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# UNIT 9 REFERENCE GROUP INFLUENCE AND GROUP DYNAMICS

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## Objectives

After going through this until you should be able to:

- explain the role of reference groups in group dynamics, and their effect on buyer behaviour
- describe the opinion leadership process
- explain the motivations and personalities of those who influence the consumer, i.e. the opinion leaders, and also of those who are influenced, i.e. the opinion receivers.
- examine the influence of social class and social stratification on consumers' lifestyle characteristics and buyer behaviour

## Structure

- 9.1 Introduction
- 9.2 The influence of Reference Groups
- 9.3 Types of Reference Groups
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- 9.6 The Dynamics of the Opinion Leadership Process
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## 9.1 INTRODUCTION

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There are a number of factors that give rise to consumer desires and wants. In the previous unit you learnt how families are significant for their effect on buying behaviour. In this unit, the discussion is further extended to the social and environmental factors that influence the decision-making process namely, reference groups opinion leadership and social class.

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## 9.2 THE INFLUENCE OF REFERENCE GROUPS

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### What do we mean by a Reference Group?

This section deals with various aspects of the dynamics of reference group influence. You would know from your personal experience that, influential people in your life have helped to shape your buying decisions. You will find that this holds true for items like clothing, for instance, that must be acceptable by your peer group. A major reason for studying groups is that interaction among people modifies behaviour.



Reference groups influence consumer behaviour in two ways:

- 1) They set levels of aspiration for the individual, i.e. they offer cues *as to what* lifestyle should be led.
- 2) They define items appropriate for a member of the group to lead that lifestyle.

You had learnt earlier on, that, reference groups are defined as **groups that a person** refers to, and identifies with, to the extent that the **group becomes a norm, standard or point of reference**. A reference group is, in other words, a group to which a person will compare himself or herself, to determine his or her own relative standing. Consumers also look to reference groups for guidance and advice.

Reference groups are usually **small groups**, and are not as broad as an entire social class. The reference group concept was, in fact, originally developed in connection with small groups. These include the family, close friends, neighbours, religious groups, work groups and also, athletic groups. The family is recognised as an important reference group. In addition, various family members may play different roles in the purchase consumption process. Like the family, there are several other social groups that have an enormous influence on our lives. They regulate our lives through establishing standards of dress and conduct, and the accomplishment of tasks on a face-to-face basis.

Issues of importance to marketing concerning reference group influence include:

- What influence do reference groups exert on individuals?
- How does reference group influence vary across products and brands?

These two issues will be discussed in the following sections.

### **How Reference Groups Influence Consumption**

Reference groups affect consumers through a variety of means: through norms, through information, and through influencing the value expressive needs of consumers. They influence consumers through bringing about attitude changes by encouraging the expression of certain values and attitudes expressed through the group. Because an individual wants to be a part of a group, he or she will be influenced by the values and **attitudes of the group**. **Furthermore, groups whose members exhibit similar social** characteristics are more susceptible to attitude change than groups whose members are less homogeneous. Thus people frequently buy products that others in their group buy. **You** must remember, of course, that **individuals who feel a strong sense of identification with a group do so because they derive strong psychological or material benefit from being associated with the group**.

Reference groups also influence consumption through norms and **conformity pressures**. All members of a group must adhere to the norms established for that group. To enforce normative systems, groups tend to exert conformity pressure, direct or indirect, on their members. For example, teenager peer groups exert pressure on members' choice of clothing. Conformity pressure is common in everyone's personal experience. Of course, it is possible that the pressure to conform can produce the opposite effect.

**Levels of Group Involvement:** In addition, there are three processes or levels of group involvement. These have been termed as **compliance, identification and internalisation**.

**Compliance** involves only overt behaviour on the part of the individual and makes no demands on personal beliefs and attitudes.

**Identification** represents a closer, more dependent relationship than that implied by compliance. In identification, the individual complies to maintain a social relationship. Identification also reinforces the self-perceptions of individuals.

**Internalising** the values of the group occurs at the third stage. In internalisation, consumers enforce the values *of* the group even in its absence.

### **Activity 1**

Have you been affected by reference group Influence in any of the following choices

- A) Suitings/other formal attire
- B) Colour television
- C) Soft Drinks
- D) Restaurants



If yes, identify the different reference groups which influence you and briefly describe now did they influence you.

- A) .....
- B) .....
- C) .....
- D) .....

**9.3 TYPES OF REFERENCE GROUPS**

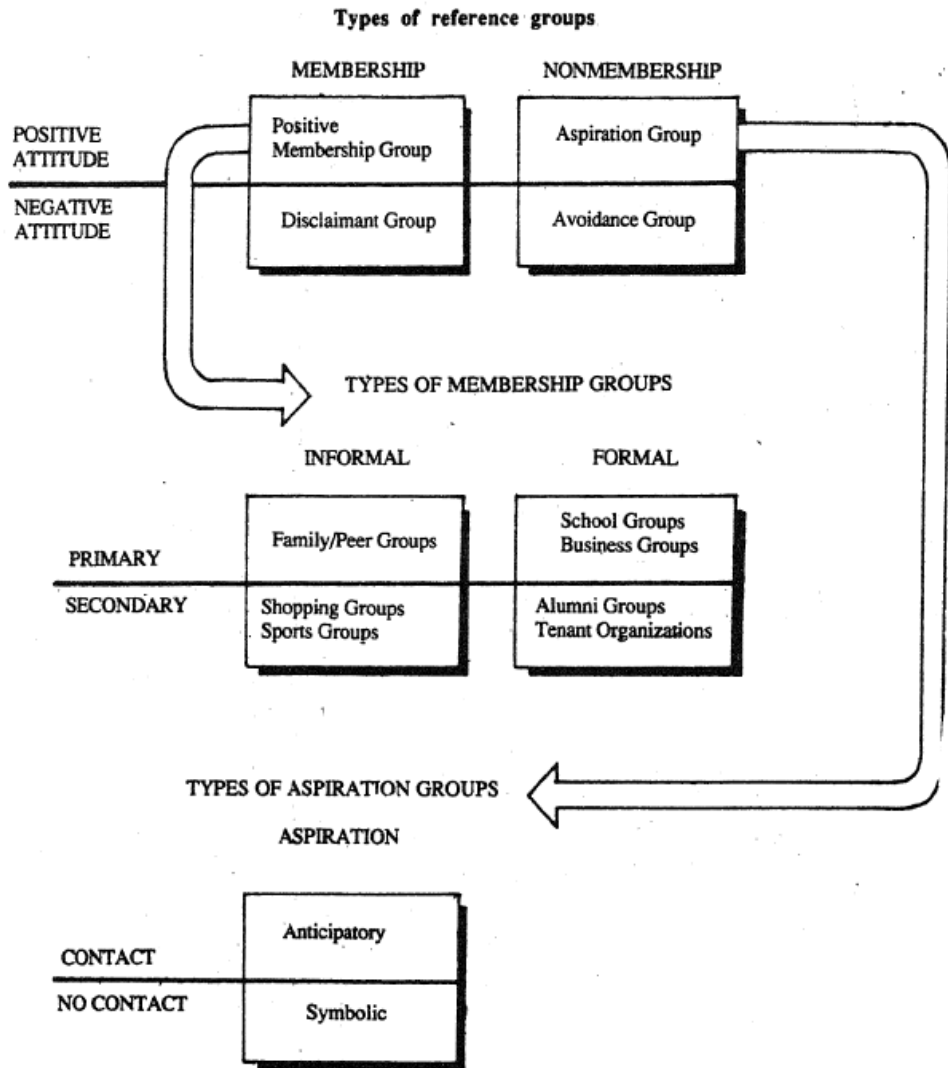
There are many different types of reference groups, and they do not need to be in physical contact in order to be effective. Often, individuals called referent others will serve in a reference group role. Figure 1 shows the existence of four types of reference groups that you should be familiar with. The groups are:

