

UNIT-II

ENVIRONMENTAL INFLUENCES ON CONSUMER BEHAVIOUR

CULTURE

Culture is the collective values, customs, norms, arts, social institutions, and intellectual achievements of a particular society. Cultural values express the collective principles, standards, and priorities of a community. Most of the promotional messages across the world reflect, to some degree, the target audiences' cultural values.

We often refer to culture as an "invisible hand" that guides the actions of people of a particular society. When consumer researchers ask people why they do certain things, they frequently answer, "Because it's the right thing to do"—a response reflecting the ingrained influence of culture on our behavior. We can truly understand and appreciate the influence of our culture only after visiting other countries and observing the local values and behaviors.

Marketers must always monitor cultural changes to discover new opportunities and abandon markets that have "dried up" because of cultural changes. To this end, marketers should periodically reconsider why consumers are doing what they do, who are the purchasers and the users of their offerings, when they do their shopping, how and where they can be reached by the media, and what new product and service needs are emerging.

Cultural Beliefs Reflect Consumers' Needs

Culture expresses and satisfies the needs of societies. It offers order, direction, and guidance for problem solving by providing "tried-and-true" methods of satisfying physiological, personal, and social needs. For example, culture provides standards about when to eat ("not between meals"); where to eat ("most likely, the restaurant is busy because the food is good"); what is appropriate to eat for breakfast (pancakes), lunch (a sandwich), dinner ("something hot and good and healthy"), and snacks ("something with quick energy, but not too many calories"); and what to serve to guests at a dinner party ("a formal sit-down meal"), at a picnic (barbecued "franks and burgers"), or at a wedding (champagne).

Culture also determines whether a product is a necessity or discretionary luxury. For example, whereas mobile phones (initially introduced as car phones) were once expensive and uncommon, today they are a necessity because fewer and fewer people have landlines and payphones are largely extinct. Culture also dictates which clothes are suitable for different occasions (such as what to wear around the house, and what to wear to school, to work, to church, at a fast-food restaurant, or to a movie theater). In recent years, dress codes have changed drastically and Americans have been dressing casually for occasions that once required more formal attire.

LEARNING CULTURAL VALUES

To be considered a cultural value, a belief or custom must be shared by a significant portion of the society, because culture is essentially a series of norms that guide personal and group conduct and link individuals into a largely cohesive group. Generally, members of a society share their values and customs through a common language, although some cultures include more than one language.

Forms of Learning

We learn cultural norms and customs mostly from family and peers, and begin to understand at a very young age that some behaviors are appropriate and others are not. Anthropologists have identified three forms of cultural learning. Formal learning takes place when parents, older siblings, and other family members teach younger members "how to behave." Informal learning takes place when children imitate the behaviors of selected others, such as family, friends, or TV and movie heroes and characters. Technical learning happens when teachers instruct children, in educational environments, about what should be done, how it should be done, and why it should be done, in social as well as personal settings. Our ethical

values (e.g., the importance of kindness, honesty, and responsibility) are also formed during childhood as we learn them from parents, teachers, and other significant adults.

Enculturation and Acculturation

Anthropologists distinguish between the learning of one's own (or native) culture and the learning of new cultures. Enculturation is learning one's own culture. Acculturation is learning new or foreign cultures. When selling products overseas, marketers must study the culture(s) of their potential customers so as to determine whether their products will be acceptable and how to communicate the characteristics of their products effectively and persuade consumers to buy them.

Sometimes, consumers can be "foreigners" in their own countries. Key components of one's enculturation are the family and the process of consumer socialization. This process consists of teaching children and young adults consumption-related values and skills, such as the meaning of money and value, how to judge product quality, styles and preferences, product usage, and the meaning and objectives of promotional messages. In addition to the family unit, educational and religious institutions also convey cultural values to younger members.

Educational institutions impart the knowledge of arts, sciences, civics, and professional and specialized skills. Religious institutions provide spiritual and moral guidance and values, which often have a substantial impact on behavior.

Marketing Influences on Cultural Learning

The contents of media, advertising, and marketing reflect cultural values and convey them to all members of society very effectively. Every day, at almost any time, we are exposed to hundreds of promotional cues and messages, many of which we hear and see more than once. The repetition of marketing messages both conveys and reinforces cultural beliefs and values. In advertisements, cultural values are not only depicted in the advertising copy, but are also coded in the visual imagery, colors, movements, music, and other nonverbal elements of an advertisement. Marketers also transmit a lot of information that enables consumers to express shared cultural values.

Language and Symbols

Cultural values are reflected in the languages, symbols, communications, and artifacts of a society. A symbol is anything that represents something else, and symbols can be either verbal or nonverbal. Words are verbal symbols, so the text of any ad is a composition of symbols. Nonverbal symbols, such as figures, colors, shapes, and even textures, are cultural cues that appear within advertisements, trademarks, packaging, and product designs. Many symbols have linguistic as well as psychological meanings.

Symbols can have contradictory meanings. For example, the advertiser that uses a trademark depicting an old craftsman to symbolize careful workmanship may instead be communicating an image of outmoded methods and lack of style. Marketers who use slang in advertisements directed at teenagers must do so with great care; slang that is misused or outdated will symbolically date the marketer's firm and product, and may also be offensive to some.

Prices and channels of distribution are symbols and reflect cultural meanings of products. For instance, the stores where clothes are sold (and also the prices of the items) symbolize their quality. In fact, all the elements of the marketing mix—the product, its promotion, price, and the stores at which it is available—are symbols that communicate the item's quality, value, and image.

