

Academic Script

Objectives:

- 1) To understand the power of reference groups.
- 2) To study the reference group appeals and celebrities.
- 3) To understand the functions of the family.
- 4) To study and understand the family decision making

Introduction:

Reference groups are people in a consumer's micro-social environment who are salient or relevant for the consumer. Reference groups can influence an individual's cognitions, affective responses, and behaviours. The many types of reference groups include formal, informal, primary, secondary, membership, inspirational, and dissociative. Combinations of these are possible.

There are three basic types of reference groups: informational, utilitarian, and value expressive.

Informational influence can be powerful, and is perhaps the most easily affected by a well planned marketing strategy. Marketers might direct certain information directly to experts and opinion leaders who serve as reference points for groups of consumers. Problems arise because this marketing information has to be processed by multiple individuals. Thus, the information may be selectively attended to and interpreted by both the reference person and the group members to whom it is transmitted. There is no guarantee that the reference person will transmit positive information.

Utilitarian influence is very difficult for marketers to use directly, since the reference group members control the possible rewards or punishments. However, marketers can devise advertising strategies that portray people receiving reinforcements (or punishments) for appropriate behaviors. Through vicarious learning, consumers might develop these same behaviors.

To use the **value-expressive influence**, marketers should have a good understanding of the key values in the reference group and how the group influences the self-concepts of individuals. These values could be portrayed in advertising or salespeople could be trained to bring out the values during their presentation. The expressive value of the product may not be consistent with marketer objectives. Sometimes different segments have conflicting values that are expressed by product usage.

Power of Reference Groups:

Reward Power: It refers to the perception that you will be rewarded by a group or other environmental influence for certain behavior. The more valuable the reward the greater the power. Rewards can include intangible things such as praise or honors as well as money, goods and services.

Rewards are used in direct selling of products by companies such as Amway, Magic Chef and Tupperware. Their sales people hold sales rallies and receive large rewards, swimming pools and motor homes, for promoting their products.

Coercive Power: This power influences behavior with fear or the withholding of rewards. This is seldom physical punishment, but subtle psychological detriment or loss of reward.

Coercion is intended to frighten or scare the consumer by showing the unfortunate results that can occur if the item is not purchased, such as being shunned for bad breath or dandruff. However, if it is demonstrated that buying the product will make the problem go away, it is reward power. Coercion is unpleasant. People don't like viewing disagreeable things and will turn-off. Coercive ads that do not alienate the consumer are difficult to design, but good ones are very successful.

Legitimate Power: It refers to group members' perception that the group has the legitimate right to influence them. Expressions such as "should", "ought to", "must", give legitimacy to expected behavior from a group such as family/parents, teachers, or religious organizations.

Advertisers appeal to the consumers moral values such as ads by charities, non-profit organizations, alumni associations, Salvation Army and Save the Children. Advertisers also use the organizations that represent authority and knowledge to validate various products for diets.

Expert Power: People accept the influence of individuals who are known experts recognized for their expertise. Teachers are subject experts and their students accept their instruction.

Salespeople frequently demonstrate their knowledge of the products they sell to customers. The power is strongest if the expert is not paid to promote the product, but is unbiased. Fictitious experts are effective in spite of being supported by the producer, such as Mr. Clean, Betty Crocker, etc. This is related to Ads that provide evidence of tests and lists of ingredients, and performance data which use "information" as expert power.

Referent Power: An individual's identification with a group grows as she associates more with that group. The stronger the relationship the greater the influence of the group and certain members of the group on the individual. If the individual maintains the identification with the group, the greater its referent power.

Advertisements show ordinary people, like you and me, using the same product brand as popular role models or heroes. Movie and sports stars are frequently used for their referent power. Status symbols are often recommended by celebrities

Types:

These four types of reference groups are shown in Fig 1. Advertisers use only positive attitude appeals in their ads.

Figure 1:

	Membership	Non membership
+ve Attitude	Positive Membership Group	Aspiration Group
-ve Attitude	Disclaimant Group	Dissociative Group

TYPES OF REFERENCE GROUPS

Membership Groups:

As marketers are interested only in the positive type of membership group, let us further break down membership and aspiration group. Membership group can be further divided into primary or secondary and informal or formal. If a person has regular contact with certain individuals such as family, friends etc., those individuals form a primary group. If the group members have less frequent contact amongst themselves, they form a secondary group like shopping groups, sports club etc.

