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BBA | Semester III | UK3DSEMGT204

Consumer Behaviour

Course Code: UK3DSEMGT204 • Module 3 Notes

Module 3: Group, Family, and Cultural Influences on Consumers

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1. Reference Group Dynamics and Social Influence

A reference group is defined as any person or group of individuals that serves as a point of comparison, standard of evaluation, or frame of reference for an individual in forming their general or specific values, attitudes, beliefs, or behavior. Human beings are inherently social organisms whose consumption patterns are conditioned by the groups with which they interact or aspire to associate. Reference groups establish behavioral benchmarks that prescribe acceptable social norms, dietary preferences, lifestyle choices, and status symbols.

Typologies of Reference Groups

Sociologists and consumer researchers categorize reference groups across several structural dimensions:

- **Primary Groups:** Small, intimate social aggregations characterized by frequent, direct, face-to-face interpersonal interaction and strong emotional bonds (e.g., immediate nuclear family, close childhood friends, co-living flatmates). Primary groups exert the deepest, most enduring normative influence on foundational brand loyalties and value systems.
- **Secondary Groups:** More formal, structured, and impersonal organizations characterized by less frequent or contractual interaction (e.g., professional bar associations, labor unions, corporate alumni networks, neighborhood civic associations). Influences tend to be role-specific and task-oriented.
- **Aspirational Groups:** Groups to which an individual does not currently belong, but actively desires and strives to join in the future (e.g., aspiring young executives emulating the fashion, luxury timepieces, and executive travel habits of C-suite corporate leaders). Marketers frequently utilize aspirational celebrity endorsers and elite lifestyle imagery to evoke aspirational consumption.
- **Dissociative (Avoidance) Groups:** Groups whose values, lifestyles, and behavioral patterns an individual consciously rejects and wishes to avoid being identified with (e.g., health-conscious consumers deliberately avoiding brands associated with reckless hedonism or fast food culture).

Bourne's Matrix: Product Conspicuousness and Reference Group Influence

Francis Bourne demonstrated that the strength of reference group influence varies systematically depending on two product dimensions: whether the product is a *Necessity versus Luxury*, and whether it is consumed in a *Public versus Private* setting:

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Consumption Setting	Necessity Products	Luxury Products
Publicly Consumed	**Public Necessities:** Weak influence on product choice, but Strong influence on brand selection (e.g., wristwatches, automobiles, formal business suits).	**Public Luxuries:** Strong influence on both product choice and specific brand selection (e.g., sailing yachts, golf club memberships, designer sunglasses).
Privately Consumed	**Private Necessities:** Weak influence on product choice, and Weak influence on brand selection (e.g., mattresses, refrigerators, laundry detergent, bath soap).	**Private Luxuries:** Strong influence on product choice, but Weak influence on brand selection (e.g., home theater sound systems, jacuzzi spas, espresso machines).

Mechanisms of Social Influence

Reference groups influence consumer choices through three distinct psychological mechanisms:

1. **Informational Social Influence:** Occurs when an individual accepts information and opinions from reference group members as reliable evidence of reality, particularly when facing high technical uncertainty or lacking direct product experience (e.g., consulting an enthusiast audio forum before purchasing audiophile headphones).
2. **Normative Social Influence:** Occurs when an individual conforms to group expectations to gain positive social rewards, praise, and acceptance, or to avoid group sanctions, ridicule, and ostracism (e.g., wearing formal dark suits in corporate investment banks).
3. **Value-Expressive Social Influence:** Occurs when an individual adopts group norms and brand choices to express their internalized personal values and self-identity, signaling alignment with a broader community (e.g., driving an electric hybrid to manifest commitment to environmental sustainability).

Opinion Leadership and Word-of-Mouth (WOM) Dynamics

An opinion leader is an individual who informally influences the consumption actions, product evaluations, and brand choices of others within a specific product category. Unlike formal commercial advertisers, opinion leaders are perceived by peers as objective, authentic, and non-commercial sources of category expertise.