Rituals

In addition to language and symbols, cultures include ritualized behaviors. A ritual is a type of symbolic activity consisting of a series of steps occurring in a fixed sequence and repeated periodically. Rituals can be public, elaborate, or ceremonial (e.g., weddings), or mundane routines (e.g., daily grooming). Typically, ritualized behavior is formal and often

scripted (e.g., a religious service or proper conduct in a court of law), and occurs repeatedly (e.g., singing the national anthem before the start of a sports event). Many rituals include artifacts, and some products are marketed specifically for certain rituals. For instance, turkey, stuffing, and cranberries are part of the ritual of Thanksgiving Day. Rituals such as graduations, weekly card games, or visits to beauty salons include artifacts. Ritualistic behavior is an action or series of steps that have become a ritual. For example, golfers who take a few practice swings before actually hitting the ball display a ritualistic behavior.

MEASURING CULTURAL VALUES

Culture reflects a society's values, customs, and rituals, which in turn reflect how we live and communicate. The most widely used measurements of cultural values are content analysis, consumer field observation, and value measurement instruments.

Content Analysis

Content analysis, as the name implies, focuses on the content of societies' verbal, written, and pictorial communications, including promotional messages. Content analysis can be applied to marketing, gender and age issues, sociology and political science, psychological studies, and many other fields. Among other concepts, content analysis can:

1. Identify the intentions, focus, or communication trends of an individual, group, or institutions.
2. Describe attitudinal and behavioral responses to communications.
3. Determine psychological or emotional state of persons or groups.

Content analysis can determine what social and cultural changes have occurred in a specific society or compare different cultures.

Field Observation

When examining a specific society, anthropologists frequently study cultures through field observation, which consists of observing the daily behavior of selected members of a society. Based on their observations, researchers draw conclusions about the values, beliefs, and customs of the society under investigation. Field observation:

1. Takes place within a natural environment.
2. Generally, the subjects are not aware that they are being watched.
3. Focuses on observation of behavior.

Because the emphasis is on a natural environment and observable behavior, field observation of buying and consumption activities occurs in stores, and, less frequently, during in-home product usage. In some cases, researchers become participant-observers; that is, they become active members of the environment that they are studying and engage in the same behaviors, rituals, and customs that they study.

In addition to fieldwork, marketers have used depth interviews and focus groups to study social and cultural changes. In focus group discussions, consumers are apt to reveal attitudes and behaviors that signal shifts in values that may affect, for example, the acceptance of new products and services. Focus groups have been used to generate ideas for persuasive strategies designed to reinforce customer loyalty and retention. Studies showed that established customers, especially for services (such as investment and banking), expected marketers to acknowledge their loyalty by providing them with more personalized services. Subsequently, several companies instituted loyalty (or frequency) programs tailored to customers' specific needs.

Value Measurements

Anthropologists have traditionally observed the behavior of members of a specific society and inferred the underlying values of the society from the behaviors observed. However, there are also structured, self-administered questionnaires that measure individuals' cultural values, such as the Rokeach Value Survey, the Values and Lifestyles VALS measure, and Gordon's survey of personal and interpersonal values.

Rokeach Values Survey

The Rokeach Value Survey is a self-administered, two-part values inventory:

1. Eighteen terminal values that reflect goals and desirable states of existence and are defined as ends (e.g., happiness, pleasure, freedom, self-respect).
2. Eighteen instrumental values, defined as the means to achieve the ends (e.g., ambitious, honest, polite, responsible).

Respondents are asked how important each value is to them as “a guiding principle” in their lives. Within each set of values, there are also two subsets: Some terminal values focus on personal aspects (e.g., a comfortable or exciting life, happiness, inner harmony) and the others on interpersonal ones (e.g., a world of peace and beauty, national security). The instrumental values are composed of competence (e.g., ambitious, intellectual, responsible) and moral values (e.g., forgiving, helpful, polite). According to the Rokeach typology, in terms of cultural orientation, individuals can belong to one of four types.

Gordon’s Surveys of Personal and Interpersonal Values

Gordon’s Survey of Personal and Interpersonal Values measures values that determine how people cope with their daily lives. There are two surveys—one for personal values and one for interpersonal values.

SUBCULTURE

Subculture is a group that shares certain beliefs, values, and customs and exists within a larger society. A subculture can stem from a person’s ethnicity, religion, geographic location, age, or gender. Older consumers—who represent a subculture based on age—are a lucrative market segment because the American population is aging faster than the birth rate and life expectancy has been rising. Subcultures are based on sociocultural and demographic variables, such as nationality, religion, geographic locality, ethnicity, age, and gender. When marketers single out a subculture, they must often modify the product to better meet the needs of the targeted consumers and also change the marketing message to suit the subculture’s values and tastes. A society’s cultural profile includes two elements: (1) The unique beliefs, values, and customs of specific subcultures; and (2) the core cultural values and customs that are shared by most of the population, regardless of specific subcultural memberships. Subcultural analysis enables marketers to identify the sizeable and subcultural segments.

RELIGIOUS SUBCULTURES

The United States reportedly has more than 200 different organized religious affiliations (or subcultures). Of this number, Protestant denominations, Roman Catholicism, Islam, and Judaism are the principal organized religious faiths. The members of all these religious groups at times make purchase decisions that are influenced by their religious identity. Commonly, consumer behavior is directly affected by religion in terms of products that are symbolically and ritualistically associated with the celebration of various religious holidays. Targeting specific religious groups with specially designed marketing programs can be profitable.

