CHAPTER-3

ENVIRONMENTAL FACTORS INFLUENCING BUYING BEHAVIOUR

Learning Objectives:

1) To understand the concept of Environmental factors such as:
   A) culture, its types and characteristics
   B) To evaluate the role of culture in shaping consumer behavior in a market
   C) To understand the concept of sub- culture. Its nature, types and role in influencing consumer behavior.
   D) To study the influence of social class on the purchase behavior of buyers
   E) To study the changing gender roles and its influence on family decision making
   F) To study the role of kids in family decision making
   G) To analyze the impact of reference group and opinion leaders on consumer behavior

INTRODUCTION

Human behavior is dependent on various factors some of which are inherited factors and some are learned factors.
INHERITED FACTORS INFLUENCING BEHAVIOR

~ AGE
~ GENDER
~ PHYSICAL CHARACTERISTICS
~ INTELLIGENCE
~ LEARNED FACTORS INFLUENCING BEHAVIOR
~ PERSONALITY
~ PERCEPTION
~ LEARNING
~ ATTITUDES
~ VALUES

ENVIRONMENTAL FACTORS
~ CULTURE
~ SUBCULTURE
~ REFERENCE GROUPS
~ OPINION LEADERSHIP
~ PEER GROUPS

In this chapter only the influence of environmental factors is discussed. The influence of personal factors in shaping consumer behaviour is discussed in next chapter.
As a marketer a deeper analysis of these factors related to the target market is essential for developing a complete understanding of consumer behavior. These factors can be grouped into four categories: cultural, social, personal & psychological factors in the following manner:

![Diagram of factors influencing consumer behavior]

Fig 3.1 Factors influencing consumer behavior

During the consumer research process the researchers try to collect consumer information in lines with these factors for example: they try to find out the type of culture to which a particular group of customers belong and does it have any influence on the buying behavior of these customers. This influence needs to be studied to a great extent when the marketer is planning to enter a new country.
One of the most important factors that influence the consumer behavior is cultural factor. It is the broadest environmental factor that influences consumer behavior. At its core is, cultural values are enduring and any attempt to change them usually fails.

According to D.J. McCort and Naresh K. Malhotra, culture can be defined as, “a complex whole that includes knowledge, belief, law, morals, art, customs and any other capabilities and habits acquired by humans as members of society”.

In simple terms culture refers to a set of values, ideas, artifacts and other meaningful symbols that help individuals communicate, interpret and evaluate as members of society. It is nothing but a blueprint of human activity, determining the coordinates of social action and productive activity. It includes factors such as religion, knowledge, language, social customs, work patterns, festivals, and food habits etc. of a particular society. Infact culture is a set of socially acquired behavior patterns transmitted symbolically through language and other means among the members of a society and than passed on from generation to generation. Culture is influenced by many factors such as religion, race, community, national or regional identity etc. and as some or all of these elements change within a society, the culture also experiences a change. Culture is one of the most pervasive influences not only on our lives because it shapes our personalities, lifestyle, values, perceptions, attitudes, family life, living patterns & social interactions but also on our consumption pattern and hence plays a very crucial role in determining consumer behavior. Especially in a diversified country like India, cultural factors exert the broadest & deepest influence on the consumer behavior. The influence of culture is exerted upon the consumers by way of norms and values that are established by the society, of which he/she is a part. The unique aspect of this influence is that, it is not only automatic on almost all individuals who are part of a society but also it is invisible, i.e. one cannot actually see the influence occurring. Since culture is the mirror of both values and possessions therefore it not only influences consumer behavior but also reflects it.
Although marketing strategies cannot change the culture of a society but it impacts the culture which in turn broadly influences the buying and usage behavior of products and services by consumers and the extent of their satisfaction with them. The significance of understanding culture in consumer behavior is that, although consumers may be biologically similar in their instincts but their views about the world around them varies with the differences in their cultures. Since culture involves the interactions between people, its main function is to establish modes of conduct, performance standards and ways to deal with others in interpersonal relations. There are many ways in which people can organize their social relationships and these has led to emergence of many cultural patterns which make a culture similar to some or many other cultures while retaining its own special uniqueness which makes it different fro other similar cultures. This emergence of different cultural patterns within a specific culture is known formation of sub-cultures within the culture. The sub-cultures share some similarities with the main culture and also are dissimilar to the same to some extent. The emergence of these sub-cultures is mainly due to the differences of religions, geographic differences or due to ethnic differences.

