

 <p>ISSN NO. 2320-5407</p>	<p>Journal Homepage: -www.journalijar.com</p> <p>INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR)</p> <p>Article DOI:10.21474/IJAR01/2293 DOI URL: http://dx.doi.org/10.21474/IJAR01/2293</p>	 <p>INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR) ISSN 2320-5407</p> <p>Journal homepage: http://www.journalijar.com Journal DOI:10.21474/IJAR01</p>
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RESEARCH ARTICLE

Societal Groups as a Precursor of Consumer Durables Brand Selection in Indian Online Retail Market.

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Manuscript Info

Manuscript History

Received: 29 September 2016
Final Accepted: 30 October 2016
Published: November 2016

Key words:-

Brand selection, Indian Online Retail,
Consumer Durables, Reference / societal
group

Abstract

Prior researches have devoted considerable attention to the relationship between the Durables and Non- Durable goods and how the market is affected by their presence overall. Lack of precise understanding of the Brand selection pattern and buying habits of the consumer has often led to marketing failures. So there arises a need to fill this lacuna. In a highly segmented market of India with different races, subcultures, religions, castes, linguistic groups and geographical variations, it is only natural that significant differences exist with regard to the selection preference of the consumers. In the present research it has been endeavoured to illustrate lifestyle of the buyers changes due to some of the factors, such as age, education, social class, income and some others factors. Every individual knows some people in the society who become their idols in due course of time and they are highly affected by their line of thoughts so owing to that they seek their opinion in every corner of life, be it choosing the products from an online retail shops or going for the utility or durability of that product. Societal groups comprise of people that individuals compare themselves with. Since people differ in culture, society, income, demography, psychology and their psychographs in a continent. Therefore, it is very essential to understand the impact they have because of the various groups on the buying behaviour. It is an effort to understand how the societal groups effect the brand selection of durables in an Online Retail Market keeping in mind that every individual has some people around, who influence him/her in various ways. In a very simple way, it can be stated that why people buy? What they buy? From where do they buy? And why are they buying? Are the important questions which required to be studied?

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Introduction:-

Social belongingness conforms to the societal influence in social psychology (Tajfel 1979, Bearden, Netemeyer & Teel 1989; Burnkrant & Cousineau, 1975; Cialdini, 2001; Cialdini & Trost, 1998). Marketers have long endeavoured to understand the effects of societal groups or reference groups on the consumer behaviour and how it affects the attitude towards a particular brand. The fact that people act in accordance with reference produced by the group they are a part of or familiarises themselves the most is a long accepted and rock solid foundation (Merton and Rossi 1949). Though much of the behaviour which a customer exhibits is affected by other variables but it is this societal group influence which created confusion. Social influence has an impact on brand preferences (Stafford, 1966), on

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evaluations of product quality (Pincus& Waters, 1977) and on buying decisions (Argo et al., 2005; Bearden &Etzel, 1982; Burnkrant&Cousineau, 1975; Dholakia&Talukdar, 2004; Murali et al., 2005; Spangenberg&Sprott, 2006).

In the context of marketing, reference groups have been regarded as important determinants of buyer behaviour, especially regarding product selection (Bourne et al., 1982), brand evaluation and choice (Brunkrant&Cousineau 1975; Witt, 1969; Witt & Bruce 1970, 1972), brand loyalty (Stafford, 1977) and perceptions of product quality (Pincus&Waters, 1977). The degree and scope of influence exerted by various kinds of reference groups have also been examined, resulting in classification of groups along the dimensions of degree of contact, membership, and attraction (Hawkins, Best and Coney 1995; Newcomb 1943, 1950). Reference group influence has been treated as a multidimensional construct (Bearden &Etzel 1982; Bearden et al., 1989;Park &Lessig, 1977; Brunkrant&Cousineau 1975; Deutsch & Gerard, 1955;) based on the assumption that influence can occur for different motivational reasons. studies show that brands used by member groups and aspiration groups can become connected to consumers' mental representation of self as they use these brands to define and create their self-concepts (Edson&Bettman;2003).

Consumer brand selection and the way it is affected by the reference groups bring into focus the elements of psychology, environment, sociology and other sciences. Considering the Brand Selection Model (Herzberg, 2009) which helps in understanding, that consumer's decision is much affected by the level of Satisfaction and Dissatisfaction, it also helps in interpreting the effect of various factors affecting the brand selection decision which helps marketers in applying limited marketing resources and converting them efficiently. The results however have not been commensurate with the efforts made due to the diversity which people exhibit in their behaviour. Thus, it is imperative for marketers to keep track of their customers by undertaking researches on the various facets of consumer behaviour, in different contexts on a regular basis.

Why behaviour?

Behaviour is the range of actions and mannerisms made by individuals, organisms, systems, or artificial entities in conjunction with themselves or their environment, which includes the other systems or organisms around as well as the (inanimate) physical environment(Minton et al., 2014). It is the response of the system or organism to various stimuli or inputs, whether internal or external, conscious or subconscious, overt or covert, and voluntary or involuntary. What is the need of learning more and more about behaviour? How it affects the perception of a customer? How it changes ones mental construct? How, why, where and when consumers make purchase decisions? What are the influences on their consumption related decisions (Schiffman&Kanuk, 2000)? Having answers to the above basic questions would enable the marketers to offer products and services which delight the consumers, offer a price which the customer pays willingly, come up with compelling marketing communications and deliver customer value through efficient distribution of products and services. Thus, knowing their customer/consumers well would enable the firm to satisfy their customers' needs and wants in far superior ways than their competitors can do.

