY

Section A   True/false:

1. True   2. False   3. False

Section B   **Fill up the blanks:**

1.   Word-of-Mouth/Informal interpersonal   2.   Personal experience

3.   Opinion leaders   4.   Information receivers

Section C   **Multiple choice questions:**

1.   c   2.   c

Section D   **Short answers:**

1.   Factors that impact WOM are i) the message and its information content; ii) the receiver and his purpose in gathering information; iii) the source and his purpose in providing information; iv) the credibility of the source; v) the type of product and service offering; vi) the source's evaluation of the product and service offering; and vii) the type of communication partner.

_____

FAQS (FREQUENTLY ASKED QUESTIONS):

Ques 1   Discuss the Motives behind the Opinion Leadership Process.

Ans 1 Both Opinion Leaders and Opinion Receivers/seekers have their own reasons for providing information and receiving/seeking product information and advice. Opinion Leaders give product related information and advice sometimes voluntarily on their own and sometimes when are approached and asked for. Similarly Opinion Receivers/Seekers request for information or listen with listen with patience to all that the Opinion Leader has to say. There are various reasons as to why such communication exchange takes place between Opinion Leaders and Opinion Receivers/Seekers, be they relatives, friends, acquaintances or even strangers. Some of the reasons why Opinion Leaders provide information and why Opinion Receivers/Seekers receive or seek information and advice are discussed below. These explain the motives behind the Opinion Leadership process.

Opinion Leaders provide information because of the following reasons:

- Opinion Leaders like to give product news, provide expert advice and also love to share their experiences with others. This is because they are involved and interested in a product or service category, and love to talk about it (*product involvement*).

- WOM communication gives them an opportunity to talk about their interests to others. Further they may feel so positively and favorably or negatively and unfavorably about a product and/or brand that they feel like telling about it to others (*product involvement, self involvement and social involvement*)

- As they possess knowledge, expertise and experience with a product category, they feel important and powerful when people approach them for information and advice. It confers upon them a sense of superiority or special status over others. They take pride in providing information and advice (*self gratification, power and pride*). They also feel that others to whom they have given information and advice on new products or services have bought them because of them.

- They may be genuinely be benevolent and generous, and out of altruistic concerns may like to help others, especially family, friends, relatives and neighbours (*selfless motive: social involvement*).

- Opinion Leaders may be also trying to reduce their own level of post-purcahse cognitive dissonance (*self-interest*).

- Interestingly true, many provide information as a) they may be wanting to try out a new product or service offering after someone else buys and uses it first; or b); or c) they may themselves be trying to reassure themselves of their own purchase decision by recommending it to others; and d) they may be dissatisfied with a purchase and like to complain about the purchase of the product and service and/or brand and/or company and/store from where it has been purchased

ii) Opinion Receiver/Seekers request for information because of the following reasons:

- Opinion Receivers/Seekers gather information so that they can make the right purchase decision, with respect to the right product and service offering, the right brand, at the right price, from the right store and at the right time. Especially in cases of high involvement products, a person may be less knowledgeable and less involved and can take advice from someone who is more experienced and knowledgeable for that product category.

- They obtain information about new-product or new-usage.

- It reduces the physical and cognitive effort that the Opinion Receivers/Seekers has to take to gather information, evaluate alternatives and take the right decision. They also save on time required to gain information about product and the varying brands.

- Product knowledge and advice reduces the level of uncertainty associated with a purchase. It helps them reduce the perceived risk as they are able to gain product and/or brand knowledge from experts, who are also many a times innovators and first-time users of the product (Opinion Leaders are innovative by nature and this has been discussed in the previous lesson).

- They prefer word-of-mouth communication over other marketing communication as they believe that while the latter have an ulterior interest in making sales, the former is more credible with no ulterior motives.

- People also turn to Opinion Leaders so as to confirm their purchase decisions. This is particularly true for high involvement products, as also for products that need social approval and/or match social class and social status.

Ques 2   Critically assess the various techniques used to measure Opinion Leadership.

Ans 2 Marketers are interested in identifying, measuring and analyzing the impact of the opinion leadership process on consumption patterns and consumption behavior. Researchers make use of various methods to measure Opinion Ledaership. According to Rogers, there are four basic techniques for measuring Opinion Leadership, viz., i) the self-designating method; ii) the sociometric method; iii) the key informant method; and iv) the objective method. Each of these is explained and critically assessed as follows:

i) *The self-designating method*: A marketing survey is conducted and people are asked a series of questions to determine the degree to which they behave as Opinion Leaders. Questions pertain to:

a) the extent to which they have given information and advice about a product/service category and/or brands to others in the social system

b) how often they have been able to influence the purchase decisions about others.

c) how often they have been approached by others for information and advice about that particular product/service category

Advantages: It is easy to include and apply in market research questionnaires. It helps measure an individual's perception and assessment about his/her actual Opinion Leadership and related capacities.