The prevailing culture in a society provides the framework of traditions, behaviors, practices, values and beliefs that facilitate interactions amongst the members of the society and than become institutionalized. Thereby laying down the acceptable codes of conduct in a specific society which are than transmitted by parents, schools, colleges and other social institutions from one generation to the next.

Culture is composed of two components:

~ The internal mental culture

~ The external material culture

THE INTERNAL MENTAL CULTURE
Is further composed of two components the cognitive component and the normative component.

- **Cognitive component**- cognitive component is made of ideas and knowledge. Ideas of people about religion, god, karma, afterlife and reincarnation etc.

- **Normative component**- the values, norms and codes/rules of conduct shared by the majority of the members of a culture form the normative component of the culture.

Both these components help form the mental make-up of its members. While cognitive component helps in forming the way in which information is received and processed by an individual. Normative component on the other hand helps in forming the group behavior and the way people perceive about things, situations and individuals around them.

**THE EXTERNAL MATERIAL CULTURE**

The material culture refers to the things that we can touch, see and use in our day-to-day life. It is one of the most evident or obvious component of culture. It allows us to express ourselves aesthetically in form of art, music, dance, creativity and love for nature. It mainly exhibits the way people belonging to a particular culture spend their free or leisure time and hence this reason only, makes this component a very important one to study and understand from a marketers point of view because how customers belonging to a particular culture view the materialistic objects of gratification offered by a marketer, only will decide the fate of marketers product or even its marketing strategy. For example: people in northern part of India evaluate the success and status of an individual with the type of materialistic achievements that he/she has acquired in his/her life, such as own house, brand and number of cars owned, brand of clothing/ accessories worn by the individual and even the brand and model of the mobile phone carried by them determines the way others perceive about them whereas this
is not a case in the remaining parts of the country. Since material culture is external and hence more symbolic of the two components of culture therefore it is very important for the marketer. i.e. the reason why almost all product packaging and advertising uses some form of expressive symbolism to get a message across to persuade customers to buy.

**CHARACTERSTICS OF CULTURE**

Culture has a peculiar set of characteristics that describes its nature and form. The elements of characteristics are:

a) **Culture is invented**- culture is not a set of instinctive responses, it is invented by the way of thinking, feeling and acting that results from years of accumulated experience that is handed over from generation to generation and each new generation adds on to the culture. Cultural norms consequently result from prescribing and defining acceptable behavior.

b) **Culture is shared**- culture is a group phenomenon and hence is shared among the members of a society through various sources such as family, educational and religious institutes etc. even the mass media plays a significant role in sharing and transmitting culture through advertising, sales promotion, publicity etc.

c) **Culture is prescriptive**- culture helps its members in determining and differentiating between what is right and what is wrong by laying down certain values, norms, code of conduct and behavior i.e. to be accepted in a given society or cultural context.
d) **Culture is not static** - it is dynamic and it adapts. Although cultures are usually resistant to change yet they adapt to new technologies, views, thoughts and ideas slowly and gradually. The case of Japanese cultural change given in the beginning of this chapter is a proof of this element of culture. These changes however can be very slow in some cultures while in some they may be comparatively faster. This aspect of culture helps the marketers to identify business opportunities brought in by cultural changes. For example: although both India and China are high context culture countries (having rich and strongly imbibed cultural heritage) yet the rate at which both cultures adapt to new ideas and concepts is different. This explains why many western brands such as Mc Donald’s, Google etc. could do very well in China whereas they are highly acceptable in India.

e) **Culture satisfies needs** - culture guides societies in all phases of life by providing tried and trusted ways of meeting physiological, personal and social needs and due to the reasons people feel comfortable in doing things in the customary way. As long as cultural values keep on offering satisfaction, they will be acceptable in a society even if new and better alternatives are exposed from other cultures.