Paul Lazarsfeld, Bernard Berelson, and Hazel Gaudet introduced the seminal **Two-Step Flow Model of Communication**, positing that mass media messages do not influence aggregate populations directly; rather, media ideas flow first to active opinion leaders, who decode, filter, and interpret the content before disseminating it through word-of-mouth (WOM) channels to the wider public.

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Dimension	Opinion Leader	Market Maven	Surrogate Buyer
Knowledge Scope	Category-specific expertise (e.g., high-end digital cameras, gaming PCs).	Broad, generalized marketplace knowledge across multiple retail sectors.	Formal, professional expertise hired to execute commercial transactions.
Commercial Motivation	Non-commercial; driven by social altruism, pride, and passion.	Desire to help others find bargains, discounts, and optimal retail stores.	Direct commercial compensation (retained fees or commissions).
Illustrative Example	A tech enthusiast advising colleagues on smartphone hardware.	A consumer who knows where to find the best shopping sales in town.	An interior decorator, stockbroker, or corporate real estate agent.

Methods for Identifying Opinion Leaders

Consumer researchers deploy four primary empirical methodologies to identify opinion leaders within target markets:

- **Self-Designating Method:** Administering questionnaires asking respondents to evaluate the frequency with which friends and colleagues solicit their purchasing advice. Highly practical but prone to subjective over-reporting.
- **Sociometric Method:** Tracing communication networks within a closed social community by asking all members to name the specific individuals they consult for category advice. Highly objective and accurate, but expensive and limited to defined groups.
- **Key Informant Method:** Asking knowledgeable community figures (store managers, teachers, community leaders) to identify the primary category influencers in their locality.
- **Objective (Simulated) Method:** Introducing a novel product to select test subjects and monitoring the transmission speed and breadth of word-of-mouth diffusion over time.

2. Family Buying Roles and Household Decision-Making

The family represents the most influential primary reference group and the foundational consumer decision-making unit (DMU) in modern society. While individual consumers purchase items for personal consumption, household purchasing involves multiple interdependent stakeholders with shared budgets, conflicting preferences, and specialized functional roles.

The Six Consumer Decision Roles within Households

- **Initiator:** The family member who first recognizes an unfulfilled household need and proposes purchasing a product or service (e.g., a child requesting a home computer for schoolwork).
- **Influencer:** Family members whose opinions, technical knowledge, or aesthetic preferences guide the evaluation criteria (e.g., an elder sibling researching computer processing specifications).
- **Gatekeeper:** The member who controls the flow of product information into the household, filtering out unwanted advertising or retail brochures (e.g., a parent screening digital

entertainment subscriptions).

- **Decider:** The individual or coalition possessing formal or financial authority to make the final brand selection and financial commitment (e.g., parents agreeing on the computer budget).
- **Buyer:** The family member who physically or digitally conducts the commercial transaction, delivers payment, and arranges pickup or delivery.
- **User:** The household members who ultimately utilize, consume, or operate the purchased good.

Patterns of Household Decision Authority

Sociologists classify husband-wife decision dynamics across four structural categories:

1. **Autonomic (Unilateral) Decisions:** Purchases where an equal number of autonomous decisions are made independently by either spouse (e.g., husband choosing men's grooming products, wife selecting personal cosmetics).
2. **Husband-Dominant Decisions:** Transactions traditionally led by the husband (historically including life insurance policies, automotive repairs, and hardware tools).
3. **Wife-Dominant Decisions:** Purchases predominantly directed by the wife (historically including daily grocery staples, children's clothing, and home kitchenware).
4. **Syncretic (Joint) Decisions:** High-stakes, collaborative decisions reached through mutual consensus and shared deliberation (e.g., purchasing a family home, selecting children's university education, or planning vacation travel).