Disadvantages: As the technique is based on self assessment and evaluation, it could be to lead to over-estimation of self and thus, suffer from bias. People could portray themselves as being "knowledgeable and important advisors" to others when it comes to making purchase decisions. It is also difficult to assess the outcome of the informal communication in terms of knowledge and advice. While a person may report that he provides information and advice, and helps people make purchase decisions, it may not be essential that the receivers may be actually using this information and advice. Thus, success of the technique would depend on the objectivity with which a respondent can identify, assess and report his personal influence.

The final assessment needs to be made by the marketer. The marketer must understand the degree of relevance the Opinion Receivers/Seekers attach to the information and advice that they receive from the various so called Opinion Leaders. This assessment would help the marketer identify who among the many are Opinion Leaders and who are not.

ii) **The sociometric method**: The sociometric method of measuring Opinion Leadership basis itself on the study of the social system, and particularly the communication patterns and flows to identify those to give information and advice as act as Opinion Leaders. Researchers examine complete patterns of informal information flows among consumers of a particular product/service category, and identify those who provide information to others as Opinion Leaders.

While the technique makes use of the analysis of the communication flow, it also uses questionnaires that are administered to people in a social system. People in a social system are asked to identify:

a) those people to whom they have given information and advice about a product/service category. In case the respondent identifies one or many people to whom he has provided information and advice, he is regarded as an Opinion Leader. Researchers could cross-examine by contacting and questioning the Receiver/Seekers of information and confirming from them.

b) those people to whom they have gone for information and advice about a product or service category and/or brand. Her again, researchers could cross-examine by contacting and questioning the Opinion Leaders and confirming from them.

Advantages: The technique can meet tests of validity and reliability. Chances of misconception and bias are less.

Disadvantages: It is a costly in terms of both money and time. In order to obtain results that are valid and reliable, it requires intensive and extensive data, i.e. a large amount of information from a large sample of respondents. This could be expensive and time consuming. The analysis could also be complex and would require experts in the area.

iii) **The key informant method**: Based on careful observation and analysis of social communication, key informants in a social system are identified. These key informants

are asked to identify and/or designate individuals in the social group who are Opinion Leaders or who are most likely to be Opinion Leaders.

The key informants are those who are aware about the communication patterns in a social environment and able to provide a fair and impartial assessment of these patterns. They may or may not be a member of such group(s); they may be active participants or passive observers. In this way (where an expert is asked to identify Opinion Leaders), the technique is better than the self-designating method (where a person is asked to assess himself as an Opinion Leader).

Advantages: This is relatively less expensive and time consuming, as compared to the sociometric method. The study is based on a chosen few rather than large samples in the self-designating and sociometric methods.
Disadvantages: If informants are not carefully chosen, they may provide wrong information.

iv) **The objective method**: The objective method is based on simulation. It identifies and measures Opinion Leadership by placing people in controlled environments (just as controlled experiments). People are chosen, given information about new products and service categories, and the asked to act out as Opinion Leaders. The resulting "web" and "patterns" of informal interpersonal communication regarding the relevant product or service category are traced and analyzed. The technique thus measures the results of their efforts and assesses how successful their impact is on consumption behavior.

Advantages: It measures people's abilities to provide news and advice and influence purchase decisions in controlled environments.
Disadvantages: It is time consuming as it requires setting up of experimental designs. It is a complex process and requires subject experts and trained psychologists.

Ques 3   Discuss the traits and characteristics of Opinion Leaders.
Ans 3 Consumer researchers and market practitioners have successfully identified traits and characteristics of Opinion Leaders, and developed their profile. Such traits and characteristics are discussed as follows:
i) Opinion leaders possess high levels of *involvement and interest* in a specific product or service category. They gather information from various sources (print, electronic and

audio visual, internet and websites etc.) about product development, and are updated about information.

ii) They are *subject experts and have tremendous knowledge* about the specific product or service category. They are well-informed about product attributes and features, benefits and utility, knowledge about brands, price and availability.

iii) They are product or service *category specific*; a person who is an opinion leader in a particular product/service category would be an Opinion Receiver/Seeker for another. However, Opinion Leadership could tend to overlap across certain combinations of interest areas, i.e., Opinion leaders in one product category can often be Opinion Leaders in related areas, like kitchen ware and household goods, fashion apparel and cosmetics, computers and mobiles, tourism and travel.

