

CONSUMER BEHAVIOUR

**DIGITAL NOTES
ON**

CONSUMER BEHAVIOUR

II MBA - III Semester

Department of MBA



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1.REFERENCE GROUPS

Reference groups are groups that serve as a frame of reference for individuals in their purchase decisions. This basic concept provides valuable perspective for understanding the impact of other people on an individual's consumption beliefs, attitudes, and behavior. It also provides some insight into methods that groups can be used to effect desired changes in consumer behavior.

What is a Reference Group?

A reference group is any person or group that serves as a point of companion (or reference) for an individual in the formation of either general or specific values, attitudes, or behavior. The usefulness of this concept is enhanced by the fact that it places no restrictions on group size or membership, nor does it require that consumers identify with a tangible group (i.e., the group can be symbolic: prosperous business people, rock stars, and sports heroes).

Broadening the Reference Group Concept

Like many other concepts borrowed from the behavioral sciences, the meaning of reference group has changed over the years. As originally employed, reference groups were narrowly defined to include only those groups with which a person interacted on a direct basis (e.g., family and close friends).

TYPES OF REFERENCE GROUPS

Reference groups can be classified in terms of a person's membership or degree of involvement with the group and in terms of the positive or negative influences they have on his or her values, attitudes, and behavior. Four types of reference groups that emerge from a cross-classification of these factors:

CONSUMER BEHAVIOUR

1. A **contractual group** is a group in which a person holds membership or has regular face-to-face contact and of whose values, attitudes, and standards he or she approves. Thus a contractual group has a positive influence on an individual's attitudes or behavior.
2. An **aspirational group** is a group in which a person does not hold membership and does not have face-to-face contact, but wants to be a member. Thus it serves as a positive influence on that person's attitudes or behavior.
3. A **dis-claimant group** is a group in which a person holds membership or has face-to-face contact but disapproves of the group's values, attitudes, and behavior. Thus the person tends to adopt attitudes and behavior that are in opposition to the norms of the group.
4. An **avoidance group** is a group in which a person does not hold membership and does not have face-to-face contact and disapproves of the group's values, attitudes, and behavior. Thus the person tends to adopt attitudes and behavior that are in opposition to those of the group.

FACTORS THAT AFFECT REFERENCE GROUPS INFLUENCE

The degree of influence that a reference group exerts on an individual's behavior usually depends on the nature of the individual and the product and on specific social factors. This section discusses how and why some of these factors operate to influence consumer behavior.

1. Information and Experience: An individual who has firsthand experience with a product or service, or can easily obtain full information about it, is less likely to be influenced by the advice or example of others. On the other hand, a person who has little or no firsthand experience with a product or service, and does not expect to have access to objective information about it (e.g., a person who believes that relevant advertising may be misleading or deceptive), is more likely to seek out the advice or example of others.

2. Credibility, Attractiveness, and Power of the Reference Group :A reference group, which is perceived as credible, attractive, or powerful can induce consumer attitude and behavior change. For example, when consumers are concerned with obtaining accurate information about the performance or quality of a product or service, they are likely to be persuaded by those they consider to be trustworthy and knowledgeable.

3. Conspicuousness of the Product: The potential influence of a reference group varies according to how visually or verbally conspicuous a product is to others. A visually

CONSUMER BEHAVIOUR

conspicuous product is one that can be seen and identified by others, and that will stand out and be noticed (e.g., a luxury item or novelty product).

4. Reference Group Impact on Product and Brand Choice : In some cases, and for some products, reference groups may influence both a person's product category and brand (or type) choices. Such products are called product-plus, brand-plus items. In other cases, reference groups influence only the product category decision. Such products are called product-plus, brand-minus items.

5. Reference Groups and Consumer Conformity: Marketers are particularly interested in the ability of reference groups to change consumer attitudes and behavior (i.e., to encourage conformity). To be capable of such influence, a reference group must:

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

The ability of reference groups to influence consumer conformity is demonstrated by the results of a classic experiment designed to compare the effects.

BENEFITS OF THE REFERENCE GROUP APPEAL

Reference group appeals have two principal benefits for the advertiser: they increase brand awareness and they serve to reduce perceived risk.

1. Increased Brand Awareness: Reference group appeals provide the advertiser with the opportunity to gain and retain the attention of prospective consumers with greater ease and effectiveness than is possible with many other types of promotional campaigns.