Household Conflict Resolution Strategies (Jagdish Sheth)

When family members hold divergent evaluative criteria, households resolve purchasing conflict through four structured strategies:

- **Problem Solving:** Seeking additional objective information, consulting expert third parties, or finding a creative alternative that satisfies all family members' core criteria without compromise.
- **Persuasion:** One spouse attempts to convince the other to alter their evaluative criteria, appealing to shared family goals or long-term financial prudence.
- **Bargaining:** Reaching an explicit transactional compromise across decisions (e.g., "If we purchase your preferred vehicle model, I get to choose our annual vacation destination").
- **Politics:** Forming internal coalitions or misrepresenting financial allocations to secure personal purchasing preferences.

Children as Consumers and Consumer Socialization

Children exert an extraordinary influence on modern household economies, operating simultaneously across three distinct consumer markets:

- **Direct Primary Market:** Children spending their own discretionary allowances on snacks, toys, digital gaming assets, and entertainment.
- **Influence Market (Pester Power):** Children heavily influencing parental purchasing across major household categories, including dining, family vehicles, vacation destinations, and home

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electronics.

- **Future Market:** Cultivating brand associations in early childhood that mature into enduring adult brand loyalty.

Deborah Roedder John formulated the definitive three-stage model of **Consumer Socialization**—the process by which young individuals acquire consumption-related skills, knowledge, and attitudes:

1. **Perceptual Stage (Ages 3 to 7):** Children focus on immediate, concrete perceptual features (bright colors, single salient attributes) and struggle to distinguish commercial advertisements from television programming.
2. **Analytical Stage (Ages 7 to 11):** Children develop functional understanding, processing multiple product attributes simultaneously, recognizing commercial intent, and understanding negotiated trade-offs.
3. **Reflective Stage (Ages 11 to 16):** Adolescents master complex cognitive abstractions, understand symbolic brand meanings, status signaling, social peer group acceptance, and subtle advertising persuasion.

The Modern Family Life Cycle (FLC) and Consumption Transitions

The Family Life Cycle represents the orderly progression of stages through which families evolve over time, characterized by shifting financial resources, household compositions, and consumption priorities:

FLC Stage	Household Demographics	Dominant Financial Dynamics	Primary Consumption Priorities
Bachelor Stage	Young single adults living independently away from parents.	Relatively low income, but high discretionary spending; low financial debt.	Fashion apparel, entertainment, travel, fitness memberships, casual dining.
Newly Married Couples	Young couples without children (Dual Income, No Kids - DINKs).	Highest discretionary income ratio; joint savings accumulation.	Home furnishings, major durable appliances, luxury travel, culinary experiences.
Full Nest I	Married couples with youngest child under six years old.	Income squeezed by mortgage outlays and childcare costs; low liquid liquidity.	Pediatric healthcare, baby food, toys, home safety equipment, life insurance.
Full Nest II	Couples with youngest school-age child (over six years).	Financial position improves as parental career earnings advance.	Educational tuition, sports equipment, musical instruments, large-pack groceries.
Full Nest III	Older married couples with dependent teenage/university children.	Peak earning years; heavy financial expenditures on higher education.	Second family vehicles, tuition funding, replacement home furniture, dental care.

FLC Stage	Household Demographics	Dominant Financial Dynamics	Primary Consumption Priorities
Empty Nest I	Older married couples with adult children living independently.	High discretionary income; home mortgages paid off; financial peace.	Luxury cruise travel, home renovations, healthcare wellness, retirement savings.
Empty Nest II	Retired older couples with reduced pension-based income.	Fixed retirement cash flows; focus on financial capital preservation.	Medical prescriptions, specialized geriatric care, travel insurance, security devices.
Solitary Survivor	Single surviving elderly individual living alone.	Modest fixed income; heightened need for emotional companionship.	Healthcare services, assisted living, specialized domestic support, simple living.

3. Social Class and Stratification

Social class is defined as the hierarchical division of society into relatively permanent, homogeneous strata whose members share similar values, lifestyles, economic resources, educational prestige, and consumption behaviors. Social stratification reflects institutionalized inequality in the distribution of economic wealth, occupational status, and social power.