**Cultures share similarities yet they are different** - the elements exhibited by a culture are more or less the same for example: cooking of food, adornment of the body, a calendar, family, government, language, dancing, music and sports etc. are some of the elements present in all cultures however their nature and expression or exhibition varies from country to country.
**SUB- CULTURES**

- *Nature of sub-cultures*

A culture is viewed to consist of basic behavioral patterns that exist in a society. Although all the societies that exist in a national culture do possess some similarities yet there are some distinguishable cultural patterns that are observed in these societies that make them different from each other as well as from that of national culture. They will have distinct beliefs, values, customs and traditions that set them apart from the larger cultural main stream, though they follow most of the dominant cultural values and behaviors of the national society.

The extent up to which a sub-culture may affect consumer behavior depends upon factors such as sub-cultural homogeneity, sub-cultural exclusion and sub-cultural distinctiveness. It can be explained in the following manner:

a) Sub- cultural homogeneity- A sub- culture with homogeneity i.e. homogenous values is more likely to exert influence on its members. Hindus, Muslims and Sikhs of Indian origin appear to be members of separate sub- cultures. However, the common thread among all these groups is that they have strong family ties, which are basically religious, mostly conservative, have a common language (Hindi, Punjabi & Urdu respectively all of which share many similarities), celebrate their festivals and are male dominated.

b) Sub- cultural exclusion- many a times some sub-cultures are dejected or excluded by the main society or national culture thereby leading to strengthening of these sub-cultural norms and values and further enhancing the influence of these sub-cultures. For example: there are many castes and tribes that have always been separated from the main
stream society in India which has often lead to emergence of these sub- groups or sub- cultures in a most distinct way which fights for its share and existence in the national culture.

c) Sub- cultural distinctiveness- the ability of a sub- culture to strive hard and maintain its separate identity, so as to have a more potential influence. For example: many Indians that have settled abroad and have been living there for years together have still managed to maintain their cultural identity by continuing their religious practices and use of their native language among family and friends.

Although there exists many sub- cultures in a particular culture (for example: in India there are more than 22 sub- cultures) yet all are not important from the marketers’ point of view for formulating separate marketing programs. It mainly depends upon the relevance of a particular product category to a particular sub- culture. For example: marketers of cosmetic products need not consider the significant differences among different sub- cultures because use of cosmetic items by women remains more or less the same across the sub- cultures. However marketers of food items need to take care of feelings and religious sentiments of their different sub- cultural target markets while designing their marketing programs and product offerings.

- **Types of Sub- cultures**

~ **Religious sub- cultures**- religious groups can be regarded as sub- cultures because of traditions and customs that are tied to their beliefs and passed on from one generation to the next. The purchases made by the members of a particular religious group are influenced by their religious identity, especially those products that are ritually associated with the celebration of religious holidays, festivals, marriage, birth and death etc. for example: shaving & tobacco products cannot be promoted to Sikhs as shaving of hairs and chewing of tobacco or related products is strictly prohibited in Sikh
religion. Similarly consumption of liquor, beef, meat, pork etc. is also determined by one’s religion.

~ Gender as sub-culture- every society has its own way of determining gender roles and differentiating between the position, responsibilities, rights and duties played by them. In majority of societies males are typically thought to be independent, aggressive, dominating and self-confident. Whereas women on the other hand are viewed as submissive, docile, gentle, tender, compassionate tactful and talkative. Hence while men are given the responsibility of being the bread earners for the family, women are bestowed with the role of home makers and responsibility of bringing up the children. The traits of femininity and masculinity represent the ends of a continuum and individuals have varying levels of each trait. Biological males tend to be towards the masculine end of the continuum and biological females towards the feminine end.

Although it may seem odd but it’s completely true that the market for men or women is not homogeneous.

~ Age as sub-culture- Age cohorts have long been identified as sub-cultures by marketers because of the unique shared values and behaviors exhibited by them. A generation or age cohort is a group of persons who have experienced a common social, political, historical and economic environment.