2. Reduced Perceived Risk: The use of one or more reference group appeals may also serve to lower the consumer's perceived risk in purchasing a specific product. The example set by the endorser or testimonial-giver may demonstrate to the consumer that uncertainty about the product purchase is unwarranted:

CONSUMER BEHAVIOUR

Following are examples of how reference group appeals serve to lower the consumer's perceived risk.

a. Celebrity: Consumers who admire a particular celebrity often have the following reactions to the celebrity's endorsement or testimonial.

For e.g. "She wouldn't do a commercial for that product if she didn't believe it was really good."

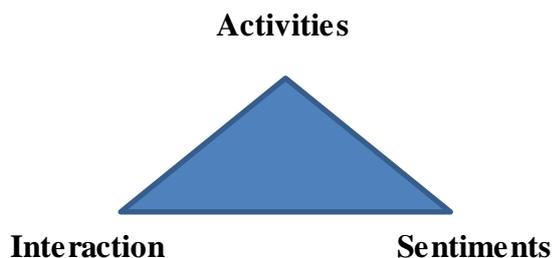
b. Expert. When consumers are concerned about the technical aspects of a product, they welcome the comments of an acknowledged or apparent expert. For e.g. "If he says it works, then it really must work."

c. Common Man. When consumers are worried about how a product will affect them personally, they are likely to be influenced by a common man endorsement or testimonial. For eg. "People just like me are using that product,"

IMPORTANT REFERENCE GROUPS

1. Friendship groups: An individuals for his/her protection self awareness and enhancement needs others around him/her Leon Festinger in his ' A theory of social comparison processes' has claimed that there exists in the human organisms a drive to evaluate his opinions and abilities. If objective non -social means are not available of others. In other words human beings prefer the company of other and these people's opinion also matters to them.

2. Formal social clubs: Human beings are generally considered to be sociable in nature, spend much of his/her time in group situations. They like to be associated with formal social clubs like the Rotary Club, Lions Club etc. formal social systems generally comprises of three elements



3. Shopping friends/groups: According to psychology 'group' refers to the number of people who interact with one another are psychologically aware of one another and perceive they to be a group.

CONSUMER BEHAVIOUR

4. Work Group: This group can comprises of formal work group and informal work group. The formal work groups are those which are deliberately created by companies in order to fulfill specific tasks or functions clearly related to the total organizational goals and objectives. Based on their duration, the formal work groups can be of two types.

a).Permanent formal work group: are parts of the top management team, work units in various departments of the organization staff groups proving specialized services to the line people in the organization, permanent committees and so on.

b) Temporary formal work groups: are committees or tasks forces created for a particular purpose/mission. They may be created to study and review the salary policies to suggest measures to improve the relationship between the union and management or to think of new products and services and so on.

5. Consumer Action groups: A particular kind of consumer group-a consumer action group- has emerged in response to the consumerist movement.

2.FAMILY

The family is a major influence on the consumer behavior of its members. There are many examples of how the family influences the consumption behavior of its members. A child learns how to enjoy candy by observing an older brother *or* sister; learns the use and value of money by listening to and watching his *or* her parents. Decisions about a new car, a vacation trip, or whether to go to a local or an out-of-town college are consumption decisions usually made within the context of a family setting. As a major consumption unit, the family is also a prime target *for* the marketing of many products and services.

The Family

The importance of the family or household unit in consumer behavior arises for two reasons:

1. Many products are purchased by a family unit.
2. Individuals' buying decisions may be heavily influenced by other family members.

CONSUMER BEHAVIOUR

What is a Family?

A *family* is a group of two or more persons related by blood, marriage, or adoption who reside together. The *nuclear family* is the immediate group of father, mother, and child(ren) living together. The *extended family* is the nuclear family, plus other relatives, such as grandparents, uncles and aunts, cousins, and parents-in-law. The family into which one is born is called the *family of orientation*, whereas the one established by marriage is the *family of procreation*. In a more dynamic sense, the individuals who constitute a family might be described as members of the most basic social group who live together and interact to satisfy their personal and mutual needs.

FUNCTIONS OF THE FAMILY

Four basic functions provided by the family are particularly relevant to a discussion of consumer behavior. These include (1) Economic well-being, (2) Emotional support, (3) Suitable family lifestyles, and (4) Family-member socialization.