- 1) **Membership or Non-membership groups:** Membership groups are those to which an individual belongs. In contrast, non-membership groups are those that an individual may aspire to belong to.
- 2) **Formal or Informal Groups:** This depends on whether reference group tend to take on a formal or informal structure, as you see in Figure 2.
- 3) **Primary or Secondary Groups:** A group may be primary or secondary depending on the frequency of contact. Primary groups can be either formal or informal groups. If a person is in regular contact with certain individuals such as families, friends, peers and business associates, then these can be referred to as **primary informal groups**. Secondary formal groups meet infrequently; are well structured and not so closely knit. Thus, shopping groups and club membership groups constitute secondary groups because of their less frequent contact.
- 4) Aspiration groups are classified into two types: **Anticipatory aspiration groups**, or those that a person anticipates joining at some future time. The appeal of the group is in the anticipation of eventually arriving at the top. **Symbolic aspiration groups** are those that an individual is not likely to belong to, such as professional sports groups, even though the person may be attracted to them. Marketers appeal to symbolic aspirations by using celebrities to advertise certain products.

Each type of reference group has importance in marketing, depending on the type of influence exerted. The common factor among these various types of reference groups is that, each is used by consumers as a point of reference at different times, to evaluate actions, beliefs and attitudes.

Primary groups are more important to the consumer in developing product beliefs, tastes and preferences and have a more direct influence on purchasing behaviour. As a result, advertisers frequently portray consumption among friends or, within a family context, such as a family eating breakfast or, in some other group setting.

Figure 1



Source : Assael, A., Consumer Behaviour and Marketing Action, p. 370.

Figure 2

**Distinctions between Types of Reference Groups**

**Type of Reference Group**

Formal versus informal

Primary versus secondary

Membership versus aspirational or dissociative

**Distinctions**

Formal groups have a clearly specified structure and mission; informal groups do not.

Primary groups involve face-to-face interaction; secondary groups do not.

Membership groups are those in which the individual is a member; aspirational groups are those an individual wants to join; dissociative groups are those an individual wants to avoid.

Source : Peter, J.P. and Olcon, J.C., Consumer Behaviour, Marketing Strategy Perspectives, p. 439.



## Reference Group Functions and Types of Influence Exerted

It is possible to further classify reference groups into four types, depending on the function they perform and the kind of influence they exert.

By now it will be clear to you that, reference groups operate by establishing certain norms, roles and status within the group for members to follow. As explained earlier, **norms** are unwritten codes or, standards of conduct that are assigned to individuals within the group. In addition, specific **roles** have been identified in group purchasing behaviour in the attempt to select the best among alternative brands or makes of a product. These are described as those of the **influencer**, the gatekeeper (i.e. the individual who has the maximum control over the flow of information), the **decision-maker**, the **purchaser** and, the final user.

Status positions have also been designated within a group. High status of members within a group implies greater power and influence. Products are sometimes purchased to demonstrate status, for example an elegant dress or, an expensive car.

The influence exerted by the group depends on the type of reference group it is.

There are four general types of groups namely, **normative**, **comparative**, **status** and **dissociative groups**.

### Normative Reference Groups

These are group whose values, norms and perspective an individual uses in defining a personal social situation. Norms represent shared value judgements about how things should be done by members of the group. For example, dress codes indicate the impact of normative influence on clothing. Similarly, norms influence how much a person eats or drinks at a party.

Normative influence refers to the influence exerted by a group to conform to its norms and behaviour. A group can exert normative influence in the purchase of clothes, furniture and appliances because these items are visible. Normative influence may also occur for items' like mouthwash, even though such items are not visible, because of fear of punishment of non-acceptance by the group. However, normative influence is not likely to occur for products like vegetables, though informational influence could occur in such cases. Since normative influence is based on the desire of an individual to receive the rewards of the group, the influence exerted by the group in such is also termed as utilitarian influence.

### Comparative Reference Groups

Consumers constantly compare their attitudes to those of members of their important groups. In doing this, they seek to support their own attitudes and behaviour. As a result, the basis for comparative influence is the process of comparing oneself to other members of the group and judging whether it will be supportive. You will find that new residents in a neighbourhood are attracted to neighbours who are similar to themselves because they reinforce existing attitudes and behaviour. You will also find this in advertising that uses spokespersons whom consumers perceive as being similar to themselves.

The function of comparative reference groups is to provide a basis for validating beliefs, values and attitudes. Furthermore, in terms of reference group theory, it is not necessary for consumers to be in direct social contact with a reference group in order to be influenced by it.

In the case of comparative reference groups, **value-expressive influence** occurs when the group is used to express certain values. For example, smoking cigarettes in reference groups where it is okay to smoke, is a type of value expressive influence. In fact, expressing the values of the group is a good way to become accepted by the group and form a close association with it.

### Dissociative Reference Groups

These are negative reference groups. They are negative to the extent that an individual does not wish to be identified with them and, therefore, tries not to behave or dress like members of the dissociative group.

Such dissociation from a group may occur when individuals are striving to move into the higher social classes. They may attempt to avoid buying the products and services used by the dissociative group, i.e., the social class that the consumer is attempting to leave.



### Status Reference Groups

These are groups in which an individual seeks acceptance. An individual need not be a member of such a group in order to be influenced by it. In fact, when a person is not a member of the group, it is referred to, in such cases as an aspiration group.

#### Activity 2

Evaluate any two of your recent purchases, one a consumer durable and the other, a non-durable, where you feel that you have been influenced by reference group. Try to analyse what was the type of influence, whether normative, comparative or dissociative that you felt, was exercised by the reference groups.

Product 1

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.....  
.....  
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Product 2

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.....  
.....  
.....