Measurement Determinants of Social Class

Sociologists evaluate social class status through single-item or composite socioeconomic indices:

- **Occupation:** The single most reliable sociological indicator of social standing, conferring varying degrees of societal prestige, intellectual autonomy, and respect (e.g., surgeons, judges, and corporate executives versus manual laborers).
- **Education:** Dictates cognitive sophistication, cultural capital, communication style, and long-term earning potential. Advanced university degrees strongly correlate with higher social class standing.
- **Income and Wealth:** While income determines purchasing power, wealth (accumulated capital assets, real estate holdings, equity portfolios) determines long-term financial security and intergenerational class inheritance.
- **Warner's Index of Status Characteristics (ISC):** W. Lloyd Warner developed a weighted composite index evaluating four socioeconomic variables: Occupation (weight = 4), Source of Income (inherited vs earned wages, weight = 3), House Type (architectural quality, weight = 3), and Dwelling Area (neighborhood prestige, weight = 2).

Warner's Six Social Class Hierarchy

W. Lloyd Warner's classic stratification divides capitalist societies into six distinct behavioral strata:

1. **Upper-Upper Class ("Old Money"):** Aristocratic social elite possessing inherited family wealth; attend elite academies; engage in philanthropic foundations; practice quiet, refined luxury

without flashiness.

2. **Lower-Upper Class ("Nouveau Riche"):** Highly successful corporate founders, celebrity athletes, and tech entrepreneurs; possess immense self-made wealth; engage in conspicuous luxury consumption to validate newly acquired status.
3. **Upper-Middle Class:** Highly educated career professionals (physicians, corporate lawyers, senior executives, university professors); prioritize intellect, cultural arts, comfortable private homes, and children's elite education.
4. **Lower-Middle Class:** White-collar office workers, school teachers, small business owners, and skilled technicians; hold traditional family values; highly disciplined savers; strive for suburban homeownership and respectability.
5. **Upper-Lower Class ("Working Class"):** Semi-skilled manual laborers and service workers; heavily reliant on weekly wage paychecks; seek immediate practical utility, durable goods, and family recreation.
6. **Lower-Lower Class:** Underemployed or unskilled laborers; chronically resource-constrained; purchase low-cost staples and secondhand goods; focus predominantly on immediate day-to-day survival.

Social Stratification in the Indian Context: The New SEC System

In India, traditional social class measurement has been replaced by the **New Socio-Economic Classification (New SEC)** system established by the Market Research Society of India (MRSI). Unlike older frameworks relying purely on declared income, the New SEC evaluates two objective parameters: (1) *Educational Attainment of the Chief Wage Earner* (ranging from illiterate to post-graduate); and (2) *Number of Specified Consumer Durables Owned* (from an inventory of 11 items including electricity connection, ceiling fan, LPG stove, two-wheeler, color TV, refrigerator, washing machine, personal computer, car/jeep, air conditioner). This grid classifies urban and rural households into 12 standardized grades (A1 to E3), providing a robust, fraud-resistant measure of living standards.

Thorstein Veblen: Conspicuous Consumption and Status Signaling

Thorstein Veblen formulated the sociological critique of consumerism in *The Theory of the Leisure Class* (1899), identifying three prominent status-driven consumption phenomena:

- **Conspicuous Consumption:** The overt acquisition and visible public display of expensive luxury goods and services primarily to flaunt economic power and secure social prestige, rather than for intrinsic functional utility.
- **Conspicuous Leisure:** The visible demonstration of non-productive consumption of time (e.g., mastering polo, aristocratic sailing, extended foreign sabbaticals) signaling that one is exempt from mundane wage labor.
- **Conspicuous Waste:** The deliberate expenditure of resources on frivolous, non-essential goods to demonstrate overwhelming financial surplus.

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4. Cultural and Sub-Cultural Influences on Consumers

Culture represents the complex aggregate of knowledge, beliefs, values, morals, laws, customs, language, and behavioral habits acquired by individuals as members of a society. Culture operates as the "lens" through which individuals view reality and the "invisible hand" that guides consumer priorities.