(1) Economic Well-Being: Providing financial means to its dependents is unquestionably a basic family function. How the family divides its responsibilities for providing economic well-being has changed considerably.

(2) Emotional Support: The provision of emotional nourishment (including love, affection, and intimacy) to its members is an important basic function of the contemporary family. In fulfilling this function, the family provides support and encouragement and assists its members in coping with personal or social problems.

(3) Suitable Family Lifestyles: Another important family function in terms of consumer behavior is the establishment of a suitable lifestyle for the family. Family lifestyle commitments, including the allocation of time, greatly influence consumption patterns. For example, the increase in the number of married women working outside the home has reduced the time they have available for household chores, and has created a market for convenience products and fast-food restaurants.

(4) Socialization of Children and Other Family Members :The socialization of family members, especially young children, is a central family function. In large part, this process consists of imparting to children the basic value and modes of behavior consistent with the culture.

CONSUMER BEHAVIOUR

3. SOCIAL CLASS

By social class we refer to the group of people who share equal positions in a society. Social class is defined by parameters like income, education, occupation, etc. Within a social class, people share the same values and beliefs and tend to purchase similar kinds of products. Their choice of residence, type of holiday, entertainment, leisure all seem to be alike. The knowledge of social class and their consumer behavior is of great value to a marketer.

Social class can be thought of as a continuum which includes a range of social positions on which each member of society can be placed, divided into a small number of specific social classes or strata. Social class is defined as the division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either more or less status.

SOCIAL CLASS AND SOCIAL STATUS

- ❖ Researchers often measure social class in terms of social status, that is, they define each social class by the amount of status the members of that class have in comparison with members of other social classes.
- ❖ Socioeconomic variables such as family income, occupational status or prestige, and educational attainment, as expressions of status are used by marketing practitioners to measure social class.
- ❖ Sometimes it is called **social stratification** – status is frequently thought of as the relative ranking of members of each social class in terms of specific status factors.
- ❖ For instance, relative wealth (amount of economic assets), power (the degree of personal choice or influence over others), and prestige (the degree of recognition received from others) are three status factors frequently used when estimating social class.

SOCIAL CLASS CHARACTERISTICS

Characteristics which determine your social class

- ✚ Money
- ✚ investments, e.g. stock & bonds
- ✚ allowances
- ✚ public assistance of any type

CONSUMER BEHAVIOUR

- ✚ coupons
- ✚ other wealth/assets
- ✚ did you get what you wanted or only what was needed
- ✚ pawned goods
- ✚ living pay check to pay check

Education

- ✚ level attained of self, siblings, parents
- ✚ literacy level
- ✚ private/public
- ✚ Tutors
- ✚ financial aid, e.g. scholarships, grants, loans, bursaries
- ✚ types of books and other reading material in the home
- ✚ study in or out of state

Employment

- ✚ which parents worked
- ✚ what type of work, i.e. occupation
- ✚ hours of work, e.g. shift, part-time, full-time, overtime
- ✚ self-employed or salaried

Housing

- ✚ rented or owned
- ✚ size of home and surrounding land
- ✚ number of floors of home
- ✚ second homes
- ✚ purpose, e.g. to live in or investment
- ✚ safety of neighbourhood/crime rate
- ✚ location, e.g. inner city, suburb, rural location
- ✚ maintenance/repairs done by family or outside help
- ✚ abandoned buildings nearby

Food

- ✚ ate only at home
- ✚ ate with family together
- ✚ ate at restaurants, what kind of restaurants, how often

CONSUMER BEHAVIOUR

- ✚ prices on menu were or were not of concern

Clothing

- ✚ new or 2nd hand
- ✚ name brand
- ✚ need or want

Shopping

- ✚ name brands
- ✚ no-name brands
- ✚ paid in cash or credit card or check
- ✚ coupons

Parents

- ✚ married
- ✚ divorced
- ✚ remarried
- ✚ adoption
- ✚ number of children

Transportation

- ✚ car, type, age, new or used, and how many
- ✚ repair and insurance payment covered by whom
- ✚ children got cars when turned a certain age
- ✚ public
- ✚ bicycle
- ✚ walking
- ✚ other forms of non-essential transportation, e.g. boats, snowmobiles