### Reference Groups, Social Influence and Social Power

The influence of social class as well as of reference groups on consumer behaviour is felt through the influence of social power. The nature of the social power of these groups on consumer behaviour can best be understood by examining the various bases of power. These are five bases of social power. These are:

#### 1) Reward Power

This is the ability to give rewards. Rewards may take several forms: money, gifts, psychological rewards such as recognition and praise. The magnitude of the reward also increased with the amount of power. In some situations, the use of products offers the rewards of group acceptance, for example clothing.

#### 2) Coercive Power

This is the ability to give threats, or withhold rewards. An individual can thus be threatened or coerced to behave in a particular manner, for example in purchasing accepted clothing. Deorants, mouthwash, life insurance, are also sold frequently by using coercive power.

#### 3) Legitimate Power

Legitimate power is closely linked to cultural or group values and involves the sanction of what ought or should be done, because the group has a legitimate right to influence persons just because they belong to it.

#### 4) Referent Power

The basis of referent power is the identification and feeling of oneness of the person with the group. It arisen because a person admires or would like to be associated with the group. Referent power is often used to buy status-oriented products. Consumers are urged to obtain a similar status by purchasing the item recommended.

#### 5) Expert Power

Consumers accept information from members within a group whom they perceive to be experts.

From these various bases of power, it appears that a person may be attracted to and conform to group norms either, in order to gain praise or recognition or in response to coercive power.

### Factors Affecting the Influence of Reference Groups

Reference groups influence is accepted and sought by individuals because of the perceived benefits that it provides. Thus, the interaction may result in rewards of friendship, information and satisfaction. However, the degree of influence that a reference group exerts on an individual's behaviour depends on several factors.



- 1) **How Informed and Experienced the Individual is:** A person who has little or no first-hand experience with a product or service, and also little or no information, will tend to rely on reference groups. Where there is insufficient experience or information, a consumer is more susceptible to the influence of others.
- 2) **Reference Group Credibility:** The higher a reference group is rated on credibility, the more powerful it will be perceived to be, and the more it will tend to change the beliefs, attitudes and behaviour of consumers. Also, the more it will be used for information on product quality.

## 9.4 REFERENCE GROUP INFLUENCE ON PRODUCTS AND BRANDS

Individual often buy particular brands because they observe others buying them, and not necessarily in order to comply with group behaviour. At social gatherings too, people discuss at lengths, products they like and dislike, recounting personal experiences with products they have used. It is necessary to consider carefully, therefore, how much influence reference groups are likely to have for a product or service. Those products or services that have strong group usage or connotation should then be presented in a group context in advertising situations.

It has been suggested that reference group influence on both, product and brand decisions is a function of its **conspicuousness**. Conspicuousness affects the marketing of goods depending on how products and brands fit into different categories of conspicuousness. There are two dimensions or elements by which conspicuousness is assessed. These are the exclusivity and the visibility of a product. The exclusivity dimension refers to exclusivity in ownership of the product. This means that, if everyone already owns a product, it is less conspicuous than if only a few people own it. For example, when a maker of designer shirts asserts only 11 men in this world will wear this shirt, he by deliberately restricting his output per pattern in imparting exclusivity to the product. You see, in Figure 3. The exclusivity dimension of conspicuousness is represented in terms of necessity goods to the left versus luxury goods at the right. This means that products that are necessities will be owned by most consumers and will not be very conspicuous. Products that are luxuries will be owned by the fewer consumers and will be more conspicuous.

The other is the **visibility dimension**. This refers to the product and brand being seen and identified by other people. This has its effect primarily on brand decision.

Figure 3

### Reference Group Influence on Product & Brand

Combining public-private and luxury-necessity dimensions with product and brand decisions

	<b>NECESSITY</b> Weak reference group influence on product(—)	<b>LUXURY</b> Strong reference group influence on product(+)
<b>PUBLIC</b> Strong reference group influence on brand(+)	<b>Public Necessities</b> Influence: Weak product and strong brand <i>Examples:</i> wristwatch, automobile, man's suit	<b>Public Luxuries</b> Influence: Strong product and brand <i>Examples:</i> golf clubs, sailboat
<b>PRIVATE</b> Weak reference group influence on brand(—)	<b>Private Necessities</b> Influence: Weak product and brand <i>Examples:</i> mattress, floor lamp, refrigerator	<b>Private Luxuries</b> Influence: Strong product and weak brand <i>Examples:</i> home video game, icemaker

Source : Peter, J.P. and Olson, J.C., *Consumer Behaviour, Marketing Strategy Perspectives*, p. 443.



The visibility dimension of conspicuousness is built into the **diagram as a public-private dimension**. This means that products consumed in public are more conspicuous, while products consumed in private are less conspicuous. If you apply both these dimension, you will get four categories of products. For **public luxuries**, the potential for reference group influence is high. This occurs because few people own these products in the first place. **In addition, since such products have high visibility, the brand or model will also be noticed.**

For private luxuries, fewer people own these, so that, having the product will by itself provide exclusivity benefits. However, **since such products are not easily seen by others, the brand or style will be less influenced by others.**

For **public necessities**, reference group influence will not be very strong on the product. However, **because of product visibility, reference group influence on the brand will be strong.**

Consider wristwatches, which are labelled public necessities. Because they are owned by most people, there is likely to be little reference group influence on whether to wear a watch. However, -because they are easily visible and everyone can see whether a person is wearing a wristwatch, the brand may be susceptible to reference group influence.

For **private necessities**, products that are required by almost everyone, reference group influence will be weak on both the product and the brand because such items are not very visible.

Reference group influence will therefore vary depending on whether the products and brands are public necessities, private necessities, public luxuries or private luxuries. According to reference group theory, group influence is greatest for luxury goods that are consumed publicly, and least for necessities that are consumed privately. **Using the typology shown in the matrix; the following conclusions about reference group influence can be drawn:**

1) **Influence on Product and Brand (Public Luxuries)**

Certain groups are more likely to allow smoking, than others. If smoking is the norm, the group is likely to express a preference for a certain brand. Reference group influence is therefore likely to be strong for both the product and the brand.

2) **Influence on Product only (Private Luxuries)**

Some product categories are so distinctive that owning them is sufficiently representative of group standards, for example, air conditioners, and home computers. Once a family buys a home computer, for instance, friends and neighbours will come into contact with the recently acquired product and the pattern of ownership will spread within the group.

3) **Influence on Brand only (Public Necessities)**

There are some products that are used by almost everyone. For example, clothing, furniture, magazines, toilet soaps.

In such cases, the product is not subject to group influence. The brand becomes an important factor subject to group influence. Thus, one group may emphasise designer clothes as a distinguishing feature. Another may emphasise leisure wear. Another group may read high brow magazines as the norm.

4) **No Group Influence (Private Necessities)**

Some products have low social visibility for both the product and the brand. In such cases reference group influence is weak or absent. Such products are then bought on the basis of product attributes suitable to the consumer. Products low in visibility, complexity and perceived risk such as bread, are not likely to be susceptible to personal influence.