REGIONAL SUBCULTURES

The United States is a large country, one that includes a wide range of climatic and geographic conditions. Given the country’s size and physical diversity, it is only natural that many Americans have a sense of “regional identification” when comparing and describing themselves to others (e.g., “he is a true Southerner”). Anyone who has traveled across the United States has probably noted many regional differences in consumption behavior, especially when it comes to food and drink. For example, a “mug” of black coffee typifies the West, whereas a “cup” of coffee with milk and sugar is preferred in the East. There also are geographic differences in the consumption of staple foods, such as bread. Specifically, in the South and Midwest, soft white bread is preferred, whereas on the East and West coasts, firmer breads (rye, whole wheat, and French and Italian breads) are favored. Regional differences also

include brand preferences. A national brand is a brand that is available in all fifty states, although the market shares of most brands vary among geographic regions. While geographic differences in sales and market share are common for many brands of consumer packaged goods in the United States, brands in nations, many smaller nations do not exhibit similar regional differences. study of Indian consumers found that regional differences stemming from various geographic, topological, and cultural factors—including values, motives, and lifestyle—were important determinants of both consumption and nonconsumption behaviors. study of Indian consumers found that regional differences stemming from various geographic, topological, and cultural factors—including values, motives, and lifestyle—were important determinants of both consumption and nonconsumption behaviors

AGE (GENERATIONAL) SUBCULTURE

According to the U.S. Census, there are 317 million Americans. Figure 12.8 shows the generational classification of the U.S. population and the proportion of each generation. Each generation is a distinct subculture and market segment, because its members have unique priorities and purchase patterns. The consumption patterns and impact of technology on the following age (or generational) subcultures: Generation Z, Generation Y, Generation X, Baby Boomers, and older Americans.

Generation Z: Persons Born from 1997 to the Present

Generation Z (Homeland Generation, Digital Natives) is the cohort of people born from 2000 to the present day. Members of Gen Z are highly “connected,” having had lifelong exposure to and use of communication and media technology like the Internet, instant messaging, text messaging, and mobile phones.

Teens and Tweens

This generation consists of two markets: Teens are those aged 13 to 17 and tweens are aged 8 to 12. Marketing to teens and tweens means targeting lucrative, elusive, and fickle customers. Marketers must understand a variety of lifestyles that morph into and out of each other and change quickly and unpredictably. Teens and tweens are not alike. Teens are more independent in their behavior and less reliant on their parents than tweens are for day-to-day decisions. Teens are beginning to develop the characteristics and behaviors of adulthood, while tweens still share many traits with their younger siblings. Families are more important to tweens in terms of their social lives as well.

Generation Y: Born Between 1980 and 1996

Generation Y (Echo Boomers, Millennials) are people born between 1980 and 1996. However, some include people born in the late 1970s and late 1990s in this cohort. Gen Y members grew up with technology and embraced it. They are attracted to higher levels of stimulation and are bored easily. They are more confident than other generations were at their age, because of growing up in child-centric households, a youth-oriented society, and the American emphasis on self-esteem. As consumers, they want faster product turnover, personally relevant promotions, and interactive marketing platforms. Many want to design their own products, build and manage their own networks, and rate products. Millennials are the largest users of cell phone and text messaging.

Generation X: Born Between 1965 and 1979

Generation X (Xers) consists of about 50 million individuals born between 1965 and 1979. As consumers, they represent a market with a spending power in excess of \$1 trillion. They do not like labels, are cynical, and generally do not want to be singled out and marketed to. Unlike their parents, the Baby Boomers, they are in no rush to marry, start a family, or work excessive hours to earn high salaries. For Generation X consumers, job satisfaction is typically more important than salary.

Baby Boomers: Born Between 1946 and 1964

The term Baby Boomers refers to the age segment of the population that was born between 1946 and 1964. These 78 million or so baby boomers represent more than 40% of the U.S. adult population, which makes them a much sought-after market segment. In comparison, during the 19 years that followed the 19 years of the baby boom, only 66 million Americans were born (many refer to the “baby bust” of the 1970s).

In addition to their generation’s size, baby boomers are marketers’ most desirable target market because of several reasons:

1. They constitute about 50% of all those in professional and managerial occupations and more than one-half of those have at least one college degree.
2. They are a large and distinctive age category (the term “Baby Boomers” was probably the first distinct and universally recognized name of an American generation).
3. They frequently make similar purchase decisions that influence entire categories of consumer goods.

Baby boomers enjoy buying for themselves, for their residences, and for others. They are consumption oriented. As baby boomers age, the nature of the products and services they need or desire changes.

Older Consumers

America is aging. A large proportion of the baby boomers have already turned 60, with plenty more to come in the next decade. It should also be kept in mind that “later adulthood” (i.e., those who are 50 years of age or older) is the longest adult life stage for most consumers (i.e., often 29 or more years in duration). This is in contrast to “early adulthood” (i.e., those who are 18 to 34 years of age), a stage lasting 16 years; and “middle adulthood” (i.e., those who are 35 to 49 years of age), a stage lasting 14 years. Remember that people over the age of 50 constitute about one-third of the adult U.S. market.

