

The Role of Reference Groups in Brand Choice and Purchase Decision A Case Study of Working Women in Select Educational Institutions

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Abstract

Consumer behaviour is one of the most extensively researched areas in the field of marketing and management. While there is abundance of data, the rapidly changing trends and decision making patterns of the consumers had always giving a task to marketers in designing an appropriate viable strategy. The consumer reference groups have always had a major role in influencing the decision making processes of the consumers, but the various ways how they affect the decisions and choices are varied. The influence of reference groups can be studied only individually in different types of products or services since the preferences and the factors affecting these can be varied in different product and service lines.

On the other side, there is influence of reference groups in symbolic consumption of consumers. It is the term used when a consumer purchases or uses a product as a result of emotional driving factors as opposed to functional driving factors. The symbolic meaning associated with the product may greatly affect its adoption and use. The term is used to describe the phenomenon whereby people consume to reflect their sense of self identity. Since clothing is one way which working women use to express themselves in terms of individuality and freedom, the concept has been used to understand their preferences and affect of reference groups on the same.

This paper aims at studying the role of the reference groups in respect of working women, who are teachers serving in various educational institutions in a two tier city, and also examine the degree to which the consumers are influenced by these reference groups making them indirectly participate in symbolic consumption with or without their knowledge and involvement. After analysing the data, it can be inferred that reference groups had little or no effect on the purchase decision or choices of consumers in the sample. It was further found that the sample did not consider brands as a driving force for purchase of a product.

Key words:

Working Women, Reference Groups, Buying Decision, Symbolic Consumption

1. Introduction:

Marketers and businesses in the last four decades have been seeing a paradigm shift in the way consumers have made their decisions and have been rapidly changing their decision making patterns. There were various studies that researchers focussed on and came out with comprehensive and empirical results and data that helped marketers around the world make better decisions and marketing strategies and become more successful.

Of these various aspects that were studied, symbolic consumption is one of the recently but widely used terms by marketers. It refers to the meaning making properties of what consumers purchase, display and use. It has also been of great utility in other fields like sociology, anthropology, economics and marketing.

Symbolic consumption is the term used when a consumer purchases or uses a product as a result of emotional driving factors as opposed to functional driving factors. The symbolic meaning associated with the product may greatly affect its adoption and use. The term is used to describe the phenomenon whereby people consume to reflect their sense of self identity. It reminds us of the socially assigned meaning to goods, often tied to desirable attributes for certain identifiable groups in specific contexts. It refers to the meanings conveyed by goods or other consumables, such as apparel, food, living, entertainment, leisure activities, cultural practices, and group membership in a broader social group.

Consumers have constantly posed challenges to marketers in a way that they accept a strategy better than another for no reason in particular and have sometimes left the researchers perplexed about the reasons behind the acceptance of another. Researchers have always tried to understand the reasons behind the success of one strategy over the other. This can more be attributed to the fact that consumer behaviour is one field or aspect that has the highest number of factors affecting it.

The driving factors that make the consumer to consume or not a particular product are varied and influence the process in various possible combinations of these individual factors. Amongst all the factors, given the advent of globalization and multi national brands, consumers get a chance to connect with certain groups or individuals who they can relate to at an individual or a group level in terms of social status, fashion, lifestyle, success or just personal liking. Hence, came the concept of reference groups.

A reference group can be defined as an individual or groups that influence our opinions, beliefs, attitudes and behaviours. They are considered to be that group whose presumed perspectives or values inspire and influence how consumers interpret information and make a purchasing or buying decision.

Reference groups influence the type of products or the brand of product the consumer chooses. There are types of reference groups. A *normative reference group* influences your norms, attitudes, and values through direct interaction. Examples of normative reference groups include your parents, siblings, teachers, peers, associates and friends. A *comparative reference group* is a group of individuals whom we often compare and aspire to be like. Examples include celebrities and heroes. Other formal groups like clubs, associations and religious groups can also be considered as comparative reference groups.