Now, see if you can do the following exercise

**Activity 3**

In the space below, write down the names of groups of which you are a member, for example, your family. For what products does each group influence your behaviour as a consumer? Write down also, the type of group you believe it to be.



Group of which you are a member	Items for which the group influences your purchase decisions	Type of Group Formal/Informal	Type of Group Primary/Secondary
1) Family			
2)			
3)			
4)			

### Reference Group Applications in Marketing

The reference group concept is used by advertisers to persuade consumers to purchase products and brands by portraying products being consumed in socially pleasant situations, or else, using prominent and attractive people to endorse products and, often, by using stereotype group members as spokespersons in advertising.

Where reference group influence is operative, it is necessary that the advertising should stress the kinds of people who buy the product and, therefore, what specific reference groups enter into the product purchase decision. The first objective for an advertiser is to identify the lifestyle characteristics of a reference group. It will then be possible for marketers to design effective advertising strategies.

There are three broad applications of reference group influence on buyer behaviour, as expressed through the medium of advertising:

1) Use of **celebrities** for product endorsements

Advertisers spend enormous amounts of money on celebrities in the expectation that their audiences will react positively to a celebrity's association with their product. Celebrities represent, to some extent, the idealisation of life for the consumer.

2) Use of **experts** for product endorsements.

A second type of reference group appeal used in advertising is to use persons who are experts in the field. Experts help prospective consumers to evaluate an advertised product.

3) Use of **spokespersons** for product endorsements

A third type of reference group appeal is that of the spokesperson. This is the common man' appeal. It demonstrates to the consumer that someone just like him or her uses and, is satisfied with the product. The common man appeal is especially effective in public health announcements because, most people seem to identify with people like themselves, when it comes to such messages.

These reference group appeals have two benefits to advertising. They provide frames of reference for consumers. Moreover, their use results in increased brand awareness because they draw attention to the product through their own popularity.

## 9.5 THE ROLE OF OPINION LEADERSHIP IN THE TRANSMISSION OF INFORMATION

Having identified the reference groups, marketing strategies need to focus on identifying and communicating with key persons in the groups, namely, the influentials or opinion leaders and, the innovators or early buyers.

Every group has a **leader**, or more, specifically, an **opinion leader**: Opinion leadership has been 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 opinion recipients who pass on information are known as opinion leaders. They exert a personal influence on others because they know more about the product or service either from advertising, or from conversations with people who have had some experiences, or else, from their own personal experiences with the product. The phenomenon of opinion leadership is interesting to marketers if we accept the assumption that there are opinion leaders or influentials who act as sources of communication and, other consumers who behave as receivers.

Opinion leadership is not rare. At least fifty to seventy per cent people are opinion leaders and also opinion receivers. Since existing friendships provide the opportunities for product-related informal conversations, opinion leaders are often friends, neighbours or work associates.

Because of the effect that opinion leaders are known to have on the behaviour of other individuals, it is believed that directing persuasive communications to this segment is more fruitful.

## 9.6 THE DYNAMICS OF THE OPINION LEADERSHIP PROCESS

How does communication flow from person to person? How does this information flow from the mass media to the general population? Are there opinion leaders who mediate this transmission of information?

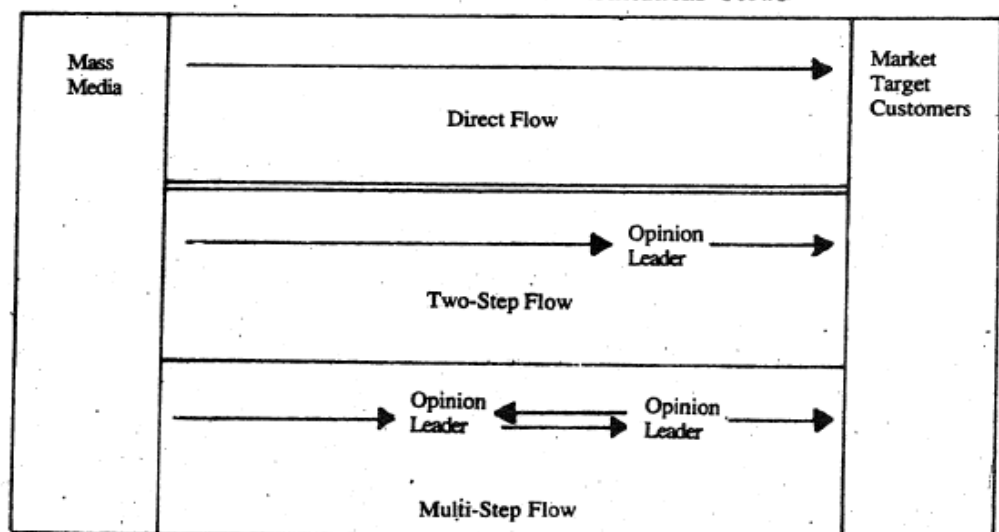
The process of opinion leadership has been described in simple terms as the two-step flow of communication. According to this, ideas flow from the media to opinion leaders and, from there to the general public. This two-step flow of communication portrays opinion leaders as direct receivers of information from impersonal marketing sources and, they therefore, serve as a vital link in the transmission of information.

The two-step flow theory has subsequently been modified into the more complex model of multi-step flow. This takes into account the fact that, social interaction between people serves as the principal means by which information is transmitted. In other words, the mass media alone, are not responsible.

According to the multi-step flow model, information is transmitted by the mass media to three distinct sets of people namely, the opinion leaders, the gate keepers and the opinion receivers or followers. Communications can be transmitted back and forth between these three groups.

Figure 4

**The Opinion Leadership Process**  
Alternative Channels for Communications Flows



Source: Assael, H., *Consumer Behaviour and Marketing Action*, p. 370.

As the multi-step flow model suggests, opinion leaders do not influence a passive group of followers.

This influence is, moreover, informal and interpersonal. In this process one party, the opinion leader usually passes on information and advice. The kind of product-related information that opinion leaders are likely to transmit are:

- 1) How to use a specific product
- 2) Which of several brands is best
- 3) Which is the best place to shop.

### **Opinion Leadership and Product Specificity**

Opinion leadership is, however, product specific. Thus, an opinion receiver for one product category may become an opinion leader for another. However, opinion leadership product category may become an opinion leader for another. However, opinion leadership for related product categories does show a tendency to overlap. For example, people who are opinion leaders for small appliances may also be opinion leaders for large appliances.

Opinion leaders do not, however, seem to exert their influence across a range of unrelated product categories. This tends to happen because, since opinion leadership is a two-way process, an opinion leader who is knowledgeable about a particular product can very well become an opinion receiver for some other product.

Opinion leadership has been found to be a function of interest and personal expertise in a particular area. Opinion leaders tend to specialise in certain product categories about which they offer information and advice. Thus, for instance, you would find that, opinion leadership in fashion is not necessarily associated with opinion leadership in another area such as kitchen appliances. Again, opinion leaders for dental products are not necessarily influential in other areas.