GENDER SUBCULTURES

Gender plays an important role with respect to shopping motives. Female shoppers tend to be more prone to such shopping motives as uniqueness and assortment seeking, social interaction, and browsing. Women are more loyal to local merchants than their male counterparts. This suggests that local merchants could use such insights to create advertising messages that are gender specific. It is also important to note that women generally control a substantial portion of the a household’s expenditures and the family’s spending. Because of this, women are frequently a household’s “chief purchasing officer” or “chief financial officer.”

Consumer Products and Gender Roles

Within every society, it is quite common to find products that are either exclusively or strongly associated with the members of one sex. In the United States, for example, shaving equipment, cigars, pants, ties, and work clothing were historically male products; bracelets, hair spray, hair dryers, and sweet-smelling colognes generally were considered feminine products. For most of these products, the sex role link has either diminished or disappeared.

Depictions of Women in Media and Advertising

Many women feel that the media and advertising create an expectation of beauty that most women can never achieve. Consequently, they want the “definition” of beauty to change. Dove has responded to this concern in its ongoing advertising campaign that has been challenging the “traditional portrayal of beauty” and offering a realistic portrayal of women.

Working Women

Many marketers are interested in women who work outside of the home, especially married working women. They recognize that married working women are a large and growing market segment—one whose needs differ from those of women who do not work outside the home (frequently self-labeled “stay-at-home moms”). It is the size of the working woman market that makes it so attractive: Nearly 60% of American women (16 years of age and older) are in the labor force; more than half of all women with children under the age of one are working; and more than three-quarters of these women are mothers with children at home.

When the time spent on everything that a working woman has to accomplish in a day is added together (e.g., work, child care, shopping, cooking), it constitutes a very long day!

FAMILY

A family is defined as two or more persons related by blood, marriage, or adoption residing together. In Western societies, there are three types of families: Married couples, nuclear families, and extended families. A married couple and one or more children constitute a nuclear family. The nuclear family, together with at least one grandparent or other relation living within the household, is called an extended family. The family life cycle is a composite variable that combines marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household, and then classifies the family into a “typical” stage.

FAMILY AS A SOCIALIZATION AGENT

Socialization refers to the process of teaching people behave in a way that is acceptable to their society. In the context of marketing, the most important role of the family is the socialization of family members, ranging from young children to adults. This process includes imparting to children the basic values and modes of behavior consistent with their culture, including moral principles, interpersonal skills, dress and grooming standards, appropriate manners and speech, and the selection of suitable educational and occupational or career goals.

Parental socialization responsibilities have been expanding because it has become increasingly harder for young adults to find good jobs. Parents thus feel that their children must be ahead of others from a very young age—a competitive pressure that often results in demanding daily schedules for many children (e.g., daily preschool classes, after-school classes, play dates, weekend enrichment, and sports and arts programs).

The socialization of young children provides marketers with opportunities to establish relationships between children and brands very early in the children’s lives. Very often, such connections extend into a person’s adolescence, teenage years, and adulthood. The aspect of childhood socialization that is particularly relevant to the study of consumer behavior is **consumer socialization**, which is defined as the process by which children acquire the skills, knowledge, attitudes, and experiences necessary to function as consumers.

Numerous studies have researched how children develop consumption skills. Many preadolescent children acquire their consumer behavior norms by observing their parents and older siblings, who function as role models and provide cues for learning consumption skills. Studies indicate that young children perceive their families as more reliable sources of information about consumption than advertising; however, peers have the most influence on teenagers’ and adolescents’ consumption. Research has also shown that younger children react positively to advertisements employing spokespersons featured in parental roles, whereas teens often like products specifically because their parents disapprove of their purchases.

The **socialization agent** is the person or organization involved in the socialization process because of frequency of contact with the individual and control over the rewards and punishments given to the individual. There is no universal model of how children develop their consumption skills; learn to understand the role of advertising in the formation of buying preferences; and master the relationship between monetary resources, value, and limits on buying.

Consumer Socialization Is Learning

Children learn the importance of possessions at an early age, as demonstrated by a child seeing a commercial for a doll or action figure on television, pointing to the screen, and

shouting “I want that!” A study conducted with school-aged children in Minnesota found that materialism increases from middle childhood (ages 8–9) to early adolescence (ages 12–13), and then declines from early to late adolescence (ages 16–18). The research also found an inverse relationship between self-esteem and materialism in children and adolescents (i.e., children with high self-esteem are more likely to express lower levels of materialism, and vice versa).⁶ Furthermore, the study noted that rather than blaming the media for the materialism exhibited by children and adolescents, finding ways to increase their self-esteem is a more positive approach. Another study found that adolescents use ridicule as a mechanism to exchange information about what should and should not be consumed and valued; ridicule is also a form of ostracizing peers who shop unlike most do. A Canadian study of college students (with the majority being full-time students, and 85% living at home with parents) indicated that older college students were influenced by their parents, and less influenced by their peers and media.

The Family’s Supportive Roles

The family has several supportive functions that are part of the socialization process and consumer behavior. These include economic well-being, emotional support, and suitable family lifestyles.

Economic Well-Being

The most important economic function of the family is to provide financial resources to its members and allocate its income in a way that supports all members adequately.

Emotional Support

A core function of the family is providing its members with love, affection, and intimacy. When most women had no jobs outside the home, children received most of their emotional support from their mothers. However, as more and more women joined the labor force—with some pursuing more demanding and lucrative careers than their husbands—men have played an increasingly important role in rearing children. If the family cannot provide adequate assistance when it is needed, it may turn to a counselor, psychologist, or other professionals. In most communities, there are educational and psychological centers designed to assist parents who want to help their children improve their learning and communication skills or better adjust to their environments.