Health

- ✚ types of doctors
- ✚ Dentists
- ✚ emergency room visits and/or family doctor
- ✚ public or private health insurance, type of coverage
- ✚ vision care
- ✚ "alternative" health care options

Sports

- ✚ need for equipment or not
- ✚ pool or basketball court at home

CONSUMER BEHAVIOUR

Domestic duties

- + hired help
- + which parent doing what chores (Everyday jobs)
- + children doing chores (Everyday jobs) and receiving allowance or not
- + childcare, babysitting

Church involvement

- + which congregation (worshippers)

Furnishings

- + type in home, new or used, style
- + electronic goods, e.g. stereo, computers, appliances
- + Antiques
- + china or silverware, special occasion items

Leisure activities

- + after school
- + Hobby
- + of parents and children
- + private lessons, e.g. piano or tennis

Summer activities

- + stay at home
- + Vacations
- + Camps

Vacation

- + places stayed e.g. tents or motels or hotels
- + where ate food, e.g. cooked own or ate out
- + transportation, e.g. cars or flying
- + visiting relatives or new places
- + outside the country or "exotic" places

SOCIAL – CLASS CATEGORIES IN INDIA**The upper-upper class – club establishment**

- Small number of well-established families
- Belong to best clubs and sponsor major charity events
- Serve as trustees for local colleges and hospitals
- Prominent physicians and lawyers
- May be heads of major financial institutions, owners of major long-established firms
- Accustomed to wealth, so do not spend money conspicuously

CONSUMER BEHAVIOUR

The lower-upper class - new wealth

- Not quite accepted by the upper crust of society
- Represent “new money”
- Successful business executives
- Conspicuous users of their new wealth

The upper-middle class – achieving professionals

- Have neither family status nor unusual wealth
- Career oriented
- Successful professionals, corporate managers, and business owners
- Most are college graduates, many with advanced degrees
- Active in professional, community and social activities
- Have a keen interest in obtaining the “better things in life”
- Their homes serve as symbols of their achievements
- Consumption is often conspicuous

The lower-middle class – faithful followers

- Primarily non managerial white collar workers and highly paid blue collar workers
- Want their children to be well behaved
- Religious
- Prefer a neat and clean appearance and tend to avoid faddish or highly styled clothing
- Constitute a major market for do it yourself products

The upper-lower class – security minded majority

- Solidly blue collar
- Strive for security
- View work as a means to buy enjoyment
- Want children to behave properly
- High wage earners in this group may spend impulsively
- Interested in items that enhance their leisure time
- Males are sports fans, heavy smokers, drinkers

CONSUMER BEHAVIOUR

The lower-lower class – rock bottom

- Poorly educated, unskilled labourers
- Often out of work
- Children are often poorly treated
- Tend to live a day to day existence

THE MEASUREMENT OF SOCIAL CLASS

The measurement of social class as also the techniques to be used, have been a subject of debate.

Researchers have not been able to agree on the methodology that needs to be used for measuring social class. This is because

- i) Varied classifications in form and numbers have been proposed;
- ii) There is lack of clarity with respect to the underlying dynamics and dimensions of social class. Various techniques that are used are: -

- *Subjective Measures:*

- The subjective approach to measure social class requires a self-assessment on the part of the individual who is asked to specify the class to which he belongs.
- In other words, the individual self-perceives his social class in response to a question like, “Which one of the following best describes your social class: the lower class, the middle class, or the upper class?”
- Thus, the person is asked to estimate and specify his own social-class position. The person answers on the basis of his feeling of belongingness and identification with others, as well as class Consciousness.

- *Reputational Measures:*

- The reputational measure to measure social class requires independent informants from the society, to identify and make comments related to the social class membership of people in the community.

CONSUMER BEHAVIOUR

- Sociological researchers as also market researchers select informants within the community, and ask them to assess and make judgment about the class membership of other people in the community.
- Much remains to the discretion of the researcher who is left with the final task of assigning people in the community to the various class categories based on his knowledge, expertise and experience.
- The methods lack reliability and has proved to be impractical, primarily in studies related to
- marketing and consumer behavior. Unlike, sociology, the consumption pattern and resultant behavior may not always be assessed correctly by observers.