Different age groups exhibit different types of behaviors and hence need to be communicated in a different manner. The people in the age group of 50 and above can be targeted with a number of products such as retirement plans, medi-claim policies, muscle relaxant ointments, chawanprash etc.
Regional sub-cultures- The natural environment and resources, distinct language, social and cultural environment/ events lead to formation of distinct regional subcultures. Such groups can be identified as having distinct and homogenous needs, tastes, lifestyles and values. For example: In India distinct regional sub-cultures such as Punjabi, Gujarati, Marwari, Marathi, Tamil, Oriya and Bengali etc. exist. Each sub-culture has its own consumer’s consumption pattern especially in case of dresses, food and drink. While south Indians prefer coffee, North Indians like to have tea. While Punjabi’s prefer to have spicy food and savor Non-vegetarian delicacies, Gujarati’s on the other hand are strict vegetarians. Infact they avoid onion and garlic in their food preparations whereas none of the north Indian dishes can be prepared with these two. It is more relevant for marketers to study and understand sub-cultures on a regional basis, particularly language, food habits, festivals, gift giving, customs, etc.

ROLE OF CROSS CULTURAL INFLUENCES ON CONSUMER BEHAVIOR

Globalization has brought in the era of Multinational corporations (MNCs) & Transnational Corporations (TNCs). These corporations such as Procter & Gamble, Coca Cola, Pepsi, IBM, Gillette, Kellogg’s, Suzuki, Colgate-Palmolive, Canon, Johnson & Johnson, Nestle, Honda & Suzuki and many others earn a major portion of their revenue from overseas market. With the Liberalization, Privatization & Globalization (LPG) of more and more economies, the emergence of more and more MNCs & TNCs is likely to happen. These MNCs not only provide employment opportunities in the countries where they establish their subsidiaries and branches but also influence and get influenced from the cultures of these countries. This cultural influence in a given country has two variations. The first one of these Cross-cultural influences is norms and values of consumers in foreign markets that influence strategies of multinational organizations. The second
variation refers to sub-cultural influences that concern differences in values among different groups within a country that distinguish them from society as a whole.

The cross-cultural analysis helps the marketers in identifying, understanding and evaluating the similarities and differences that exist between consumers of two or more nations. If there are more similarities between the consumers of different countries, same strategies can be used by the company in these countries however highly individualized marketing strategies need to be designed if there are significant differences among the customers of different countries.

According to a study conducted by Rosabeth Moss Kanter, reported in “Transcending Business Boundaries: 12,000 World managers View Change,” Harvard Business Review 69, May- June1991, conducted on 12000 managers across the world, found that although in every country, culture and corporation changes were occurring yet there was no common culture of management. The study also revealed that the views of the managers relate more to the culture of the country to which they belong and less to the geographic location where they were posted. However many experts believe that in order to achieve sufficient cost savings it is necessary to have unified advertising approach. Though this strategy works well in some cases but majority of the organizations have realized that adaptation of the advertising strategy to the local culture and conditions is a must for ongoing success of the product. When Kellogg’s introduced its breakfast cereals in India, it used the same concept in designing the advertisement, as it was using in western countries, i.e. the Advertisement showed a child getting ready for school on his own and is preparing his own breakfast of milk and Kellogg’s cereals as his parents are dozing off in the bed. The objective was to promote the concept of ease of preparation of the product that signifies that the child can prepare the Kellogg’s breakfast on his own and need not disturb his mother in her sleep to prepare it for him. This concept goes well in the western countries where kids are taught to be independent from an early age but in India this concept doesn’t work well and therefore the Ad didn’t click in the market where mums are very
particular about what and how their kids eat before they leave for school even up to the age of young adult. Therefore Kellogg’s had to change its advertising strategy wherein the child is shown helping his mother in preparing Kellogg’s breakfast for him.