Suitable Family Lifestyles

What people view as a “suitable” lifestyle reflects their experiences while growing up. Their parents’ priorities regarding learning and education, recreational activities, hobbies, setting of career goals, media exposure, and shopping habits are all part of the lifestyle that children imitate, at least to some degree, when they set up their own households. Changing family lifestyles are greatly influencing consumption patterns.

FAMILY DECISION MAKING AND CONSUMPTION ROLES

Marketers recognize that families operate as units in terms of consumption behavior, and many researchers have studied the dynamics of family decision-making. Specifically, marketers focus on husband–wife decision-making, the relative influence each family member has regarding consumption, children’s role in family decision-making, and the multiple roles that family members may assume regarding the purchase, use, and maintenance of their homes, products and services.

Husband–Wife Decision-Making

Marketers have studied each spouse’s relative influence in consumption and identified four patterns of husband–wife decision-making:

1. Husband-dominated decisions are those where the husband’s influence is greater than the wife’s.

2. **Wife-dominated decisions** are those where the wife's influence is greater than the husband's.
3. **Joint decisions** are those where the husband's and wife's influences are equal.
4. **Autonomic decisions** are those where either the husband or the wife is the primary or only decision maker.

Family decision-making consists of identifying the roles that members play in buying decisions. For example, many parents are *gatekeepers*, who control the information that reaches the family's children by using the parental control features available on TVs, computers, and other communication devices. As described earlier, *indulgent* and *authoritative* parents are attentive gatekeepers. When targeting these parents, electronics makers should emphasize their products' sophisticated information-control features. Companies selling SUVs should recognize that children might be *influencers* in the family's purchase of a new model, although they are neither the *deciders* nor *buyers* of family cars. Children from dual-income households are often the *deciders*, *buyers*, and *preparers* of foods, so marketers of cuisine goods must study the roles of children in this area of the family's consumption. For example, children should be able to open packaging safely and easily, and understand measurement units and preparation instructions. Because children—in the role of *maintainers*—often perform housekeeping chores by themselves, makers of, say, vacuum cleaners should observe how children use their products and make sure that kids can do so safely.

FAMILY LIFE CYCLE

The **family life cycle** represents the life stages of a typical family. It is a composite variable that combines marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household, and then classifies the family into a "typical" stage. The ages of the parents and the relative amount of disposable income are inferred from the family's stage in the cycle. The family life cycle starts with bachelorhood and then moves on to marriage (and the creation of the family unit). Marriage usually leads to the growth of the family when children arrive, and later on to family contraction, as grown children leave the household. The cycle ends with the dissolution of the family unit due to the death of one spouse.

Bachelorhood

The **bachelorhood** stage refers to young single men and women, mostly college educated, who have incomes that allow them to leave home and establish their own households. Increasingly, though, even employed college graduates continue to live at home and save toward setting up their own homes. Single persons spend considerable amounts on clothing, cars, and travel and entertainment.

Honeymooners

The **honeymooners** stage refers to young and newly married couples. Educated, engaged couples have a combined discretionary income. If both establish career paths, their incomes grow steadily. A spouse going back to graduate school usually calls for curtailing spending and a more moderate lifestyle. People with considerable discretionary incomes are prime targeting prospects. Most couples overspend on their weddings. Because many young husbands and wives both work, these couples often have a combined income that permits them to purchase more indulgent possessions, as well as save and invest money.

Parenthood

The **parenthood** stage designates married couples with at least one child living at home. This is the longest stage of the family life cycle. Parenthood (also known as the “full-nest” stage) usually extends over more than a twenty-year period. Because of its long duration, this stage can be divided into shorter phases. The *preschool phase*, *elementary school phase*, *high school phase*, and *college phase*. Throughout these parenthood phases, the interrelationships of family members and the structure of the family gradually change. Furthermore, the financial resources of the family change significantly, as one (or both) parents progress in their careers and as child rearing and educational responsibilities gradually increase and then decrease as children become self-supporting. Many magazines target parents and children of different ages, either together or separately. For example, there are many special-interest publications, such as *Humpty Dumpty*, designed for the young child who is just learning to read; *Scholastic Magazine*, for the elementary school pupil; *Boy’s Life*, for young boys.

Post-Parenthood

The **post-parenthood** stage refers to older married couples with no children living at home. Because parenthood extends over many years, the start of this stage (also known as “empty nest”) is traumatic for some parents and liberating for others. For many parents, this stage represents the opportunity to do all the things they could not do or afford while their children lived home or went to college. During this stage, most married couples are financially secure and have a lot of leisure time. They travel more frequently, take extended vacations, and are likely to purchase a second home in a warmer climate. They have higher disposable incomes because of savings and investments, and they have fewer expenses (no mortgage or college tuition bills).

Dissolution

The **dissolution** stage refers to the family with one surviving spouse. If the surviving spouse is in good health, is working or has adequate savings, and has supportive family and friends, the adjustment is easier. The surviving spouse (women live longer than men) often tends to follow a more economical lifestyle. Many surviving spouses seek each other out for companionship; others enter into second (or third and even fourth) marriages.