An individual generally refers to any one of the following types of reference groups to build his/her behaviour

i) The groups that serve as comparison points:

Here, the individual compares himself, his attitudes, his behaviour and his performance with the group of members. Thus, he may feel poor if members are richer than himself or vice-versa.

ii) Groups to which a person aspires to belong:

Here, the individual aspires to be the member of such group and imitates the behaviour of that group including buying behaviour. Thus, the group may be of higher social status or a cult group such as ‘hippies’ or the ‘jet-set’.

iii) Groups whose social perspectives are assumed by the individual as a frame-work of reference for his own actions:

Here, an individual may adopt the views of the group without becoming a member. A person needn't be a professional fashion designer to have the opinion and outlook of a professional one.

In today's society consumers are mostly socialites, and face a number of group situations, and accept information provided by their groups on products, price, performance, style and the like. It is group norms that direct the attention of its members towards a new product, a new brand. These reference groups have face to face interactions that provide word of mouth communication which is more powerful than formal advertising. A satisfied customer becomes the salesman of the product.

Considerable amount of work has happened in the area of the influence that the reference groups have on consumers. While various studies and papers cover the aspect in individual dimensions, this paper tries to consider the symbolic meanings these groups attribute to products and how it influences the consumers to make their decisions.

1.1 Aim:

The study is made to get a detailed understanding of how reference groups understand symbolic consumption and whether they intentionally or unintentionally indulge in it while simultaneously influencing others in consuming a product or service. Since brands are one huge examples of symbols of status or modernity, this study focuses specifically how brands are considered as symbols by these reference groups and how the consumers are influenced in their purchase decision.

1.2 Research Questions that are addressed in this paper:

- i. Whether reference groups are an essential part of the consumer's lifestyle?
- ii. Do the choices of the major role players in reference groups influence the product or brand choices?
- iii. Will there be a change in the degree of acceptance among the group members with the use of these products?
- iv. Do marketers have a scope of better understanding leading to effective segmenting, targeting and positioning (STP) strategies, if they find the right products of choice amongst larger demographic groups?

1.3 Research Gap:

There has been vast and abundant amount of research work that has been done in the aspect of reference groups and consumer buying behaviour. But, each study takes up a different sample in various countries across the world or various regions and age groups amongst a population. While there is such abundance of data, it cannot be directly applied to a larger demographic group straight away by the marketers.

Specific studies pertaining to the preferences, choices and factors affecting their purchase decisions have not been made with smaller sections of the consumers, results of which can be applied in a larger demographic for that particular segment. So this study aims at bridging the gap. A smaller targeted segment, working women – teachers in this case, were considered as a sample for obtaining reliable empirical data on the effect that reference groups have on their purchase decisions and choice of apparel.

The empirical data that is obtained by various such pilot studies gives marketers a larger or a bird's eye view of the preferences, choices and behaviour patterns of consumers in relation to the specific reference groups that effects them and leaves marketers with the suitable choice that can be used to attain maximum reach.

2. Review of literature:

The term reference group was introduced by Hyman (1942) where he referred to it as “a person or a group of persons which significantly influences an individual’s behaviour”. In other words, it is a group whose accepted perspectives or values are being used by an individual as the basis of his or her behaviour. For those thus influenced by these groups, the norms and values and provided by the group can sometimes become a determining view point for the mode of thoughts and actions.

A reference group is defined as “an actual or imaginary individual or group conceived of having significant relevance upon an individual’s evaluations, aspirations, or behaviour” (Park & Lessig, 1977). Reference groups are usually conformed by the social network of an individual: family members, friends and colleagues, and inspirational figures (Bachmann, John & Rao, 1993). Given that social networks are conformed in different manners in different cultural contexts, reference group influence varies across cultures (Childers & Rao, 1992).

Reference groups have basically two functions (Kelley, 1965): A normative function that sets and enforces standards for the individual, and a comparative function that serves as a comparison point against which an individual evaluates himself and others (Cocanougher & Bruce, 1971). Marketing and consumer behavior scholars have shown that reference groups influence consumer choice, especially for branded products such as candy (Ratner & Kahn, 2002), clothing (Batra, Homer & Kahle, 2001), snack foods (Ratneshwar & Shocker, 1991), mineral water and sodas (Van Trijp, 1994), fragrances (Chow, Celsi & Abel, 1990), and wine (Quester & Smart, 1998).