- Objective Measures:

- Objective measures make use of demographic and particularly socioeconomic variables for assessing the social class of individuals.
- The researchers use questionnaires that are administered to people in the community.
- Such questionnaires directly or indirectly help in determining their social class. Questions relate to their address (so as to determine place of residence), and particularly to the more important variables like occupation, income and education.
- Such demographic and socioeconomic indicators help determine the social-class membership.
- The objective measures of social class may be divided into two categories, viz., *single variable indexes* and *composite-variable indexes*.

4. CULTURE INFLUENCES ON CONSUMER

For the purpose of studying consumer behaviour, culture can be defined as the sum total of learned beliefs, values and customs that serve to guide and direct the consumer behaviour of all members of that society.

Howard and Sheth have defined culture as “A selective, man made way of responding to experience, a set of behavioural pattern”. Thus, culture consists of traditional ideas and in particular the values, which are attached to these ideas.

It includes knowledge, belief, art, morale, law, customs and all other habits acquired by man as a member of society.

CONSUMER BEHAVIOUR

An accepted concept about culture is that includes a set of learned beliefs, values, attitudes, habits and forms of behaviour that are shared by a society and are transmitted from generation to generation within that society.

CULTURE IS LEARNED THROUGH THE FOLLOWING THREE WAYS:-

- 1. Formal learning:** parents and elders teach children the proper way to behave. For instance, you have been taught that you need to study to be successful and happy in life. This learning may influence your response both as a student and individual towards education.
- 2. Informal learning:** we learn by imitating the behaviour of our parents, friends, or by watching TV and film actors in action
- 3. Technical learning:** instructions are given about the specific method by which certain things to done such as painting, dancing, singing etc.

CHARACTERISTICS OF CULTURE

Although the definitions of culture presented earlier are excellent, they seek to characterize culture in only a few words. It is evident that the concept is difficult to convey clearly in any definition. However, despite the challenges involve in defining the concept, many social scientists agree that the following features are essential.

- 1. Culture is invented:** Culture does not simply “exist” somewhere waiting to be discovered. People invent their culture. This invention consists of three interdependent elements: (1) an ideological component that consists of the ideas, beliefs, values and ways of reasoning that human beings learn to accept in defining what is desirable and undesirable; (2) a technological component that consists of the skills, crafts, and arts that enable humans to produce material goods derived from the natural environment; and (3) an organizational component (such as the family and social class) that makes it possible for humans to coordinate their behavior effectively with the actions of others.
- 2. Culture is learned:** Culture is not instinctive, but is learned beginning early in life and is charged with a good deal of emotion.

The great strength of this cultural stamp handed down from one generation to another is such that at an early age, children are firmly imbued with their culture’s ways of acting, thinking,

CONSUMER BEHAVIOUR

and feeling. This obviously has important implications for the behavior of consumers because these preconditions of that behavior are moulded by their culture from birth.

3. Culture is Social Shared: Culture is a group phenomenon, shared by human beings living in organized societies and kept relatively uniform by social pressure. The group that is involved in this sharing may range from a whole society to a smaller unit such as a family.

4. Cultures are Similar but Different: All cultures exhibit certain similarities. For example, each of the following elements is found in all societies: a calendar, cooking, courtship, dancing, education, family, gestures, government, housing, language, law, music, and religious ritual. There is, however, great variation from society to society in nature of each of these elements, which may result in important consumer-behavior differences around the world.

5. Culture is Gratifying and Persistent: Culture satisfies basic biological needs as well as learned needs. It consists of habits that will be maintained and reinforced as long as those who practice them are gratified. Because of this gratification, cultural elements are handed down from generation to generation. Thus, people are comfortable doing things in the customary way, such as traditional marriage found in Nigeria. Our thorough inculcation with culture causes it to persist even when we are exposed to other cultures. No matter where we go or what we do, we cannot escape our cultural heritage.

6. Culture is Adaptive: In spite of our resistance to change, cultures are gradually and continuously changing. Some societies are quite static, with a very slow rate of change, while others are more dynamic, with very rapid changes taking place.

7. Culture is Organized and Integrated: A culture “hangs together” that is, its parts fit together. Although every culture has some inconsistent elements, it tends to form a consistent and integrated whole.