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## **9.7 THE PERSONALITIES AND MOTIVATIONS OF OPINION LEADERS**

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### **Personality Profiles of Opinion Leaders**

Can opinion leaders be profiled on the basis of any distinctive characteristics? This is important for marketers because, if they are able to identify the opinion leaders for their product, they can influence the consumption behaviour of others.

It has been found that opinion leaders tend to be more involved with the product category. They have a **keener level of interest**, read more special interest magazines and are consequently **more knowledgeable** about the product category. They also tend to be **more innovative** about **their purchases** than their followers. They have local friendships and social interaction and, are therefore **more active in disseminating information**. In addition, opinion leaders are **higher on credibility** because they are perceived as neutral sources. They base their advice frequently on first hand exposure. Opinion leaders are also **more non-conforming, more self-confident, more sociable** and **cosmopolitan** and, also socially higher on perceived risk.

### **What Motivates Opinion Leaders?**

Three reasons have been suggested as the forces motivating opinion leaders. One is that, they may use conversations as a **dissonance reducing process** for products they have bought. Or they may want to influence a friend or neighbour. Another reason can be self-involvement, when they may want to confirm their own judgement.

### **Demographic Characteristics of Opinion Leaders**

Some studies have shown that opinion leaders tend to be younger, often with more education, higher incomes and higher occupational status. Opinion leaders for movies tend to be young and single. Those for food purchases have been found to be predominantly married. In contrast, those for giving information and advice on medical services are predominantly unmarried.

### **Media Exposure**

Can opinion leaders be reached through any specific media? Yes. Some studies indicate that opinion leaders possess a keener level of interest for particular product





categories and, specific media, than opinion receivers in general. Opinion leaders are more exposed to the media. This is particularly true of media reflecting their areas of interest. Opinion leaders go to more movies and watch more television. They also read more magazines. There is more exposure relevant to their areas of interest. They also have greater readership of special and technical publications devoted to the product category. Such special interest magazines place them in a better position to make recommendations to relatives, friends and neighbours. It is not necessary, however, that opinion leaders have more exposure to the mass media in general.

## 9.8 THE CONCEPT OF SOCIAL CLASS: ITS NATURE AND MEANING

Nearly everyone has some impression of a system of social class and of their own position within that system. This is because, occupationally as well as by education, some people are better off than others and have more prestigious, higher status occupations. You will find this in the case of doctors, lawyers and civil servants, for instance.

When social class is mentioned, however, some people at least, feel uncomfortable about the realities of life that it reflects. Within a marketing context, social class is worth thinking about because of the insights it offers on the market behaviour of consumers, and on the existence of market segments. Social class influences affect various aspects of products that we aspire to own such as colour, styling, what preferences we might have for product sizes, what type of stores we will shop at, and how we go about the shopping process.

Social Standing → Socio-economic Origins and Behavioral Outputs

Socio-economic factors from which Social Standing may be derived	Social Standing	Behavioural Attitudinal Outputs
Occupation	Upper Class	Attitudes Preferences
Education	Middle Class	Purchases
Ownership	Working Class	Consumption
Income	Lower Class	Communication

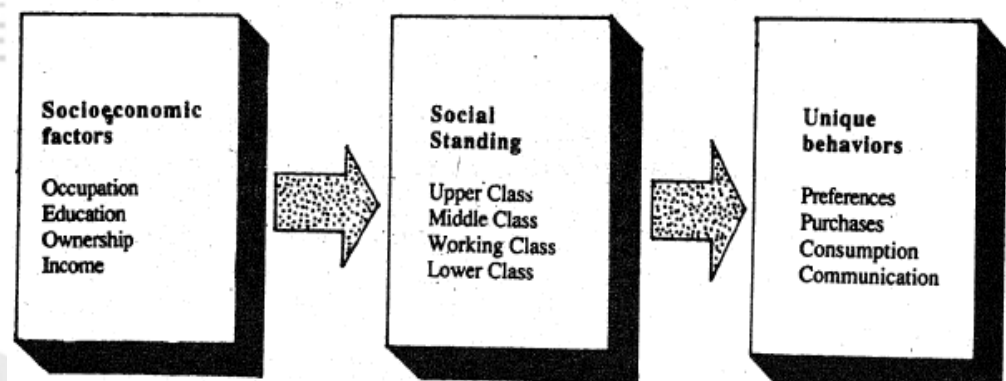
Adapted from Hawkins, D.I.; Best, R.J. and Coney K.A., Consumer Behaviour, Implications for Marketing Strategy.

### What is Social Class?

Social class refers to the social position that an individual occupies in society. Thus, your **social standing** is a result of characteristics you possess such as education, occupation, ownership of property and source of income, as you see illustrated in Figure 5. This leads to the division of society into a hierarchy of social classes ranging from high status to low status so that, members within each of the social classes have relatively the same status as each other.

Figure 5

Social Standing: How it is Derived and How it Influences Behaviour





This hierarchical aspect of social classes is important to marketing because consumers in a particular social class develop preferences and consumption patterns that are unique to them. As a result, they tend to purchase certain products because they are favoured by members of their own social class or a higher social class. They might also be found avoiding some products because they are perceived to have associations as lower class products. Consistent with this behaviour, social class has been **defined** as the **relatively permanent and homogeneous divisions or strata in society, which differ in their status, wealth, education, possessions, values, beliefs and attitudes, friendships and manner of speaking.**

**Status differences** also exist between the social classes in terms of diverging amounts of **prestige, power and privilege.** Social class is used in fact, to describe status differences and social value systems in a society. The term status is used to convey the idea that different positions in a society have different values to it. Status is, in other words, a **socially identified position, along with a socially ascribed role,** that results in particular patterns of behaviour for individuals.

The concept of social class involves families rather than individuals. A family shares many characteristics among its members that affect its relationships with outsiders namely, the same house, a common income, and, similar values. This means that, if a large group of families are approximately equal to one another and closely differentiated from other families, we call them a social class. Thus, social class could be considered as **resulting from large groups in a population sharing approximately the same lifestyles, who are stratified according to their social status and prestige.**

Behaviour is restricted so that members of a social class tend to socialise both formally and informally with each other, rather than with members of other classes. Social class associations also tend to occur in class related patterns. Interactions with friends and relatives vary according to class membership and the kinds of people with whom a person associates in the course of work. In this way, an individual's sense of belonging is constantly reinforced by the people with whom that person interacts.

## **9.9 SOCIAL CLASS AND SOCIAL STRATIFICATION**

The term social stratification refers to groups or strata of people. People within any social stratum tend to view those in other social classes as being socially superior or inferior to themselves. It is in fact, well known that, in any society, some groups are treated with respect by others while, other groups are looked down on and, treated less well. People who are ranked within the same stratum tend to share interests and activities, and, to spend their work and leisure time together. Stratification is found in some form or other in every society, and in all human cultures, by social agreement. It derives its support from the prevailing cultural values. Since these differ for different cultures, so do the details of the various stratification systems.