Bearden & Etzel (1982) attributed a significant part of this variation in choice to individual differences in consumer susceptibility to normative influence. In a study of wine brand choice, Orth & Kahle (2008) have found individuals higher on internal values and with more complex social identities were less susceptible to normative influence and placed less emphasis on social brand benefits. They have also shown that reference group salience interacts with personal values and social identity complexity in affecting consumer susceptibility to normative influence, which in turn affects consumer brand choice.

The effects of innovativeness and attention to social comparison information on normative and informational dimensions was examined by Clark & Goldsmith (2006) and found that innovativeness is associated with susceptibility to informational influence despite a resistance to normative influence. In simple words a reference group is any person or group that serves as a point of comparison (for reference) for an individual in forming either general or specific values, attitudes, or behavior (Schiffman & Kanuk, 2000).

From the consumer behavior perspective, reference groups serve as frames of reference for individuals in their purchase or consumption decisions (Schiffman & Kanuk, 2000). Promotional strategies adopted by the marketers in using celebrities and the subtle use of group influence in their advertisements, clearly indicates the growing awareness on the part of marketing and advertising practitioners regarding the influence of reference groups in purchase decisions (Khan, 1988). For example, by using reference groups in their advertisements, Blackberry Mobile Systems¹⁷ are communicating the message that they are meant not only for the business executives but also for all those who are actively into mobile messaging, net surfing, film making, fashion designing, etc. From a consumer behavior perspective, it appears that products and brands that individuals choose can be influenced by their reference groups (Bearden & Etzel, 1982).

Reference group influence in marketing is not limited only to well-known personalities. Any group whose qualities a person admires can serve as a reference (Stanton, Etzel & Walker, 1994). Sometimes products may serve as symbols, and hence may be evaluated, purchased and consumed based upon their symbolic content (Zaltman and Wallendorf 1979, Ch. 8).

The initial models (Cohen, Fishbein and Ahtola, 1972; Zajonc and Hazel, 1982; Burke and Edell, 1989) on consumption revolve around the “economic man” concept, which propose that a cognitive approach is used by the consumer by which he evaluates the value of the various products based on their attributes and then chooses a product that maximizes his utility.

3. Methodology:

For the purpose of this study, the sample universe that was considered was all the working women in tier-2 city (Visakhapatnam) in India. The sample frame considered was the working women who were working in/affiliated to schools and educational institutions in the same city. As a sample, group of 75 working women were taken from the sample frame. The sample unit here is a working woman.

The sample was a probability sample and methodology followed was stratified simple random sampling. The strata considered here were the teachers teaching at primary, middle school and also high school. The samples were chosen 25 in each stratum, so that the observations could be consistent with the real time preferences across the entire sample and the results could be more reliable.

A detailed interview was conducted with a questionnaire to get the data which was analysed. For the convenience of study, a majority of these women were taken between the age group of 25-40 so that the data obtained would be of significant value and utility while considering marketing strategies for this group.

The data was collected from the chosen sample in various categories like demographics, spending preferences and lifestyles. The study presents answers to the major research questions that were raised in the paper through analyses of the primary data collected from the sample respondents.

Data Analysis :

The demographic data was first analysed and it is observed that 50% of the respondents belonged to the age group of 30-40 years, 22% between 20-30 years and 28% belonged between 40-50 years. The median age of the sample is 34.

It was interesting to note that there was also a direct proportion between the income and the percentage of income they allocated on their personal spends for clothing. Personal spend was in most cases 10-15% of their income. With increase in income, the part of it that was used for personal spends also proportionally increased. The following chart shows the comparison between the two.