Geert Hofstede's Cultural Dimensions Framework

Geert Hofstede identified six fundamental cultural dimensions that distinguish national societies and explain global cross-cultural consumer variations:

Dimension	Low Score Spectrum	High Score Spectrum	Strategic Consumer Marketing Implications
Power Distance Index (PDI)	Egalitarian authority; consultative management; flatter social structures.	Hierarchical deference; pronounced status symbols; authority respect.	High PDI cultures display strong demand for prestige luxury status symbols that signal social hierarchy.
Individualism vs Collectivism	Collectivism: Strong group loyalty; family consensus; shame-based culture.	Individualism: Personal autonomy; self-reliance; individual distinctiveness.	Individualistic markets respond to appeals of personal uniqueness; collectivist markets prioritize family well-being and social harmony.
Uncertainty Avoidance (UAI)	Comfort with ambiguity; entrepreneurial risk; flexible guidelines.	Rigid rules; desire for certainty; risk aversion; demand for security.	High UAI markets require extensive warranties, money-back guarantees, and established corporate brand reputation.
Masculinity vs Femininity	Femininity: Quality of life; nurturing; environmental care; consensus.	Masculinity: Material success; ambition; competitive assertiveness; power.	Masculine cultures respond to competitive performance metrics; feminine cultures respond to emotional empathy and work-life balance.
Long-Term Orientation (LTO)	Short-Term: Respect for tradition; immediate results; consumption now.	Long-Term: Perseverance; thrift; sustained investment; future payoffs.	High LTO cultures value durable product longevity, savings accounts, and long-term educational investments.
Indulgence vs Restraint	Restraint: Strict social norms regulating gratification; stoic duty.	Indulgence: Free gratification of human desires; leisure enjoyment.	Indulgent cultures exhibit higher expenditure on leisure entertainment, impulsive luxury treats, and spontaneous social gatherings.

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High-Context versus Low-Context Cultural Communication (Edward T. Hall)

Anthropologist Edward T. Hall distinguished between communication patterns across cultures:

- **Low-Context Cultures (e.g., Germany, Switzerland, United States):** Information is explicitly stated in direct, literal, transparent verbal or written codes. Advertisements must provide detailed factual data, objective technical specifications, and legal contract clauses.
- **High-Context Cultures (e.g., Japan, India, Arab World):** Meaning is embedded within the contextual environment, interpersonal relationships, non-verbal cues, and shared historical background. Advertisements rely on subtle visual metaphors, emotional atmospheres, symbolic gestures, and long-term relational harmony rather than aggressive direct comparative claims.

Warren Keegan's Global Product and Communication Strategies

When entering diverse cultural markets, multinational enterprises select among five strategic product and communication pathways formulated by Warren J. Keegan:

Strategic Option	Product Strategy	Communication Strategy	Typical Illustrative Scenario
1. Straight Extension	Standardized (No change)	Standardized (No change)	Industrial electronics, luxury Swiss watches, consumer electronics with universal utility.
2. Communication Adaptation	Standardized (No change)	Adapted (Localized)	Bicycles marketed as recreational fitness equipment in the West, but basic transportation in developing economies.
3. Product Adaptation	Adapted (Localized)	Standardized (No change)	Automobiles re-engineered with right-hand drive steering while maintaining global brand slogan.
4. Dual Adaptation	Adapted (Localized)	Adapted (Localized)	Packaged food formulations reformulated for local taste profiles and promoted via local cultural narratives.
5. Product Invention	Completely New Product	Completely New Campaign	Low-cost, energy-efficient battery-powered appliances specifically engineered for off-grid rural consumers.