**SOCIAL CLASS AND ITS IMPACT ON BUYING BEHAVIOR OF CONSUMERS**

Social class can be defined as a range of social positions that exist in a particular society. Social class is also known as social standing or the societal rank held by an individual, that determines his/her position relative to others on various parameters such as education, income level, occupation & ownership of durables etc. Social classes are broadly classified into: Upper Class, Middle Class & Lower Class. Although, this classification has been drastically modified into various sections as mentioned in the opening case. In general individuals with few or none of the socio-economic factors such as education, income level & ownership of consumer durables desired by society depict the lower class while people who have many of the socio-economic characteristics desired by the society depict the upper class. Due to this reason individuals in different social classes tend to have different consumption patterns. A society often sets up some subjective values for its members and they are used as the yard sticks to determine the ideal types of people in that society. Those who conform to these values are given more respect and prestige as compared to those who don’t conform to them. These values also determine the criteria’s used and their relative weights in a given society, which help in delineating the people into various strata’s within a particular society. The common factors considered important by most of the societies are: income, education, authority over others, and ownership of property, ancestry, and lifestyle and consumption pattern. Though the influence of social class, is not as significant or influential as in the case of family or reference/peer groups but it is actually an indicator of common values and similar buying pattern. For example- people belonging to elite
class tend to be more fashion/trend conscious as compared to their middle class counterparts. Similarly while buying middle class people often look for the price tag first where as those belonging to upper class look for brand name and style first, price being the last priority. This shows that in majority of cases the norms, values and buying patterns indicate that social classes act as a frame of reference for consumers’ buying behavior in a particular social class. Social class exhibits certain characteristic features such as:

a) Social classes are based on many components and not only on one or two components. For example- many societies accord income as important criteria for social class classification but it is not the only criteria.

b) Social classes are dynamic in nature and social stratification can be of two types: ‘open system stratification’ where people have freedom to move upward or downward from one class to another. The other one is ‘closed system stratification’ wherein people are born into a class and cannot leave it, Infact they inherit a status. For example in our country India despite of strenuous efforts on part of govt. and increased awareness and education, still the caste system exists. Even in so called upper and elite classes this system is prevalent. A person belonging to SC/ST category despite of earning good degrees or good jobs is not able to earn a recognition or status from members of superior castes or classes.

c) Social classes are homogenous divisions of society wherein people belonging to one particular class have many similarities among them and due to this reason a marketer is able to design market offerings for them. For example- almost all people belonging to middle class are price sensitive. keeping this factor into consideration men apparel brands such as ‘Koutons’ & ‘Monteil’ etc. have designed attractive discounts scheme to lure their target market middle class customers.

Social class is an important concept in designing the positioning strategies that help create a perception or attitude in consumers’ minds about the
attributes of a product/brand. A good understanding of the class characteristics of the target market and the class attributes desired for the product helps a marketer in effectively designing a positioning strategy for its product/service. It is also important to understand and analyze the number of those consumers in a particular social class, who actually aspire to be like those of higher social classes. In fact there number is often larger than the number of individuals who truly represent that particular social class. This group of people actually becomes an apple of eye for a marketer who is looking for upgrading its product/services with an increase in price. For example- many individuals belonging to middle class can buy products that have the status and allure of higher social classes and often do so in order to achieve a higher rank in their own respective social class. It is based on these aspirations of middle class only; the marketers of almost all products/brands have now introduced EMI schemes on their products so that people can acquire the lifestyle similar to those of the elite social classes.

**ROLE OF FAMILY/ HOUSEHOLD DECISION MAKING AND ITS INFLUENCE ON CONSUMER BEHAVIOR**

According to the statistical data a family can be defined as a group of two or more individuals related to each other either by blood, marriage or adoption who reside together. A family can be a **Nuclear family** that is composed of father, mother and child/children living together. A **joint or extended family** is the nuclear family plus other relatives such as grandparents or uncles and aunts or cousins or parent-in-laws or all of them living together. As mentioned earlier one can be born into a family or married into a family. The former is called **family of orientation** and the later is called the **family of procreation**. A family can also be a single parent family due to death of one spouse or due to divorce. In country like India joint or extended family culture had been prevalent since ages. However over last few decades this trend has seen a change with majority of urban households seeing a shift from joint families to nuclear families.
Family is the most basic consumption unit for all consumer products and members of the family exert most important influence on the buying behavior of an individual. Purchase done by a member of a family is seldom independent of the influence of others. For example- brand of soap or shampoo used by all the members of a household is often the same. Which means that one may have a different choice of brands but since buying of such items is done with the monthly grocery therefore one has to accept the brand choice of the member who does the buying (that often in case of Indian households is the mother however change in gender roles in the recent times has also seen father doing the monthly purchasing for the household). Apart from being a consumption unit family also plays a very important role in the socialization process of children. Children often learn through observing their parent or other family members and this not only helps in shaping their personality but also influences their cognitive thinking and way of making or arriving at decisions. For example- when children who have been brought up in a family where price of a product is given due importance during purchases often tend to grow up into price sensitive buyers.