Marketers are interested in studying the primary group as they help in developing product beliefs, tastes and preferences and also directly influence the purchasing behaviour of an individual. It is seen through research that members of groups with the greatest contact in a variety of situations are more likely to buy the same brands.

Figure 2:

	INFORMAL	FORMAL
PRIMARY	Family /Peer Groups	School Groups Business Group
SECONDARY	Shopping Groups	Alumni Groups

INFORMAL / FORMAL GROUP

Groups can also be divided by whether they have a formal structure with specific roles or an informal structure. This classification produces four types of membership groups as shown in Fig 2. The family/peer groups represent primary informal groups which is important because of the frequency of contact and the closeness between the individual and group members. Advertisers frequently portray consumption among friends and family.

Primary formal groups have a more formal structure. These are groups with which the consumer frequently comes into contact. For example – business executives who are assigned the project together. Advertisers show membership in such groups as a means of winning product approval.

Secondary formal groups are not important to the consumer, as they meet infrequently, are structured, and are closely knit. For example-alumni Groups, business clubs etc. This group is of least interest to the marketer.

Reference Group Appeals:

While designing the messages, marketers may use various kinds of appeals so that the consumer can identify himself with the spokesperson (from the reference group) in the advertisement. The commonly used reference group appeals are:

i) celebrity appeals; ii) expert appeals; iii) common man appeals; iv) executive appeals, trade or spokes-character appeals.

i) Celebrity appeals: Celebrity appeals are the most commonly used kind of appeal. The public admires film stars, TV personalities and sportspersons. They represent a lifestyle that people aspire to be in. People idolize them and aspire to become like them. Celebrities in advertisements could be used in a variety of forms; they could be used as a spokesperson (educating the consumers about the company, and the brand); or as a celebrity giving a testimonial and endorsement (statement in support of claim or a fact about the brand); or as an actor/model. Whatever form it may be in, commercials with celebrity appeals have major impact on the consumers' minds. Nevertheless the marketer must be careful about the credibility of the celebrity, in terms of expertise (regarding the product or service and/or the brand) as well as

trustworthiness (honesty about what he/she says). Research has indicated that the credibility of the celebrity also depends upon the number of brands he/she advertises for; where a celebrity advertises for only one or few brands, he/she is looked up with credibility as against another who advertises for many, where he/she is looked up with less credibility primarily because of the monetary benefit associated with the advertisement. Marketers make regular use of celebrities for their advertisements; they presume that the image that is associated with the celebrity passes on to the product or service offering that they are advertising for. This phenomenon is known as prototypical bonding where a spokesperson's traits, personality, image etc. gets associated with a particular service or product. For example, Aishwarya Rai advertising for Lux or Sachin Tendulkar for Boost.

ii) Expert appeals: Another reference group appeal that is used by marketers is the expert appeal. People who are experts in a particular field are used in the advertisement. For example, a health nutritionist or a dietician advertising for Complian.

iii) Common man appeals: As a common man appeal, the advertisement relates to individuals, who find parity in such advertisements with real life situation; thus they are able to identify better with the situation portrayed in the advertisement. As they relate to realities of life and real-life problems, they are also known as slice-of-the life commercials. A common man appeal may also include testimonials from a satisfied customer, so as to portray to potential consumers, that another commoner like them uses the product and/or brand and is satisfied with it. Advertisements depict how day to day problems are solved through purchase of products and service offerings and/or brands. Examples where such appeals are used are agony and pain (Amrutanjan Balm), Bad breath (Close-Up), Insurance (LIC) etc.

iv) Executive appeals, trade or spokes-character appeals: Companies may also use their spokespersons or their top executives in their advertisements. Such people are often used at product launch and also relates to a publicity exercise. The spokespersons address the consumers and provide information about the product or service offering. Due to the popularity that they hold, people and their consumption behaviours are impacted by them. For example, Ratan Tata for Nano, Nita Ambani for Reliance Fresh stores etc.

v) Other appeals: Other appeals that impact consumption behavior include print media and editorial content, promotional strategies from dealers and retailers and seals of approval from recognized and reputed agencies and organizations.

Socialization of Family:

Individual socialization is a lifelong process determined by many factors. Among the social factors that affect individual people in particular are social groups with which a person comes into contact. The most important social group to influence individual's development, however, is the family. Functioning family environment has in the process of socialization of the individual irreplaceable importance. During socialization one becomes a cultural and social being who acts according to recognized rules, directly their behaviour towards socially accepted value and meet individually modified roles and expectations. Family provides initial human behaviour patterns in an orientation and initial individual.