8. Culture is Prescriptive: Culture involves ideal standards or patterns of behavior so that members of society have a common understanding of the right and proper way to think, feel, and act. Norms are society’s rules or guidelines specifying what behavior are appropriate or inappropriate in given situations.

But in our culture today, time scarcity is a growing problem, which implies a change in meals.

CONSUMER BEHAVIOUR

SOME CHANGES IN OUR CULTURE:

1. **Convenience:** as more and more women are joining the work force there is an increasing demand for products that help lighten and relieve the daily household chores, and make life more convenient. This is reflected in the soaring sale of Washing machines, microwaves, Pressure cookers, Mixer grinders, food processors, frozen food etc.
2. **Education:** People in our society today wish to acquire relevant education and skills that would help improve their career prospects. This is evident from the fact that so many professional, career oriented educational centers are coming up, and still they cannot seem to meet the demand. As a specific instance count the number of institutions offering courses and training in computers that has opened in your city.
3. **Physical appearance:** Today, physical fitness, good health and smart appearance are on premium today. Slimming centers and beauty parlors are mushrooming in all major cities of the country. Cosmetics for both women and men are being sold in increasing numbers. Even exclusive shops are retailing designer clothes.
4. **Materialism:** There is a very definite shift in the people's cultural value from spiritualism towards materialism. We are spending more money than ever before on acquiring products such as air-conditioners, cars CD players etc, which adds to our physical comfort as well as status.

TYPES OF CULTURE

1. National culture - The culture prevalent in a nation, common to everyone
2. Popular culture - The culture of the masses with norms of mass appeal
3. Subculture - The culture of a group within the larger society or Group identification based on nationality of origin, race, region, age, religion, gender, etc.
4. Corporate culture - The Company's values, rituals, customs, myths and heroes

HOFSTEDE'S FIVE DIMENSIONS OF CULTURE

- ✚ Culture has a profound impact on the way consumers perceive themselves, products they buy and use, purchasing processes, and the organisations from which they purchase.
- ✚ Marketers, however, are giving more attention, to understanding macro cultures and how they affect consumer behaviour.

CONSUMER BEHAVIOUR

- ✚ Hofstede found five dimensions of culture that are common among 66 countries.
- ✚ These dimensions serve as a foundation for characterizing, comparing and contrasting specific national cultures, and they are helpful in identifying environmentally sensitive segments of the market.

MEASUREMENT OF CULTURE: -

The study of culture and its estimation is known as measurement of culture. As discussed in an earlier context it can be done thro' the measurement of attitude, motivation, perception & personality. There are some other methods too: -

1. **Content Analysis:** This is an objective method of analysing the content of all available sources of verbal, written, pictorial messages & communication about a society. The marketers use the content analysis to understand the effects of cultural shifts on consumption pattern.
2. **Consumer Fieldwork:** this involves the quantitative & qualitative techniques of consumer research to understand the influence of their culture on their behaviour and its subsequent effect on their consumption patterns. Researchers use various methods like observation (both participative & non-participative), focus groups; in-depth interviews to not only understand consumption in the cultural context, but also to identify emerging cultural shifts.
3. **Value Measurement Survey Instruments:** In this researchers use data collection instruments called value instruments to ask people how they feel about such basic personal & social concept as freedom, comfort, national security, peace, etc. There are three popular methods :-

5. SUBCULTURES AND CONSUMER BEHAVIOUR

Culture can be divided into subcultures. A subculture is an identifiable distinct, cultural group, which, while following the dominant cultural values of the overall society also has its own belief, values and customs that set them apart from other members of the same society.

Sub-culture categories are:

- Nationality: Indian, Sri Lanka, Pakistan
- Religion: Hinduism, Islam

CONSUMER BEHAVIOUR

- Race: Asian, black, white
- Age: young, middle aged, elderly
- Sex: Male, Female
- Occupation: Farmer, teacher, business
- Social class: upper, middle, lower
- Geographic regions: South India, North-eastern India.

1. NATIONALITY SUBCULTURES: Although most U.S. citizens, especially those in the United States, see themselves as American, they frequently retain a sense of identification and pride in the language and custom of their ancestors. When it comes to consumer behavior, this ancestral pride is manifested most strongly in the consumption of ethnic food, in the purchase of numerous cultural artifacts (ethnic clothing, art, music, foreign-language newspapers). Interest in these goods and services has expanded rapidly as younger Americans attempt to better understand Dominant Cultural Traits of United –States Citizens and more closely associate with their ethnic roots.