SOCIAL CLASS

Social class is 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. Some form of class structure (or social stratification) has existed in all societies throughout history. In contemporary societies, people who are better educated or have prestigious occupations have more status relative to other members of the same society. Belonging to a given social class also reflects the differences in the values, attitudes, and behaviors (including consumer behavior) among members of the different social classes. Social class is a continuum along which society’s members—usually as households—are placed into one stratum; that is, “assigned” to a social class according to their relative prestige within that society.

Social Class and Social Status

Social class stems from **social status**, which is the degree of prestige the members of one social class have in comparison with members of other social classes. Status is composed of several factors, including *wealth* (amount of economic assets), *power* (the degree of influence over others), and the amount of *esteem* one receives from others.

According to social comparison theory, individuals compare their own material possessions with those owned by others in order to determine their relative social standing. This is especially apparent in a materialistic society, where status is often associated with

consumers' purchasing power. Thus, people with more purchasing power (and more possessions) have more status and those with less money have less status. The more expensive and exclusive one's possessions are, the more status one has. In addition, two other demographics that determine social standing are occupational status and educational attainment.

Social Class Is Hierarchical and Often Used to Segment Consumers

Social-class categories are ranked in a hierarchy, ranging from low to high status. Members of a specific social class perceive members of other social classes as having either more or less status than they do. When it comes to consumption, people look for cues indicating that others are either equal to them (about the same social class), superior to them (higher social class), or inferior to them (lower social class). Marketers often use social class to segment consumers, because members of the same social class share values, attitudes, and priorities regarding all the aspects of their lives, including consumer behavior.

Social-class hierarchies are reflected in consumption patterns. Consumers purchase certain products because these products are favored by members of either their own or a higher social class (e.g., a high-priced Swiss wristwatch), but avoid products that they perceive as "lower-class" (e.g., a "no-name" brand of sneaker or off-the-rack suits).

MEASURING SOCIAL CLASS

The demographic factors that determine a person's social class include income (usually household income), wealth (savings and liquid assets), source of income or wealth (inherited or self-made), occupation, and educational attainment (number of years of formal education or the highest degree attained). Social class can be measured subjectively or objectively.

Subjective versus Objective Measures

Subjective measures consist of asking people to estimate their own social class. When researchers use subjective measures of social class, many people identify themselves, often incorrectly, as belonging to the middle class. Many researchers maintain that responses to subjective measures represent the participants' *self-perceptions* and sense of belonging or *identification* with others, rather than comparisons with others belonging to different social groups. Thus, subjective measures actually reflect one's **social-class consciousness**, defined as a person's level of identification with a given social class.

Objective measures consist of demographic variables and asking respondents factual questions about themselves, their families, or their places of residence. Objective measures of social class include one or more of the following variables: Occupation, amount of income, education, and other related factors (e.g., source of income).

Occupation

People's occupations reflect their social standing relative to other members of the same society. It is often considered to be the best gauge of social class and status. Unlike income or educational attainment, occupational prestige cannot be determined objectively (or numerically). Instead, occupational rankings are based on public opinion as measured by administering surveys to large national samples.

Education

The more education people have, the more likely it is that they are well paid, have prestigious occupations, and therefore belong to higher social classes than the less educated. Social-class membership is often mirrored in one's education.

Income

Individual or family income is frequently used to measure social standing. When using income as a measure, it is important to study the *source* of income, as well as its amount. It is also important to distinguish between *income* and *wealth*. Wealth is based on savings, may

include inheritance, and is often the outcome of having network and alliances, some of which expand over generations.

Multivariable Measures

A **multivariable index** consists of more than one demographic variable and combines several socioeconomic factors to determine social-class standing. Many believe that these indices reflect the complexity of social class better than single-variable indexes. The most widely used multivariable measures are:

1. Index of Status Characteristics (Warner's ISC) is a weighted measure of the following socioeconomic variables: Occupation, source of income (not amount of income), house type, and dwelling area (quality of neighborhood).

2. Socioeconomic Status Score (SES) was developed by the U.S. Bureau of the Census, and combines three socioeconomic variables: Occupation, family income, and educational attainment.

SOCIAL CLASS CHARACTERISTICS AND CONSUMER BEHAVIOUR

There is no uniform definition as to how many distinct classes depict the class structure of the U.S. population. Most early studies divided Americans into five or six social-class groups. Other researchers have found nine-, four-, three-, and even two-class schemas suitable. The choice of how many separate classes to use depends on the amount of detail that the researcher believes is necessary to adequately explain the attitudes or behavior under study. Lifestyles, consumption patterns, leisure activities, hobbies, media exposure, and many other factors are homogeneous within and heterogeneous among social classes.

Upward Mobility

Social-class membership in the United States is not as fixed as it is in many other countries and cultures (e.g., the UK and India). Americans have traditionally believed in **upward mobility**, defined as the opportunity to move from a lower social class to a higher one, because of the wide availability of educational resources (e.g., expensive top schools, but also inexpensive state and city universities providing high-quality education) and the opportunities produced by the free enterprise, capitalistic economy. Marketers recognize that many people aspire to have the same lifestyles and possessions as the members of higher social classes. Therefore, they frequently depict products and symbols associated with higher classes when advertising to the middle or even lower class.

Affluent Consumers

Affluent households have large disposable incomes and are a lucrative target market for luxury cruises, foreign sports cars, ski resorts, second homes, fine jewelry, and art, among many other goods. Overall, the affluent are healthier, have higher life expectancies, and are more likely to become marketers' "customers for life" than the less wealthy. The survey divided the affluent market into three segments:

1. Least affluent: Households with annual incomes of \$100,000 to \$149,000 (12% of American households, \$1.7 trillion combined income).