**HOW DO FAMILIES TAKE PURCHASE DECISIONS**

A family brings its own values, codes, rituals and represents a special reference group with family members frequently exchanging feedback on consumed products and/or future planned purchases. This interaction is a fundamental building block in influencing purchase behavior within a family.

Although individual decision making does exist in a family but majority of product purchase decisions are taken by the family either collectively or individually by the members of the family for the other members of the family. Therefore who should buy what, from where for whom etc. is a
complicated process that involves a variety of roles and actors. Whether it is a group or family (is a type of group only) a certain type of behavior is exhibited i.e. called *Instrumental role* if it involves financial performance or *Expressive role* if it involves supporting other family members in the decision making process and expressing the family’s aesthetic or emotional needs, including upholding family norms. Consumption decisions in a family involve at least five definable roles:

~ Initiator or gatekeeper- one who identifies the problem first of all and discusses about it with the other family members.

~ Influencer- individual whose opinions are sought concerning criteria the family should use in purchases and which all brands/products/services are most likely to fit these evaluative criteria.

~ Decider- the person with the financial authority or power to choose how the family’s money will be spent and on which products or brands.

~ Buyer- the person, who actually visits the store, makes the purchases and brings the products home.

~ User- the person/s of the family who individually or collectively use the product.

It is very essential for the marketers to communicate in each of these roles, remembering that different family members will assume different roles depending upon the type of situation and product. The marketing that focuses on the relationship between family members based on the roles they
assume, including the relationship between purchaser (buyer) and family consumer (user) and between purchaser and purchase decision maker (decider) is called **Family marketing.**

**Role of spouse and children in family decision making**

Indian society is changing drastically. The traditional roles which were earlier played by the two genders have seen major transformation. The male breadwinners are getting complemented by women who are joining the workforce by thousands. The man of the house today shares more of the domestic workload and spends more time with the children. Due to this changing trend the role of husband and wife in taking family or household decisions has also seen a drastic change. While majority of products for the family or household consumption were bought by the lady of the house earlier now these decisions are either taken collectively or at times by the male member of the family because the women have taken up jobs that keep them away from all or some of the household activities. These changes have surely influenced the buying behaviour but as for now we can recognize the traditional family as main collective decision making unit that is distinguish from other reference groups to the extent that a face to face interaction is taken place regularly, subordination of one’s personal consumption goals in connections with the family goals of upcoming buying decisions, products etc. are shared. Thereby rules for consumption will influence any decision prior to the actual purchase and finally family members can act as purchasing agent for another member of the family.

Particular the last point of being a purchasing agent for another family member, has changed during the last ten or twenty years. In fact that parents spent less time in making purchase decisions for the whole family puts children in a unique position to influence product purchase and diffuse parental income.
Let us consider the case of husband and wife decision making. For a marketer it is essential to understand that which spouse has a greater influence in family decision? Does it vary by product category, stage of decision making and individual household or not? Usually the following role categories are used to analyze these questions.

~ Autonomic condition- in these cases an equal number of decisions are made by each spouse, but each decision is individually made by one spouse or the other.

~ Wife dominant condition- in such families or households the female head or the wife takes majority of decisions.

~ Husband dominant condition- in such families or households the male head or the husband takes the majority of decisions.

~ Joint or syncratic condition- in such cases the decisions are taken with equal involvement of both the spouses.

The type of product, stage in the decision process and nature of situations surrounding the decision influences which condition would exist. It is essential to understand that the terms husband and wife apply to roles performed by members of the household and may exist even though the family members might not be married (as in case of non-traditional families). Depending upon the type of product, husband and wife influences can also vary. Certain products such as women’s clothing, children’s clothing, groceries etc. are the product categories where wife dominates the decision making. Decisions such as buying automobile, choosing banks, household hardware etc. are husband dominant decisions. Similarly decisions related to family holidays, household consumer electronics and home furniture etc. are often a result of joint decision making.