2. RELIGIOUS SUBCULTURES: The United States reportedly has more than 200 different organized religious groups. The members of all these religious groups at time are likely to make purchase decisions that are influenced by their religious identity. Consumer behavior is directly affected by religion in term of products that are symbolically and ritualistically associated with the celebration of various religious holidays. For example, Christmas has become the major gift –purchasing season of the year.

3. GEOGRAPHIC AND REGIONAL SUBCULTURES: The United States is a large country, one that enjoys a wide range of climatic and geographic conditions. Given the country's size and physical diversity, it is only natural that many Americans have a sense of regional identification and use this identification as a way of describing others (such as "he is a true Southerner). These labels often assist us in developing a mental picture and supporting stereotype of the person in question.

4. RACIAL SUBCULTURES: The major racial subcultures in the United States are Caucasian, African-American, Asian- American, and American Indian. Although differences in lifestyles and consumer spending patterns exist among these groups, the vast majority of

CONSUMER BEHAVIOUR

racially oriented consume research has focused on consumer differences between African-Americans and Caucasians. Only recently has particular research attention been given to Asian-American consumers.

Asian-American Consumers

The Asian-American population is currently more than seven million in size and is the fastest growing American minority. For example, between 1980 and 1990, the white, African-American, and Hispanic populations in the United States grew 6, 13 and 53%, respectively; during this same time period, the Asian population grew by 108%. Asian-Americans are largely family-oriented, highly industrious and strongly driven to achieve a middle-class lifestyle, they are an attractive market for increasing numbers of marketers.

Where Are the Asian-American?

Asian-Americans are largely urban people, who are presently concentrated in a small number of large American cities. Most Chinese, as well as most Asian-Americans, do not live in downtown urban areas; they live in the suburbs.

Understanding the Asian-American Consumer

Local newspapers and weekly newsmagazines frequently portray the accomplishments of Asian-Americans, who have shown they to be hardworking, very family-oriented and strivers for excellence in educational pursuits. Asian-American children have consistently won a substantial share of academic awards and scholarships.

5. AGE AS SUBCULTURES:-Each major age sub grouping of the population might be thought of as a separate subculture, because important shifts occur in the demand for specific types of product and services. Age subculture has three additional groups: Generation X, baby boomers and the mature and elderly.

6. Gender as A Subculture:-Consumer products and sex roles within every society, it is quite common to find products that are either exclusively or strongly associated with the members of one sex. In the United States, for example, shaving equipment, cigars, pants, ties, and work clothing were historically male products; bracelets, hair spray, etc generally were considered feminine products.

Despite the fact the line between “male only” and “female only” products has become blurred in recent years, consumers tend to impute a sex, or gender, to products. For this

CONSUMER BEHAVIOUR

reason, advertising executives should consider not only the sex of their target market but also the perceived sex of the product category in the development of their advertising campaigns.

CROSS CULTURAL CONSUMER BEHAVIOUR

Cross-cultural marketing is defined as “the effort to determine to what extent the consumers of two or more nations are similar or different. This will facilitate marketers to understand the psychological, social and cultural aspects of foreign consumers they wish to target, so as to design effective marketing strategies for each of the specific national markets involved.”

A company can enter a foreign market as a

1. Domestic exporter
2. Foreign importer
3. Foreign government-solicit the firm to sell abroad

Characteristic features of a firm going global:

1. High market share in the domestic market
2. Advantageous economies of scale
3. Access to marketing/manufacturing bases across global borders
4. Availability of resources and capability to absorb huge losses
5. Product/technology clout
6. Cost and differentiation advantages

Problems in Cross Cultural marketing

1. **Problems related to product selection:** The marketer going for cross cultural marketing has to select the customers/ market not on the basis of the superficial similarities of age or income, but by using the real motivating factors that prompt them to accept or reject products.
2. **Problems related to promotion/marketing communication:** e.g. Ariel in the Middle East and also Pepsi
3. **Problems related to pricing:** the marketer has to adjust his pricing policies according to the local economic conditions and customs.
4. **Problems related to selection of distribution channels:** in Japan, P & G used this to sell soap