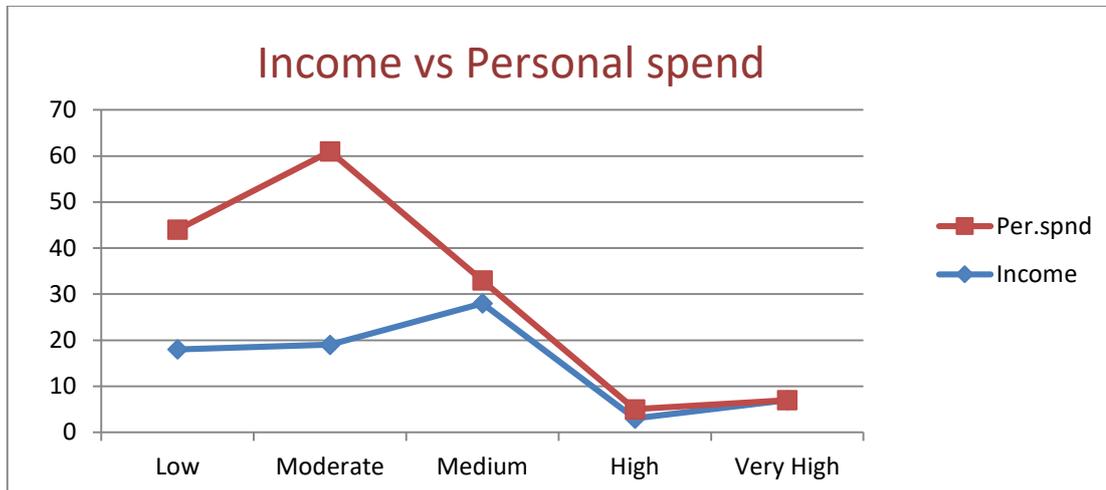


Chart 1

An effort was made to understand the nature of the respondents and it was quite clear in the results that we were dealing with a group of dynamic, modern working women with a positive attitude and also self confidence. While 20% of the respondents felt that they strongly agreed to have more self confidence than others, a larger part of them, i.e. 50% agreed to the same. A smaller portion of them, <10% neither agreed nor disagreed with the statement while the remaining disagreed to it. Also all the respondents were party to the statement that everything is changing too fast today. This made the group of respondents a dynamic one. 86% of the respondents also wanted to try things differently and in new ways.

Since the study was being made in the clothing decisions and choices, and symbolic consumption was a lesser known concept, a trial was made to find the importance of clothing in the minds of the respondents and also to find if the respondents indulged in symbolic consumption. Almost all of them, 96% of them either agreed or strongly agreed that it is important to be well dressed. And 84% also agreed that clothing is an important means of expressing their individuality.