iv) In most cases, Opinion Leaders are also *consumer innovators.* Because of their interest in a product or service category, they have a tendency to purchase a new product offering as soon as it is launched in the market. They act as trend setters and are in a better position to give advice and convince others to make a purchase.

v) Opinion Leaders also possess certain *personal characteristics*; by nature, they are *self-confident and gregarious.* Because of the knowledge and experience that they possess, they are self-confident. They are extroverts and sociable by nature, who enjoy being in company of others, love talking to others and provide them with product news and advice and share their experiences.

vi) As far as characteristics related to *social class* and social standing are concerned, Opinion leaders generally belong to the *same socioeconomic group* as Opinion Receivers/Seekers. The reasons for this are quite logical. First, Opinion Leaders indulge in informal communication, and the Receivers/Seekers would in most cases be their own friends, neighbours, peers and colleagues. It is with them and other members of their social class that a regular exchange of information takes place, and it is to them that they would give information and advice and share their experiences. Secondly, it is only when there is a match of economic class, that Opinion Receivers/Seekers would approach an Opinion Leader. This is because there would be a better level of comfort and understanding between the two. Opinion Leaders would recommend a product and/or brand that he has been able to monetarily afford and use and it would also be something that the Receivers/ Seekers can also afford. Thirdly, the Receivers/Seekers desire social approval and social approval and acceptance, and thus all the more reason that he approaches someone from his socio-economic class.

SELF EVALUATION TESTS/QUIZZES:

Section A   True/false:

1.   Opinion Leaders are specific to a product or service category.

2.   Opinion Leaders provide only negative information about a product/service category.

3.   Sometimes a person may become an Opinion Receiver/Seeker for the same product also.

4.   In most cases, Opinion Leaders are also consumer innovators.

5.   Opinion leaders generally belong to the *same socioeconomic group* as Opinion Receivers/Seekers.

Section B   Fill up the blanks:

1.   _____act as a vital link between the marketer and consumers.

2.   Opinion Leaders are said to be performing the _____role as they act as experts and authorities for a particular product category.

3.   There are some people who seem to know about everything about the market and offer their advice about anything and everything. Such people are called _____.

4.   The _____method is based on simulation. It identifies and measures Opinion Leadership by placing people in controlled environments.

Section C   Multiple choice questions:

1.   A marketing survey is conducted and people are asked a series of questions to determine the degree to which they behave as Opinion Leaders. This is called the _____ of measuring Opinion Leadership.

a) discussion method

b) interview method

c) self designating method

d) objective method

2   Which of the following statements about the sociometric method of measuring opinion leadership is false?

a) It basis itself on the study of the social system, and particularly the communication patterns and flows.

b) It also makes use of questionnaires that are administered to people in a social system.

c) The technique lacks validity and reliability.

d) It is a costly in terms of both money and time.

3. _____ WOM information about a product category has a deeper and profound effect on consumers.

a) Positive

b) Negative

c) Neutral

d) All of the above

Section D   Short answers:

1.   Define Opinion Leadership.

2.   Mention the three roles played by Opinion Leaders.

3.   Explain briefly the key informant method of measuring Opinion Leadership.

4.   Give instances how marketers can encourage Opinion Leadership through their marketing strategies.

KEY

Section A   True/false:

1.   True   2.   False   3.   True   4.   True

5.   True

Section B   Fill up the blanks:

1.   Opinion Leaders   2.   Authority figure   3.   Market mavens

4.   Objective

Section C   Multiple choice questions:

1.   c   2.   c   3.   b

Section D   Short answers:

1.   Opinion Leadership is defined as "the process by which one person (the opinion leader) informally influences the actions or attitudes of others, who may be opinion seekers or merely opinion recipients" (Schiffman).

2.   The three roles are, i) authority figure; ii) trend setter; and iii) local opinion leader.

3.   Based on careful observation and analysis of social communication, key informants in a social system are identified. These key informants are those who are aware about the communication patterns in a social environment and able to provide a fair and impartial assessment of these patterns. These key informants are asked to identify and/or designate individuals in the social group who are Opinion Leaders or who are most likely to be Opinion Leaders. As a technique, it is relatively less expensive and time consuming. However, iIf informants are not carefully chosen, they may provide wrong information.

4.   Marketers can encourage Opinion Leadership through their marketing strategies. Examples,

- through schemes like "share you experiences", "tell others that you like our brand", etc., marketers encourage consumers to discuss their experiences with others (eg. Electronic goods etc).

- through showing advertisements that portray product/service informal discussions about products/services amongst people (eg. health drinks, skin and hair care products etc.).

_____