Functions of the Family:

Some of the important functions of family are as follows:

Family is the most universal and fundamental social institution which performs a variety of functions in human society. Different sociologists have viewed or classified the functions of family into different types.

(A) Essential functions of family:

MacIver has divided functions of family into essential and non-essential types. Under essential functions he includes mainly three functions such as, stable satisfaction of sex needs, production and rearing of children and a provision of home. But besides these functions of family, family may also perform some other essential functions. But it must be remembered that essential functions are those functions which are basic or fundamental in nature and no other institutions can perform these functions so successfully as family can. However family performs the following essential functions:

(1) Stable satisfaction of Sexual needs:

This is the most important essential function of family. Family has been performing these functions since the inception of human civilization. It is a well-known fact that sex urge is the most important and powerful instinct and natural urge of human being. It is the primary duty of family to satisfy the sexual urge of its members in a stable and desirable way.

Through the mechanism of marriage family regulate the sexual behaviour of its members. Because satisfaction of sex instinct brings the desire for life long partnership of husband and wife. Satisfaction of this sex needs in a desirable way helps in the normal development of personality. Ancient Hindu Philosopher Manu and Vatsyana opines that satisfaction of sex needs is the primary objective of family. If it is suppressed it creates personality maladjustments.

(2) Procreation and Rearing of Children:

It is another important sectional function of family. Necessary arrangement of stable satisfaction of sexual urge resulted in procreation. Family provides the legitimate basis for production of children. It institutionalizes the process of procreation. By performing this function of procreation family contributes to the continuity of family and ultimately human race. Hence perpetuation of human race or society is the most important function of family. Not only the production of children but also child rearing is another important function of family. Family is the only place where the function of child rearing is better performed.

It provides food, shelter, affection, protection and security to all its members. It plays a vital role in the process of socialization of child. It provides healthy atmosphere in which the personality of the child develops properly. Family takes care of the child at the time of need. Hence it is rightly remarked that family is an institution par excellence for the procreation and rearing of children. It has no parallels.

(3) Provision of Home:

Family performs another important function of providing a home for common living to all its members. It is only in a home that children are born and brought up.

Even if children are born in hospitals in modern time still they are taken care of and properly nourished in a home only because family and a home have no substitute. In a home all the members of family live together and a child is brought up under the strict vigilance of all its members. All the members need a home to live happily with comfort, peace and protection. A home provides emotional and psychological support to all its members. Man's necessity of love and human response got fulfilled here. Family provides recreation to its members. In a home family performs the role of a modern club. Man gets peace by living in a home.

(4) Socialization:

It is another important essential function of family. It is said man is not born human but made human. New born human baby becomes human being after it socialized. Family plays an important role in the socialization process. It is one of the primary agents of socialization. Living in a family human baby learns norms, values, morals and ideals of society. He learns culture and acquires character through the process of socialization. His personality develops in the course of his living in family. From family he learns what is right and wrong and what is good or bad. Through socialization he becomes a social man and acquires good character.

(B) Non-essential or secondary functions of family:

Famous Sociologist Maclver has divided functions into essential and non-essential functions. Under non-essential or secondary functions he includes economic, religious, educational, health and recreational functions. Along with the essential functions family also performs these non-essential functions. These functions are non-essential or secondary in the sense that these are also performed simultaneously by other social institutions in family. These functions are as follows:

(1) Economic functions:

Since ancient times family has been performing several economic functions. It is an important economic unit. In ancient time family was both a production and consumption unit. It used to fulfill almost all the economic needs of its members such as food, clothing, housing etc. In those days family was self-sufficient. But now a days almost all the economic functions of family are performed by other agencies

and family only remain as a consumption unit. It does not produce anything. All the members of family now work outside their home to earn income.

(2) Educational functions:

Family performs many educational functions for its members. As a primary educational institution family teaches language, imparts knowledge, skill and shares trade secret with all its members. It looks after the primary education of its members and moulds their career and character. Mother acts as the first and best teacher of a child. Besides he learns all sorts of informal education such as discipline, obedience, manners etc. from family. Of course at present many of the educational functions of family are taken over by school, college and universities but still the family continues to play an important role in providing the first lessons and primary education to its members.

(3) Religious functions:

Family is the centre of all religious activities. All the family members offer their prayers together and observe different religious rites, rituals and practices jointly. All the members believe in a particular religion and observe religious ceremonies at home. Children learn different religious values from their parents. Living in a spiritual atmosphere develops spirituality among the children. Family transmits religious beliefs and practices from one generation to another. But at present families have become more secular in their outlook. Common family worship has become very rare and absolute. Still family continues to play an important role in shaping religious attitude of its members.