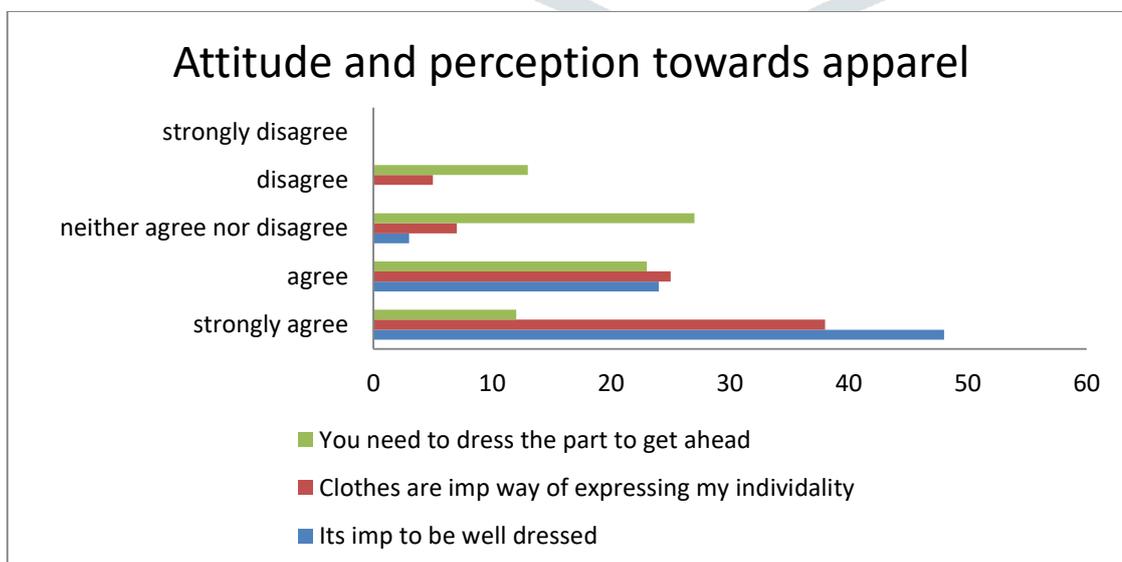


Chart 2

An interesting part of the respondents, 46% agreed that they need to dress well to get ahead and 36% neither agreed nor disagreed. There were also 18% who disagreed with the same. A comparison was made between these three factors and the *chart 2* helps us understand the responses. It could be deciphered that a larger part believes in being well dressed and the edge they achieve by doing so. It could be an important aspect for marketers to concentrate and work in their strategies.

Since reference groups and their effect on the behaviour of the respondents was a major area of study in the paper, a comparison was made between how important the respondents felt to be a part of the group and how the group affects their choices. While 69% of the respondents felt it was important to be and feel as a part of a group, there were around 16% who neither agreed nor disagreed with this stance. There were 15% who did not feel necessary to feel as a part of a group. On the contrary, there were only 56% who agreed that reference groups have an effect on their choices. 4% of them neither agreed nor disagreed to it while 40% disagreed that reference groups have an effect on their choice. The *chart 3* below shows a comparison between the two.

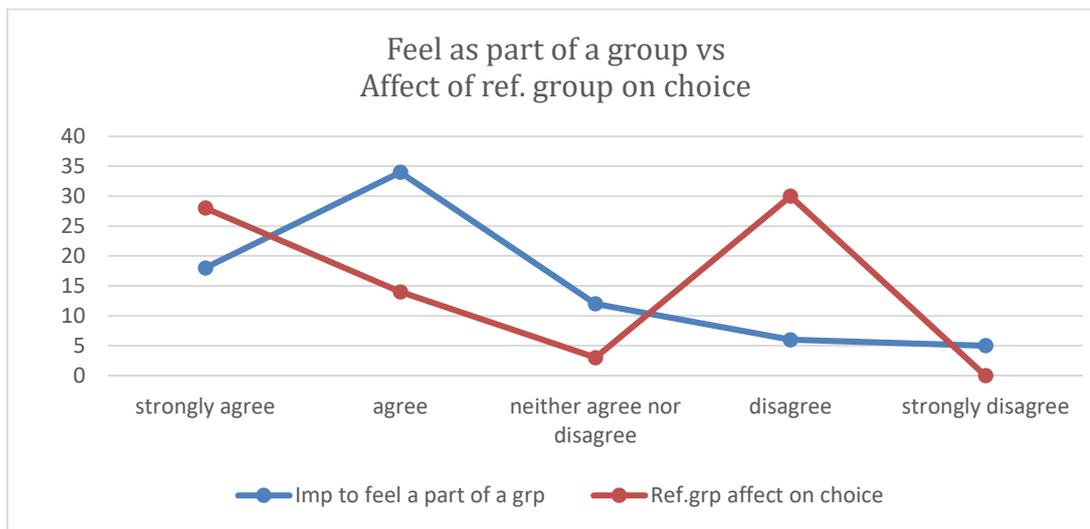


Chart 3

A comparison was also made to understand the responses of the sample to contrary questions in different ways. The results obtained were a confirmation that the respondents understood their preferences and also the factors that affect them quite clearly.

The respondents were also questioned upon work place related trends and preferences. The data collected was compiled in the following chart. A majority of the women, 84% stated that they mostly buy clothes that suit their work place. The remaining 16% neither agreed nor disagreed to it. There was a proper normal distribution in the responses where respondents were asked if they bought clothes that are close to what their colleagues used at their work place. Also about 88% agreed or strongly agreed that their preferences depended on the trends at work place. From this result, the sample have expressed their intention of maintaining the trend at work place while not exactly preferring to have exactly what others wear at the work place.