There are two ways in which stratification systems have resulted. One is by **inherited status,** and the other is by **earned status.** While some amount of inherited status is based on a person's past, and is present in every stratification system, earned status is based on a person's actions and performance. There are two basic models for social stratification, namely, the **class** and the **caste system.** The best example of a caste system is found in our own country, particularly in rural society in India, where it is documented as having existed for several thousands of years. The caste system relies on inherited status, and reflects sharp boundaries, with no social mobility. Cultures in which the caste system and, therefore, inherited status dominant tend to be closed **systems** while those in which earned status in dominant tend to be **open systems** with social mobility. Closed systems have sharp boundaries and are traditional. Social distance is considered proper, and socialising between the classes is discouraged.

In the relatively more open class system, social class membership is not hard and fixed. This means that individuals can move up or down in social class standing, from the class membership held by their parents. Because upward mobility is possible in a society and depends on education and opportunities, the higher social classes tend to become the reference groups for members of lower social status.

The significance of social stratification is that there are differences in values and attitudes of each of the classes. These differences are reflected in their lifestyles and their purchasing patterns and consumption characteristics and, therefore, provide a basis on which to segment the market.



## 9.10 SOCIAL CLASS AND SOCIAL INFLUENCES

Social influence pertains to the extent to which we are aware of other people and groups while making decisions, and the extent to which they influence the decisions that we make. Certain products are associated with particular social classes and individuals and, these in turn, are used as a reference point by others.

### Type of Social Influence

There are two types of social influence. First, there is **normative social influence**. This involves the influence of social factors in the decisions that consumers make. The pressure of normative social influence can be so strong that, it may frequently lead to **consumer conformity, i.e.,** consumers acting like sheep and striving to be accepted by buying only socially approved products and brands. In the marketing system consumer conformity is indirectly encouraged because the process of mass production results in similar goods being made available at dramatically lower-costs, and along with social influence, this is strongly suggestive of pushing consumers towards conformity.

A second type of social influence is **informational influence**. Consumers often obtain information from other people and groups about products, stores, movies and restaurants, for instance. They may be influenced by such information but do not necessarily feel pressured to behave in any particular way.

Information may be given directly through various types of verbal or other communication or, indirectly, through observation. For example, a friend may tell you that he has purchased a cross pen, likes it very much and suggests that you too, should buy one. This is **direct communication**. Alternatively, you may see a friend smiling while using such a pen, infer that it is good, and consider purchasing one yourself. This is **indirect communication**.

Informational influence can, moreover, occur in three different situations. As an individual **you may seek out information** or a reference group member may simply **volunteer information** or the information may be **transmitted through observation**. **Informational** influence tends to come primarily from personal rather than just commercial sources, even though these are (for certain category of products) also important. This is because consumers rely more heavily on friends, neighbours and family members rather than on advertisers or sales persons in obtaining product information. The reason for this is that, personal sources seem to be more credible than impersonal commercial sources.

Both these forms of social influence work through the process of social identification of consumers. This so-called consumer identification reflects the orientation of consumers and the need to identify with a desirable group or persons. Consumer products frequently serve as external symbols of this identification process.

Now see if you can complete the following exercise:

### Activity 4

The upper and lower classes are known to differ in the way they view the world and themselves. Try to identify and list down three psychological differences that separate the upper classes from the lower classes. In each case name the products that you think are bought predominantly by the members of these social classes.

	Psychological Traits	Products likely to be purchased
UPPER CLASS	1) .....	.....
	2) .....	.....
	3) .....	.....
MIDDLE CLASS	1) .....	.....
	2) .....	.....
	3) .....	.....
LOWER CLASS	1) .....	.....
	2) .....	.....
	3) .....	.....



## 9.11 SOCIAL CLASS CATEGORISATION

As you noted earlier, identification of members within each social class is influenced most heavily by education and occupation, including income, as a measure of work success. But it is also affected by family recreational habits and social acceptance by a particular class. Thus, social class is a composite of many personal and social attributes rather than a single characteristic such as income or education.

Traditionally, social class positioning has been measured in terms of socio-economic factors, namely, type and source of income (inheritance or salary), occupational status, level of education, value of housing and quality of neighbourhood. Socio-economic factors appeal to marketers because the information is easily collected as part of any questionnaire. It is thus possible to prepare profiles of the potential target markets.

The number of categories of social class varies. They are ordered in a manner that begins with some type of elite upper class and ends with a lower class. A variety of different classification schemes has been developed, to rank the social classes. A frequently used scheme is the well known Warner's Index of Status Characteristics (ISC).

Warner's Index uses four variables as indicators of social class. They are occupation, income; house and dwelling area. Warner categorised the members in a society into six classes as follows:

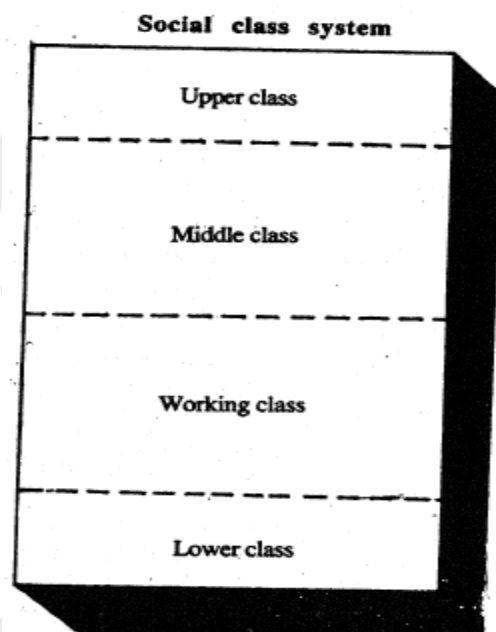
1. Upper-upper class
2. Lower-upper class
3. Upper-middle class
4. Lower-middle class
5. Upper-lower class
6. Lower-lower class

The percentage of population accounted for in each social class appears to fluctuate but is concentrated in the middle and lower classes. The concept of mass marketing can, for instance, be applied to the middle classes but not to the affluent upper upper. The upper-upper is, however, a desirable target market for speciality goods marketing by firms. Such goods can appeal to the cultivated tastes of a very small number of affluent consumers.

In addition, four target groups have been identified by marketers for their use. These include, as you see in Figure 6, a broad upper class, a white collar middle class, an affluent working class and poorer lower class.

Figure 6

### Requirements for a Social Class System





The social classes are described for marketing purposes, in terms of the social groups from which they are drawn in society. On the basis of demographic factors we thus have:

**The upper-upper social class:** This is the wealthy, aristocratic, landed class. It serves as a reference for the social classes below. It is not a major market segment, because of its small size.