Cultural Rituals and Gift-Giving Dynamics

A ritual is a set of symbolic behaviors that occur in a fixed sequence and tend to be repeated periodically (e.g., weddings, festive celebrations, milestone anniversaries). Rituals involve four structural elements: ritual artifacts (specialized products such as holiday cards, festive confections), ritual scripts (prescribed sequences of conduct), ritual performance roles, and a ritual audience. Gift-giving progresses through three distinct stages: (1) *Gestation:* The giver is motivated by an event or custom to procure a gift; (2) *Presentation:* The physical or symbolic transfer of the item and

immediate recipient reaction; (3) *Reformulation:* The emotional realignment or bonding of the interpersonal relationship following the exchange.

Sub-Cultures of Consumption and Brand Tribes

A **Sub-Culture of Consumption** is a distinctive subgroup of society that self-selects on the basis of a shared commitment to a particular product category, brand, or consumption activity (e.g., vintage motorcycle restorers, marathon runners, organic permaculture gardeners). Bernard Cova introduced the concept of **Brand Tribes**, highlighting how modern consumers seek emotional micro-communities anchored around shared brand rituals and communal gatherings (such as Apple launch queues or motorcycle rallies).

Cross-Cultural Marketing Blunders and Semiotic Pitfalls

Global brand expansions often stumble due to cultural insensitivity, semiotic blindness, or flawed translation of brand names and promotional taglines:

- **Linguistic and Translation Failures:** Literal dictionary translations that inadvertently convey ridiculous, offensive, or contradictory meanings in the host market's native vernacular (e.g., Chevrolet marketing the "Nova" compact sedan in Spanish-speaking Latin America, where *no va* literally translates to "it does not go").
- **Color Symbolism and Semiotic Misalignment:** In Western markets, white denotes bridal purity and peace; in contrast, throughout East Asian and Indian traditions, white is the traditional mourning shade associated with bereavement and funerals. Similarly, green carries sacred religious connotations in Islamic cultures but signifies health hazards or illness in parts of Southeast Asia.
- **Non-Verbal Gestures and Spatial Etiquette:** Displaying the soles of shoes or utilizing the left hand for interpersonal exchanges constitutes an acute cultural insult across the Middle East and South Asia. Global advertisers must audit visual imagery through local cultural semiotics before international broadcast.

Acculturation and Consumer Assimilation Models (John Berry)

In increasingly multicultural and diaspora consumer markets, individuals navigate cross-cultural transitions through **Acculturation**—the psychological and behavioral adaptation process that occurs when individuals relocate into a different cultural environment. John W. Berry formulated a fourfold model of consumer acculturation based on two independent motivations: the desire to maintain one's heritage culture, and the desire to participate in the host culture:

1. **Integration (Biculturalism):** Maintaining traditional cultural heritage values while actively embracing host market commercial practices; represents the most commercially lucrative and adaptable diaspora consumer segment.
2. **Assimilation:** Fully adopting the host country's cultural norms, dietary habits, and brand preferences while abandoning ancestral traditions to integrate seamlessly into mainstream society.
3. **Separation:** Exclusively retaining traditional cultural identity, language, and dietary preferences while deliberately rejecting host culture brands and commercial institutions; served by ethnic

specialty retailers.

4. **Marginalization:** Feeling alienated and detached from both the ancestral cultural heritage and the host society; characterized by erratic consumption and low market involvement.

Generational Age Sub-Cultures

Sub-cultures are identifiable cultural groups within a larger society that share unique beliefs, values, and behavioral habits. Generational cohorts share common formative historical experiences, creating distinct consumption worldviews:

- **Baby Boomers (born 1946–1964):** Value job security, homeownership, and traditional brand loyalty; actively investing in wellness, retirement travel, and healthcare.
- **Generation X (born 1965–1980):** Independent, cynical toward overt corporate advertising, self-reliant; value pragmatic product utility and work-life balance.
- **Millennials / Generation Y (born 1981–1996):** Digital pioneers; prioritize experiential consumption (travel, dining) over material ownership; demand corporate social responsibility (CSR) and brand authenticity.
- **Generation Z (born 1997–2012):** Digital natives; mobilize through social media; champion climate sustainability, inclusivity, and rapid video content; comfortable with creator commerce.

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