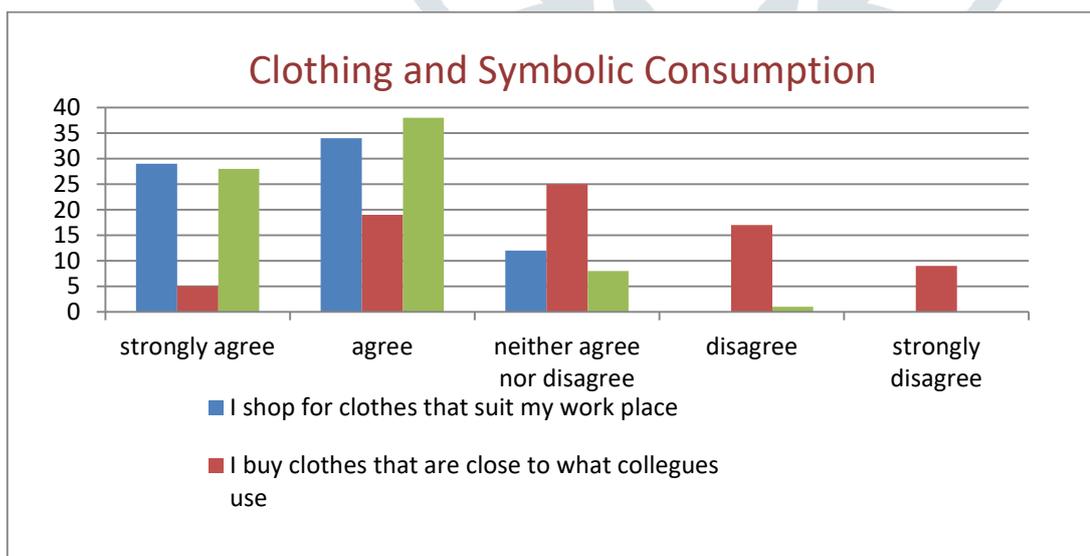


Chart 4

4. Statistical Analysis :

Statistical analysis for the data that was obtained had been done. Since this analysis provides us with empirical data and gives us proven results which we can rely upon, it has been performed for the data that was tabulated.

Test 1 :

Chi square test had been done on the reference group effect on choice, since it was the main research question that had to be answered.

The results for the chi square test were as follows:

All the 75 respondents were asked to express their opinion on reference groups' effect on choices in four categories like nil, moderate, high and very high. The results obtained were 30, 28, 14 and 3 respectively.

- (i) Test whether the observed results diverge significantly from the results to be expected if there are no preferences in the group.
- (ii) Test the null hypothesis that "there is no difference between effects of reference groups within the respondents".
- (iii) Interpret the findings.

	Exp f	Obs f	fo-fe	(fo-fe) ²	(fo-fe) ² /fe
Nil	18.75	30	11.25	126.5625	6.75
Moderate	18.75	28	9.25	85.5625	4.563333
High	18.75	14	-4.75	22.5625	1.203333
Very high	18.75	3	-15.75	248.0625	13.23
					25.74667
<i>df</i> is 3					3
P < 0.01					
Chi Square table value is 11.34					

Since the obtained value of the chi square test that is 25.75 is significantly higher than the table value of 11.34, the null hypothesis has been rejected. Reference groups have varying effects on the choices of the customer. From the table, it can be observed that reference groups largely do not affect our sample respondents or just have a moderate effect on them.

Test 2:

The second chi square was on consideration of brands while shopping. The respondents were asked to choose among

- i. I would buy only branded products which I always use
- ii. Just a branded product no matter which brand.
- iii. A look alike of a branded product at a much lower cost
- iv. I don't bother about the brand as long as I like the product

And the responses were 18, 14, 1, and 42 respectively.

The null hypothesis (H_0) was that everything has equal effect in considering brands while shopping.

Following the same procedure as for the first test, the chi square test was performed. The table below shows the results.