(4) Health related functions:

Family as a primary social group performs several health related functions for its members. It looks after the health and vigor of its members. It takes care of the sick old and aged persons of the family. By providing necessary nutritive food to its members family takes care of the health of all.

Of course modern family delegates some of its health related functions to hospital. The child is born today in a hospital or in a clinic and taken care of by nurses.

(5) Recreational function:

Family-performs several recreational functions for its members by entertaining them in various ways. In ancient period family was the only centre of recreation. All the members together organized family feasts, visited relatives, organized family picnics etc.

Family organizes different festivals which is another source of recreation. The relationship between grandparents and grand children is another source of entertainment. After day's work all the members used to assemble and exchange their view. Of course modern club replaces many recreational functions of family. But at the same time it is said that present family acts as a modern club without its evil effects.

(6) Cultural functions:

Family also performs several cultural functions as well. It preserves different cultural traits. Man learns and acquires culture from family and transmits it to succeeding generations. That is why family is considered as centre of culture.

(7) Social functions:

Family performs a number of social functions. It teaches about social customs, mores, traditions, norms, etiquette to the coming generations. Family exercises social control over its members and bring them into conformity with accepted standards.

Family Decision Making:

Individual members of families often serve different roles in decisions that ultimately draw on shared family resources. Some individuals are *information gatherers/holders*, who seek out information about products of relevance. These individuals often have a great deal of power because they may selectively pass on information that favours their chosen alternatives. *Influencers* do not ultimately have the power decide between alternatives, but they may make their wishes known by

asking for specific products or causing embarrassing situations if their demands are not met. The *decision maker(s)* have the power to determine issues such as:

- Whether to buy;
- Which product to buy (pick-up or passenger car?);
- Which brand to buy;
- Where to buy it; and
- When to buy.

However, the role of the decision maker is separate from that of the *purchaser*. From the point of view of the marketer, this introduces some problems since the purchaser can be targeted by point-of-purchase (POP) marketing efforts that cannot be aimed at the decision maker. Also note that the distinction between the purchaser and decision maker may be somewhat blurred:

- The decision maker may specify what kind of product to buy, but not which brand;
- The purchaser may have to make a substitution if the desired brand is not in stock;
- The purchaser may disregard instructions (by error or deliberately).

It should be noted that family decisions are often subject to a great deal of conflict. The reality is that few families are wealthy enough to avoid a strong tension between demands on the family's resources. Conflicting pressures are especially likely in families with children and/or when only one spouse works outside the home. Note that many decisions inherently come down to values, and that there is frequently no "objective" way to arbitrate differences. One spouse may believe that it is important to save for the children's future; the other may value spending now (on private schools and computer equipment) to help prepare the children for the future. Who is right? There is no clear answer here. The situation becomes even more complex when more parties—such as children or other relatives—are involved.

Some family members may resort to various strategies to get their way. One is *bargaining*—one member will give up something in return for someone else. For example, the wife says that her husband can take an expensive course in gourmet

cooking if she can buy a new pickup truck. Alternatively, a child may promise to walk it every day if he or she can have a hippopotamus. Another strategy is *reasoning*—trying to get the other person(s) to accept one's view through logical argumentation. Note that even when this is done with a sincere intent, its potential is limited by legitimate differences in values illustrated above. Individuals may simply try to "wear down" the other party by endless talking in the guise of reasoning (this is a case of *negative reinforcement* as we will see subsequently). Various manipulative strategies may also be used. One is *impression management*, where one tries to make one's side look good (e.g., argue that a new TV will help the children see educational TV when it is really mostly wanted to see sports programming, or argue that all "decent families make a contribution to the church"). *Authority* involves asserting one's "right" to make a decision (as the "man of the house," the mother of the children, or the one who makes the most money). *Emotion* involves making an emotional display to get one's way (e.g., a man cries if his wife will not let him buy a new rap album).

Summary:

In today's session we studied about the power of reference groups which included reward power coercive power, expert power, etc. We also studied about the types of reference groups. Further we studied about reference group appeals which included celebrity appeals, expert appeals, common man appeals, etc. We studied about the functions of the family which are classified as essential functions of a family and non-essential functions of a family and lastly what we studied was the family decision making where individual members of families often serve different roles in decisions that ultimately draw on shared family resources.