2. Middle affluent: Households with annual incomes from \$150,000 to \$249,000 (6% of all households, \$1.3 trillion combined income).

3. Most affluent: Household with annual incomes of \$250,000 or more (2% of all households, \$1.6 trillion estimated household income).

Middle-Class Consumers

There is no standard definition of "middle class" and business people and sociologists often define it somewhat differently. Many sociologists divide the middle class into two strata: The "upper or professional middle class", which includes highly educated, salaried professionals and managers (about 15 to 20% of all Americans); and the "lower middle class",

consisting mostly of semi-professionals, skilled craftspersons, and lower-level management (about one-third of the population). Sociologists describe middle-class persons as having comfortable living standards, economic security, and the expertise they need to maintain their lifestyles. To many, college education is a key indicator of middleclass status. Others focus on the nature of the occupations that are most commonly found among members of the middle class, which enable members to be independent, intrinsically motivated, nonconformist, and innovative.

Downscale Consumers

Working-class or blue-collar people—typically defined as households earning less than \$40,000 annually—control somewhere near 30% of the total income in the United States and are an important market segment. Some studies have pointed out that these consumers are often more brand loyal than other groups because they cannot afford mistakes caused by switching to unfamiliar brands. Downscale consumers often spend higher percentages of their incomes on food than do middle-class shoppers.

Downward Mobility

Commonly, in America, each generation lived better than its predecessor. However, there are now signs that some **downward mobility**, defined as moving down, rather than up the social ladder, is taking place. In fact, many predict that today's youngest generation—the Eco Boomers—will experience lower living standards than their parents. Specifically, researchers have found that the odds that young men's incomes will reach middleclass levels by the time they reach their thirtieth birthday have been slowly declining, regardless of ethnicity, education, or parents' income.

REFERENCE GROUPS

Within any setting, including consumer behavior, people are strongly influenced by how others think and behave. Reference groups are groups that serve as sources of comparison, influence, and norms for people's opinions, values, and behaviors. Word-of-mouth consists of communications where satisfied customers tell other people how much they like a business, product, service, or event, although word-of-mouth can also be negative.

The perceived honesty, objectivity, expertise, and trustworthiness of reference groups make them highly credible sources. Consumers perceive people whom they know personally as more credible than paid-for promotional messages. People learn norms and values mostly from families and peers. They also imitate and adopt the values and habits of persons whom they respect or admire. The groups to which people belong, as well as groups that they aspire to join, influence their norms and behaviors. Consumption-related groups also influence consumers' attitudes and behavior. Sociocultural groups that determine people's behavior, norms, morals, and consumption patterns include family, social class, culture, subculture, and (for global consumers) cross-culture.

The perceived credibility of spokespersons, endorsers, and other sources that companies use in their advertising is the key to the ads' effectiveness. The spokesperson can be an actual customer, a company employee, a celebrity, or a model. Companies also convey their credibility through solid past performance, good reputation, high product quality, and good service. Their perceived credibility is also a function of the image and reputation of the retailers that carry their offerings and the media where they advertise. Marketers employ celebrities for product testimonials and endorsements, as well as spokespersons and actors in commercials. Over time, consumers disassociate messages from their sources; they tend to remember only the messages' contents, but not their sources. Therefore, marketers must regularly repeat messages that feature high-credibility spokespersons in order to maintain the messages' persuasiveness.

Reference groups have a high degree of **source credibility**, defined as a source's persuasive impact, stemming from its perceived expertise, trustworthiness, and believability. When the source of communications about a product is well respected and highly thought of by the intended audience, the message is much more likely to be believed. Conversely, a message from a source considered unreliable or untrustworthy is likely to be received with skepticism and probably rejected. In discussing credibility, we must distinguish between formal and informal sources of information. A **formal source** is either a person or medium providing consumption-related information and hired and paid by an organization. An **informal source** is a person whom the message receiver knows personally, such as a parent or friend who gives product information or advice, or an individual met and respected online.

Reference groups serve as comparative and normative frames of reference for a person's values and behaviors. **Normative influence** consists of learning and adopting a group's norms, values, and behaviors. The most pertinent normative influence comes from groups to which people naturally belong, such as family, peers, and members of one's community. Generally, normative influence occurs among members of the same socioeconomic group. For example, families have a large normative influence on children because they mold young children's initial consumption-related values. Such as which foods to select for good nutrition, appropriate ways to dress for specific occasions, how and where to shop, or what constitutes "good value". **Comparative influence** arises when people compare themselves to others whom they respect and admire, and then adopt some of those people's values or imitate their behaviors.

Types of Reference Groups

A group to which a person belongs to, or realistically can join, is called a **membership group**. For example, the group of men with whom a young executive plays poker weekly would be considered his membership group. A **symbolic group** is a group to which an individual is unlikely to belong, but whose values and behaviors that person adopts. For instance, professional tennis players may constitute a symbolic group for an amateur tennis player, who identifies with certain players and imitates their behavior (e.g., by purchasing a specific brand of tennis racquet or tennis shoe).

Consumption-Related Reference Group

The consumption-related groups that influence consumers' attitudes and behavior include friendship groups, shopping groups, virtual communities, and advocacy groups.