**The lower upper social class:** This is the newer social elite. Money is relatively new. It is an achieving group, drawn from professionals and, includes the successful and wealthy executive elite, doctors, lawyers and founders of large businesses. It constitutes a major market for specialised luxury goods.

**The upper-middle class:** This class consists of the moderately successful. It consists of the professionally educated managers, intellectual elite and successful professionals, doctors, lawyers, and professors, owners of medium-sized businesses and managerial executives, and also younger men and women who are expected to reach these occupational status levels. Housing is important to this class, and also the appearance of products in general.

**The Lower-middle class:** It is represented by the common man, and the highly paid individual worker. It includes the small business owners and non-managerial workers. Persons in this class tend to have high school educations and some college education, but do not reach high levels in their organisations.

**The Working Class:** This is the largest of the social classes, and is composed of skilled and semi-skilled workers.

They are blue (Khaki) collar workers but have sufficient money for consumer products, and along with the middle classes, they represent the market for mass consumer goods.

Within each of these social classes, there are both, underprivileged and overprivileged members depending on whether their incomes are above, or below, the average for the class. For many products, the groups of interest to the marketer are the middle and working classes, by far the largest segment of the market.

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## 9.12 RELATIONSHIP OF SOCIAL CLASS TO LIFESTYLES

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An individual's lifestyles, beliefs and values are based not only on his or her current status but also on the status of his or her parents. The socialisation pattern creates a tendency for individuals to live a certain lifestyle. Lifestyle characteristics are generally assumed, therefore, to reflect social class, and are closely associated with it. Because of this, **it is possible to think of the social classes as subcultures** where each class has its own distinguishing mode of behaviour with its own values and lifestyles.

You will find that detailed breakdown of social classes is useful for investigating the process by which consumers develop different values and behaviour patterns. For example, the upper-upper class may be socially secure and not find it necessary to purchase the most expensive brands to impress other people. The middle and lower classes on the other hand may tend to engage heavily in conspicuous consumption.

Lifestyle differences should therefore be considered when choosing appropriate marketing appeals to communicate with members in these different social class groupings. This does not imply that members of the same social class will necessarily have homogeneous behaviour. In fact, it is observed that there is considerable variation in the way individual members within each social class, realise their goals and express their values, in terms of their consumption pattern, If you go through Figure 7 you will see how social class reflects lifestyle differences.

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## 9.13 SOCIAL CLASS AND BUYING BEHAVIOUR

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People's buying behaviour is strongly influenced by the social class to which they belong, or, aspire to belong, rather than by income alone. Social class measures have also been linked to demographic and geographic data using the principle that people of similar social classes live in geographic clusters.





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The result is that relatively homogeneous geodemographic segments arise, in terms of their housing, urbanisation and ethnicity.

Class differences in status are commonly symbolised by food, housing, clothing, furnishings and even at religious gatherings. Particularly in societies where wealth dictates status, possessions become a substitute indicator of an individual's worth. Social class and relative standing within a class also decide the kinds of purchases with regard to house, car, clothing, food, furniture and appliances, consistent with what is expected by their peers.

Figure 7

Life-style Orientations & Purchasing Tendencies of the Different Social Classes		
Social Class	Life-style Orientation	Purchasing Tendencies
Upper Class	Good taste	Quality merchandise
	Graceful living	Expensive hobby and recreation equipment
	Good things in life	Art
	Individual expression	Books
	Interest in arts and Culture	Travel
	Middle Class	Respectability
Conformity		Items related to self presentation
Propriety		Nice clothing, and home
social esteem		Items for Children
Working class	Fun oriented	Newest appliances
	Parochial	Sporting events
	Unsophisticated taste	Newest and biggest items
	Focus on possessions, not ideas	
Lower Class	Close family relationships	Status symbols
	Not interested in world affairs	Products enhancing self-esteem
	Neighbourhood oriented	Pseudosymbols of prosperity, such as used scooters
	Immediate gratification	Readily available products

Source : Adapted from Hawkins, D.I., Best, R.J. and Coney, K.A., Consumer Behaviour, Implications for Marketing Strategy, p. 173.

### Buying Patterns and Motivations

The buying behaviour as well as the motivating forces underlying such behaviour differ for the different social classes. Refer again to **Figure 7**. You will find that the social classes differ in their buying behaviour patterns, thereby allowing companies to target their products to particular, class-based, market segments.

#### The Upper-upper Class

Members of the upper class have access to property, prestige and power. Their wealth allows access to prestige. Thus, a wealthy person can buy the right products and services, join the right clubs and socialise with the right type of people. The affluent upper class also has a disproportionately larger share of discretionary income. They are therefore an especially attractive market segment for goods and services such as leisure, designer clothing, and domestic as well as foreign travel.

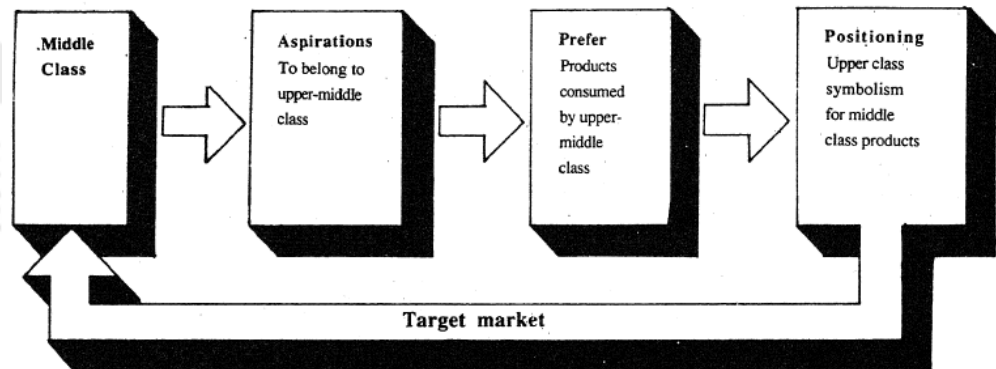


### The Lower-upper Class

This is the newly rich class. Their goal is to imitate the gracious living style of the upper-upper class. This class is, therefore, strongly oriented toward conspicuous consumption, and may be a significant market for luxury goods. Sometimes, the use of certain products by the upper classes trickles down to other social class groups. This is referred to as the **trickle down effect**. The upper social classes are therefore used in advertising, as reference groups for those below them. Furthermore, at each social class level, there are members who constantly seek to achieve a higher status by virtue of their possessions. You will see this illustrated in Figure 8 which indicates the effect that this has on marketing strategy.

Figure 8

"Upward Pull Strategy" targeted at Middle Class



Source : Hawkins, D.I., Best, R.J. and Coney, K.A., Consumer Behaviour: Implications for Marketing Strategy, p.180.

You will find this in advertisements that show beautiful women in upscale surroundings. Such advertising sells dreams to the lower classes.