	Exp f	Obs f	fo-fe	(fo-fe) ²	(fo-fe) ² /fe
Opt A	18.75	18	-0.75	0.5625	0.03
Opt B	18.75	14	-4.75	22.5625	1.203333
Opt C	18.75	1	-17.75	315.0625	16.803333
Opt D	18.75	42	23.25	540.5625	28.83
					46.86667
<i>df</i> is 3					3
P < 0.01					
Chi Square table value is 11.34					

The obtained value and table value also significantly had a difference and the obtained value was very much higher than the table value. Hence we reject the null hypothesis.

From the data obtained in the survey, many of the respondents said that they do not bother about the brand as long as they like the product.

6. Research findings:

- i. Modern working women, though in varying income groups, have expressed a good deal of self-confidence and dynamism. They were in acceptance of the fact that it's a fast changing world and we need to keep up with the change. It can be determined from their responses that these women consider clothing as an important means of communicating and expressing their individuality.
- ii. Further, it can also be established that reference groups are a major part of their daily routine and lifestyles. A majority of the women seemed to express the need to feel a part of a group and dress well to get ahead. This ensured that the women considered clothing for a symbolic value above mere comfort and utility.
- iii. It is also observed that, friends and family were the company which they preferred while shopping.
- iv. It is to be noted that around 10-15% of the income was used for personal spends on clothing and that was uniform across the sample irrespective of the income levels. The directly proportional relationship between the two is of importance.
- v. An interesting point to note is that a huge majority of these women chose to shop in malls and centres rather than smaller boutiques.
- vi. It can also be said that these women indulged in symbolic consumption by agreeing to the fact that clothes are a way of expressing themselves and also that dressing styles and dressing your part are essential to move ahead. They were buying clothes not just for the utilitarian value but for a symbolic value. They also expressed their need to be a part of the group where it calls for symbolic consumption of these products again.
- vii. While keeping this in mind, a lot of them also wore clothes that suit their work place and confirmed that their buying depends upon the trends at their work place while claiming that their choices were mostly dependent primarily on their personal liking and nothing else.

7. Suggestions and Conclusions :

- i. A number of important findings can be used by marketers to design the perfect marketing strategy for targeting working women who are teachers in schools in tier-2 city. Since almost all of them agreed that they feel dressing-well is important, they can showcase the same as a concept in their advertisements.
- ii. If a brand wants to position itself as a clothing line for working women, they can also showcase clothing as a representation of confident, bold and strong women as a number of these working women looked at them as so.
- iii. Brands / companies can project their clothing lines as a clothing benchmark for working women, so that they feel satisfied buying them. They can also market themselves as different from regular as women do not usually like using what exactly the colleagues use. This is also an indication that these brands need to keep changing their styles frequently so that they stay attractive for the working women.
- iv. The research has keenly concentrated on the effect that reference groups had on the choice and buying decision of working women in the modern society. As the sample was a random one and specifically teachers took the survey, the results could directly be applied to the larger lot of the society.
- v. It can also further be added that most of the working women participate or indirectly indulge in symbolic consumption for the purpose of satisfying their liking and to be a part of their work place and friends groups.
- vi. In the Indian scenario, especially in the tier-2 cities where women still use a lot of Indian ethnic dressing style, there are numerous indigenous brands while there is also a surge in bigger brands in that segment. So for these set of women it is not the brand but their ease and comfort that comes first.

8. Conclusion:

From the findings of the study it can be concluded that working women in tier-2 cities are quite dynamic in their outlook and approach. Marketers have a task at hand in satisfying the needs of these women since their preferences and choices are quite complex in nature. While it is important for them to feel as a part of a group, they do not want to be the same as any other member of the group. They want to be unique and different while maintaining the prevalent trend at their work place. This leaves companies and brands having to keep on changing their shelves from time to time while catering to the tastes and choices of these women.

It can also be concluded that these brands and companies need to design, market and position apparel as a means of communicating the identity, confidence and self-respect of women since that is what modern day working women expect out of their clothing/apparel.

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