Friendship Groups

Seeking and maintaining friendships is a basic drive for most people. Friends fulfill a wide range of needs: They provide companionship, security, and opportunities to discuss problems that an individual may be reluctant to discuss with family members. Friendships are also a sign of maturity and independence, for they represent a breaking away from the family and the forming of social ties with the outside world. Often, friendships are formed at work. People who work together often get to know, respect, and become credible sources of information for one another regarding purchases.

Shopping Groups

People may shop together just to enjoy shopping or to reduce their perceived risk; that is, they may bring someone along whose expertise regarding a particular product category will reduce their chances of making incorrect purchases. In instances where none of the members of the shopping group knows much about the product under consideration (such as an expensive home entertainment center), members may feel more confident with a collective decision. Referral programs are an important element of shopping groups.

Virtual Communities

Many websites encourage consumers to leave comments and have others respond to them. Most young adults have extensive "buddy lists" and regularly communicate with people

whom they have met online but never in person. Online, it does not matter if you are tall or short, thin or fat, handsome or average looking, and many feel free to express their thoughts and even be intimate with those they have never met face to face. The anonymity of the online environment allows people the freedom to express their views and benefit from others' views.

Advocacy Groups

The objective of consumption-focused advocacy groups is to assist consumers in making decisions and support consumers' rights. There are two types of advocacy groups: Entities organized to correct a specific consumer abuse and then disband, and groups whose purpose is to address broader, more pervasive problem areas and operate over an extended period of time.

Factors Affecting Reference Group Influence

The degree of influence that a reference group exerts on an individual's behavior depends on the individual, product, and social factors. These factors include conformity, the group's power and expertise, the individual's experience and personality, and the conspicuousness of the product.

Conformity

The objective of some marketers, especially market leaders, is to enhance consumer conformity. They often do so by portraying reference group influences in their promotions. In contrast, marketers of new brands or brands that are not market leaders often try to convince consumers to be different and not follow the crowd. To influence its members, a reference group must:

1. Inform or make members aware that the brand or product exists.
2. Provide the individual with the opportunity to compare his or her own thinking with the attitudes and behavior of the group.
3. Influence the individual to adopt attitudes and behavior that are consistent with the group's norms.
4. Legitimize the member's decision to use the same products as other members.

Groups' Power and Expertise

Different reference groups may influence the beliefs, attitudes, and behaviors of individuals at different times or under different circumstances. Consumers who are primarily concerned with approval from others usually adopt the same products and brands as those group members who have status. When consumers are preoccupied with the power that a person or group can exert over them, they often purchase products that conform to the norms of that person or group in order to be complimented on their choices.

Relevant Information and Experience

Individuals who have firsthand experience with a product or service, or can easily obtain detailed information about it, are less likely to be influenced by the advice or example of others. In contrast, persons who have little or no experience with an item, and do not trust advertising messages, are more likely to seek out the advice or example of others.

Product Conspicuousness

The degree of reference group influence on purchase decisions varies according to product conspicuousness. A conspicuous product is one that stands out and is noticed by others, such as an expensive watch or a newly released digital camera. Products that are especially conspicuous and status revealing (e.g., a large diamond ring) are most likely to be purchased with an eye to the reactions of relevant others.

Personality Characteristics

Several personality traits affect the degree of a reference group's influence on its members. People who are compliant, have a tendency to conform need to be affiliated and liked

by others, and are other-directed are more receptive to group influences. Competitive people who desire to control other people and events and are inner-directed are less likely to look for guidance from reference groups.

OPINION LEADERSHIP

Opinion leadership is the process by which one person—the opinion leader—informally influences others, who might be either opinion seekers or recipients. This influence occurs between two or more people, neither of whom represents a commercial seller nor would gain directly from providing advice or information. Opinion leaders who have expertise in a given product category provide advice and influence the consumption of others within the same category. They also follow any new items introduced closely, and are the first to buy new items. They tend to be self-confident, outgoing, and sociable. Several research methods are aimed at identifying opinion leaders.

Opinion leaders provide both information and advice. They talk about their experiences with products and advise others whether or not to buy products or brands. Generally speaking, opinion leadership is *category specific*; that is, opinion leaders often specialize in certain product categories about which they offer information and advice. Opinion leaders are particularly important when it comes to recommending service providers with whom they have had personal relationships, such as doctors, lawyers, hairdressers, garage mechanics, restaurants, or travel companies, because small service businesses have very limited advertising resources, and the main way they can get new customers is via recommendations by existing clients. Opinion leadership is a two-way street. A word-of-mouth encounter may start by one party offering advice or information about a product to another party.

Opinion leaders share the following characteristics, which are also

1. Opinion leaders are highly knowledgeable regarding a particular product category, follow new products that come into the markets, and are often consumer innovators in their area of expertise.
2. Opinion leaders are self-confident, outgoing, and sociable. They readily discuss products and consumption behaviors with others.
3. Opinion leaders read special-interest publications and regularly visit websites devoted to the specific topic or product category in which they specialize. They have specialized knowledge that enables them to make effective recommendations to relatives, friends, and neighbors.
4. Usually, opinion leaders and receivers belong to the same socioeconomic and age groups.

Measuring Opinion Leadership

Consumer researchers can measure the degree of opinion leadership and its impact on consumption behavior by using one of the following methods: (1) The self-designating method, (2) The sociometric method, and the (3) The key informant method. Additionally, Klout scores measure people's degree of influence online.