### The Upper middle Class

This is the moderately successful class. They are usually members of clubs and also have a broad range of cultural interests. Their motivations are towards achieving success in their careers and reaching higher income levels. Their aspirational reference group is usually the upper classes.

### The Lower-middle Class

The motivation of this group is to acquire respectability. They also desire to live in well maintained, neatly furnished homes in good neighbourhoods. Products are bought with social acceptance in mind.

### Upper-lower Class

This class lives for the present. It looks horizontally within its own class for its values, rather than upwards to the next social class.

Marketers are concerned with how the buying patterns of these social classes differ. For the marketer, the social classes are appropriately seen as subcultures with distinct lifestyles, buying patterns and motivations. The basic premise is that, their wants and needs do not result from some indefinable subjective feeling on the part of consumers. They are a product of social conditioning by the environment. The needs of individual members within the social classes are therefore influenced by the social activities in which they tend to get involved. The surrounding culture acts as a general supportive framework for these activities.

Product choice and usage therefore differ among the social classes. Some products and services such as vacations are bought mainly by the upper classes. Again, the upper classes go more for products that provide identification, that are fashionable and, represent good taste. The various social groups thus transmit the norms and values of their social culture, to members on a daily basis.



### Shopping Patterns and Search for Information

The reason for shopping have also been found to differ among the social classes. The upper classes tend to shop more for pleasure. Because of this they also tend to shop in stores with a sophisticated, highbrow atmosphere. For example, people in this class are more likely to patronise exclusive boutiques for their apparel needs. Social class thus seems to determine where to shop.

The social classes also differ in how much they search for information prior to and during shopping. The upper and middle classes tend to engage in more information search prior to buying. For example, prior to purchasing appliance they will read more newspapers, brochures and test reports. In contrast, lower class consumers are more apt to rely on instore displays and on salespersons. Lower class consumers have less product information.

### Advertising and Social Class

The upper classes respond to more sophisticated appeals that offer objects as symbols related to status and self. Advertising to the upper classes is, therefore, more effective when stressing abstract product benefits. Lower status people have been found to be more responsive to advertising that depicts racial relationships and offers solutions to practical problems in daily life. They respond to advertising of a strong visual character, and straight-forward, literal approaches. Message positioning thus become important when addressing members of the different social classes.

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## 9.14 SOCIAL CLASS AND MARKET SEGMENTATION

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The social classes serve as a natural basis for marketers to segment the market for their products and services. Social class has, in fact, been suggested to be a better predictor of consumer lifestyles than income alone.

Social class has thus been found better than income for expressive types of consumer behaviour such as private club membership, ownership of farm houses, type of automobile owned, type of stores patronised, and also the particular brands purchased. It is therefore necessary that, promotional messages, distribution channels and, retail outlets be effectively related to social class membership. However, social class has not always been successful in segmenting markets, and there has been a long controversy as to whether social class or income is a better variable for segmentation. The choice between the two appears to depend on the product and the situation. Social class variable has been found superior to income variable for the purchase of highly visible symbols and expensive objects such as living room furnishings. What is important for market segmentation is that, within each social class, there will be similarly shared values, attitudes and behaviour patterns.

Income has been found to be a better predictor for major kitchen and laundry appliances and products that require substantial expenditure but are not status symbols. lastly, the combination of social class and income have been found superior for product classes that are visible, serve as symbols of social status and require moderate expenditure like television sets, cars and clothing.

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## 9.15 SUMMARY

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Here is what you read about in this unit, in a nutshell. First of all, every human society has some type of social class structure which divides its members into hierarchical groups. Within these social classes, social groups tend to form, and it is these groups that are responsible for transmitting the norms and behaviour patterns prescribed by society. Several factors distinguish these groups including occupation, wealth, education, possessions and values. Social class is not equivalent to occupation or income or any criterion, but it may be related to one or more of these. In addition, reference groups also represent important sources of social influence in consumer behaviour. However, reference group influence varies.

Some products and brands are susceptible to reference group influence while others are not, and this depends on the conspicuousness of the products. Conspicuousness relates to



both, the visibility as well as the exclusivity of concerned products. Reference Group influence is greatest when both these factors are present, and lowest when neither is present. Thus, when visibility is high but exclusivity is low, reference group influence pertains more to the purchase of the product and less to the brand.

In addition, there are opinion leaders who influence the decision-making of consumers by providing information on products, and the process by which opinion leadership functions is described as the multi-step flow of communication.

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## 9.16 KEY WORDS

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**Social class:** 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 higher or lower status.

**Social class hierarchy:** The description of the social classes in terms of a hierarchy of lower classes to higher classes.

**Social comparison:** The process by which people evaluate the correctness of their opinions, the extent of their abilities and the appropriateness of their possessions.

**Reference group:** A person or group that serves as a point of comparison for an individual, in the formation of either general or specific values, attitudes or behaviour.

**Formal group:** A group that has a clearly defined structure, specific roles and specific goals and objectives.

**Informal group:** A group of people who see each other frequently on an informal basis such as social acquaintances.

**Primary group:** A group of people who interact, meet and talk on a regular basis, such as members of a family, neighbours or co-workers.

**Secondary group:** A group of people who interact infrequently or irregularly.

**Aspirational group:** A group to which a non-member would like to belong.

**Normative reference group:** A group that influences the general values of behaviour of an individual.

**Comparative reference group:** A group whose norms serve as a benchmark for certain specific types of behaviour.

**Conformity:** The extent to which an individual adopts attitudes and/or behaviour that are consistent with the norms of a group to which he or she belongs or would like to belong.

**Dissociating group:** A reference group with whom a person does not wish to be associated.

**Compliance:** The act of conforming to the wishes of another person or group. Compliance involves conformity to the wishes of the group without necessarily accepting the group's dictates.

**Opinion leader:** A person who informally influences the attitudes or behaviour of others.

**Opinion seekers:** Individuals who either actively seek product information from others or receive unsolicited information.

**Opinion leadership overlap:** The degree to which people who are opinion leaders in one product category are also opinion leaders in one or more other product categories.

**Overprivileged:** Individuals with high incomes within a particular social class.

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## 9.17 SELF-ASSESSMENT TEST

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- 1) Define the concept of social class. Which type of social influence, informational or normative, has a greater impact on consumer behaviour? Explain.
- 2) Do you think that social class or income would be a better segmentation tool for the following products?



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Product	Segmentation tool
1) Expensive Jewellery	.....
2) Art paintings	.....
3) Vacation packages	.....
4) Living room furniture	.....

- 3) What is a reference group? Name two reference groups that are important to you. In what way do they influence you in your purchasing behaviour?
- 4) What factors are important in reference group influence? Suggest four products for which you think your reference groups would exert a strong or weak influence with regard to the purchase of the product and the brand, and explain the reason why this should happen.
- 5) Explain the two-step flow of communication and also indicate how and why it has been modified.

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### 9.18 FURTHER READINGS

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