Influence of Kids – let us now consider the influence of kids in the family purchase decision making. Studies conducted by renowned marketing
research firms such as McKinsey and JWT have revealed that majority of decisions related to the products for consumption by families, in an urban family/household are taken by the kids aged between 5-12 yrs of age. They decide the brand of toothpaste the family would use, they are the ones who decide the brand of LED in the living room and eventually the brand, colour and model of car the family will buy. No doubt majority of product advertisements that one comes across on mass media/broadcast media have kids featured in them and are shown guiding their parents in family decision making. This is so because Family’s communication pattern has become more open and democratic. Parents pay more attention to their children. Children now hold a special status in the family. New behavioral patterns are arising, such as children being influencers and participators in family decision-making; and new media such as internet, digital and interactive media has entered the market, and children adopt these fast. Indian society vastly differs from west in terms of family composition, family type and structure, norms, values, and behavior, it is important to understand children’s influence in the purchase decision making in families in the Indian context. Although the buying power of children in India is different compared to that of the western countries but still they play a key role in decision making in Indian families. The kids in the age group of 8-12 are neither children nor teens; they are now given a new term ‘tweens’. This is a term derived from ‘between’ children and teens. Tweens grow up faster, are more connected to their parents, are more direct in their approach to their parents or family as a whole and also are more informed compared to the children younger to them. Children and tweens are not only important as individual consumers but also as an influencing agent who direct their parents’ spending towards their own wants and needs – or as the advertising industry says: children have ‘pester power’. That means they can pester or push or convince their parents with different type of pressure tactics which neither the spouse nor reference groups can exert.
ROLE OF GROUP INFLUENCES AND OPINION LEADERS AND ITS IMPACT ON CONSUMER BEHAVIOR

Input from people with whom consumers identify and aspire to emulate enhances credibility about products or stimulates the trial and adoption of new products. These people, whether as individuals or in groups, exert enormous influence on consumers. Belonging to groups, trying to “fit in”, and striving to please others affects every type of consumer. Since the groups are the primary source of information and influence, communication within groups is crucial to consumer decision making. These communications not only travel within a group but rather tend to travel across groups in the form of word of mouth communications (W-O-M). This type of communication is by far the most influential one because it comes from credible sources such as family or friends and not from some commercial source. W-O-M has a significant importance for a marketer because this can be positive or negative communication. A positive W-O-M will positively affect the sales of a particular product or brand. Similarly a negative communication within group can negatively affect the sales of a particular product or brand.

In today’s tech savvy environment the world has shrunked to social networking sites and mobile apps. Friends and reference groups which earlier existed only physically now have there presence virtually too. Social networking sites such as Face book, Twitter and Whats up etc. have widened the scope of interpersonal influence and permits instant- messaging among group members. The process of group and interpersonal influence begins in the childhood itself, affecting consumer beliefs as well as how consumers respond to other media.

Reference Groups - A reference group is any person or group of people who significantly influences an individual’s behavior. Reference groups might be
individuals such as celebrities, sports persons and political leaders or they, might be groups with which individuals identify, such as rock groups, religious groups, social groups, political parties, sports teams etc. People often tend to conform to the group norms established by the members of the group. Going against group norms or adopting a behavior not approved by the group members is tendency rarely seen in youngsters. There are different types of reference groups that depend upon various characteristics shown by the members. Reference groups furnish points of comparison by which attitudes and behaviors can be evaluated. Regardless of the type of reference group, input from others can be viewed as binding, in which case the input is referred to as normative influence, or at times input can be viewed as comparative, that serves as yet another source of information in decision making. Some important types of reference groups are:

a) Membership groups- are those wherein individuals are recognized as members of a group only when they have achieved formal acceptance status in the group. Family, friends and relatives or religious groups, fraternities, trade associations etc, collectively form a group known as membership group. These groups can be formal or informal in nature. Formal groups are those formed due to religious associations or of people who have similar tastes and preferences for anything. Informal groups are those formed by the family members, peers, acquaintances etc.

b) Primary groups- it is a social aggregation that is sufficiently intimate to permit and facilitate unrestricted direct interaction. Therefore this type of reference group exerts greatest influence and impact on an individual’s buying behavior. Since there is a strong cohesiveness and motivated participation among the members of the group therefore the members exhibit similarities in beliefs and behavior. One of the most influential primary groups is family.

c) Secondary groups- just like a primary group; secondary group also has a direct influence. However this influence is less comprehensive, less
influential in shaping the thoughts and behavior of an individual. It is rather more sporadic in nature. Colleagues from professional associations can be an example of secondary groups.

d) Formal groups- are those groups that are characterized by a defined structure and a known list of members and requirements for membership. The influence exerted on behavior varies, depending on the motivation of individual members to accept and comply with the group’s standards. The extent upto which the conformity to the group norms is expected and enforced varies from individual to individual. Community service and religious groups are examples of formal groups.

e) Informal groups- have far less structure than formal groups and are likely to be based on friendship or interests. The norms of these groups are very stringent and conformity and influence on behavior is very strong if individuals are motivated by social acceptance. There is also a high degree of face-to-face interaction and a high degree of intimacy that further strengthens the power with which expectations and sanctions are expressed and enforced.

f) Virtual membership groups- these are the groups that come into existence through virtual communities rather than geographical ones. Virtual communities are those that have evolved through internet and mobile applications. These communities are based on sets of social relations among people rather than face-to-face relationships. Face book, what’s up etc. allow individuals with similar interests to connect and interact with each other and share information on various topics particularly shopping. The flow of information in the case of internet is less inhibited than during other encounters because the individuals are not meeting face to face and further they feel comfortable while chatting through writing.

g) Aspirational groups- are those whom an individual willfully wants to join or be a part of. There is a strong desire to adopt the norms, values and behavior of others with whom the individual aspires to associate.
At times an individual has a strong anticipation of acceptance into membership and motivation to behave accordingly, and at other times there is no expectation of ever belonging to the group. Therefore the influence of Aspirational groups although is indirect in nature but plays a significant role in product choices. For example- ‘Being Human’ brand of apparel especially T-shirts are often bought and worn by youngsters who aspire to be like film star Salman khan because this brand is endorsed by him.

ROLE OF OPINION LEADERS

People, who in a given situation, are able to exert a personal influence on an individual are said to act as opinion leaders. They are the ones most likely to influence others through word- of- mouth communication because others seek advice and information from them. Opinion leaders play a crucial role in influencing the behavior of consumers towards products or services. This influence can either be positive or negative. The attitude that the opinion leader has formulated about a product or brand after its use, is communicated in form of opinion through word- of- mouth communication and this communication in turn proves successful in modifying the behavior of individuals either in form of positive or negative attitude towards that particular product or service. From the point of view of a marketer opinion leadership is important and is found at all levels in society. Consumers tend to be influenced by those with whom they identify. This is so because opinion leaders are found at each status level and in every group of the society but the level of personal influence is seen maximum at higher income and status levels.

It is therefore essential for a marketer to identify and influence the key opinion leaders in a particular group or strata of society so that they can be approached/ influenced in such a way that they can positively influence the behavior of the specific social strata or group that considers them as important. However it is not so easy to identify the opinion leaders for a
particular group or strata of society. There are certain key traits of opinion leaders that have been suggested by researchers. With the help of these traits a marketer can, to some extent identify the opinion leader/s and accordingly approach them.

~ Opinion leaders tend to be product or service specific due to their enhanced knowledge and experience about the product that makes it possible for them to act and behave like opinion leaders.

~ In majority of groups or strata’s of society often one of the members of the family or extended family, acts as an opinion leader. This is so because opinion leadership often functions through interpersonal communication and observations and family members have maximum opportunity of the same. Further, these activities occur most frequently among individuals with roughly the same social class position as non- leaders but opinion leaders are likely to be viewed as having higher status in their social- class.

~ Opinion leaders are usually more gregarious and are willing to act differently. This is either to attract the attention of there peers or to flaunt off their additional knowledge (at times but not always). They have a greater exposure to mass media relevant to their areas of interest and hence this increases their potential to become prospective opinion leaders.

CHAPTER END QUESTIONS

Q1- What role does environmental factors play in shaping the shoppers behaviour?

Q2- Why is important to understand culture and sub culture in order to understand consumer behaviour?
Q3- Highlight the role of opinion leaders, social class and family in shaping and influencing the purchase decisions.