What affects consumer behaviour?

Customer behaviour study is based on consumer buying behaviour, with the customer playing the three distinct roles of user, payer and buyer. Research has shown that consumer behaviour is difficult to predict, even for experts in the field (Armstrong, 1991). A greater importance is also placed on consumer retention, customer relationship management, personalisation, customisation and one-to-one marketing. Social functions can be categorized into social choice and welfare functions. Each method for vote counting is assumed as social function but if **Arrow's possibility theorem/Arrow's Paradox** is used for a social function, social welfare function is achieved. Some specifications of the social functions are decisiveness, neutrality, anonymity, monotonicity, unanimity, homogeneity and weak and strong Pareto optimality. No social choice function meets these requirements in an ordinal scale simultaneously. The most important characteristic of a social function is identification of the interactive effect of alternatives and creating a logical relation with the ranks. Marketing provides services in order to satisfy customers. With that in mind the productive system is considered from its beginning at the production level, to the end of the cycle, the consumer (Kioumars et al., 2009).

Consumer behaviour is influenced by **internal conditions** such as demographics, psychographics (lifestyle), personality, motivation, knowledge, attitudes, beliefs, and feelings. Psychological factors include an individual's motivation, perception, attitude and belief, while personal factors include income level, personality, age, occupation and lifestyle. Behaviour can also be affected by **external influences**, such as culture, sub-culture, social class, past experience reference groups, family and situational determinants. Culture is the broadest and most abstract of the

external factors, they are the complexity of learning meanings, values, norms, and customs shared by members of a society. It is important to study the impact of culture on consumer behaviour as marketers expand their international marketing efforts. Subcultures may be based on age, geographic, religious, racial, and ethnic differences. These racial/ethnic subcultures are important to marketers because of their growth, size, and purchasing power. Social Class refers to relatively homogenous divisions in a society into which people sharing similar lifestyles and interests can be grouped. These social classes are important to marketers because these consumers have similar buying habits. Reference group is defined as "a group whose presumed perspectives or values are being used by an individual as the basis for his or her judgment, opinions, and actions." As consumers we use three different types of reference groups including, associative, aspirational and dissociative as a guide to specific behaviours. Marketers use these groups to create advertisements.

Environmental impact on the consumer behaviour

Environment in psychology stands for the surroundings, global or local, social class, peer groups, etc. Behaviour of a consumer is a demonstration of the environment i.e. human-environment interactions as well as the nature. According to Olson & Peter (1996), a reference group is defined as "one or more people that someone uses as a basis for comparison or point of reference in forming affective and cognitive responses and performing behaviours". Reference groups are usually conformed by the social network of an individual: family members, friends and colleagues, and inspirational figures (Bachmann, John & Rao, 1993) and can be a source of brand associations that mould the mental representations a consumer has of himself (Escalas & Bettman, 2003).

Reference groups can be broadly classified into two categories. One of them is the primary groups with which there is fairly continuous interaction, such as family, friends, neighbours, and co-workers. Primary groups tend to be informal. The other one is secondary groups, which tend to be more formal and where there is less continuous interaction: they include religious organizations, professional associations, trade unions, etc. (Kotler, et al., 2007). Reference groups are usually small groups, and are not as broad as an entire social class. Like the family, there are several other social groups who regulate our lives through establishing standards and norms of conduct. Thus, it may be inferred that consumers are also influenced to a large extent by the external factors.

Societal/ Referencegroup and its relevance:-

Sociologists use the term 'reference group' for such groups that individuals use as a standard for evaluating themselves and their own behaviour. Social comparison increases the stability of one's evaluation and offers an occasion for expressing affection and other interpersonal rewards (Clarke, 1971). Social comparison consists of two basic and different processes: reflected appraisal and comparative appraisal. Reflected appraisal is "any evaluation of the self that is inferred from the behaviour of other persons during interaction with them", whereas, comparative appraisal is the "evaluation of one's own relative standing with respect to an attitude, belief, ability, or emotion by observing the behaviour of appropriate reference persons" (Jones & Gerard, 1967). It is a commonly believed that most of the buying decisions are influenced by someone's direct recommendations. It has also been observed that although commercial sources of information may be important in developing awareness, actual adoption of innovations usually has been influenced strongly by word-of-mouth sources (Katz et al., 1955; Coleman et al., 1966).

The term 'reference group' was coined by Herbert Hyman in Archives of Psychology (1942) to refer to the group against which individual evaluates his or her own situation or conduct. Hyman distinguished between a membership group to which people actually belong, and a reference group which is used as a basis for comparison and evaluation.

A reference group may or may not be a membership group. Later on Robert Merton and Alice Kitt (1950) refined the concept and provided a functionalist formulation of it. Their work was stimulated by Samuel Stouffer's The American Soldier (1949) in which the concept of relative deprivation was developed.

Merton and Kitt point out that feeling of deprivation were less related to the actual degree of hardship they experienced, than to the living standards of the group to which they compared themselves. Thus, relative deprivation is a special case of comparative reference group behaviour. Merton later distinguished reference groups and interaction groups (in Social Theory and Social Structure, 1957).

T. Newcomb (1953) writes:-

“The significant thing about a reference group is, in fact, that its norms provide frames of reference which actually influence the attitude and behaviour of a person.”

A familiar example is that of a principal of a private college who is officially a member of the management group but who identifies with the teachers on the college floor. This is a classic dilemma of the marginal man (principal) who seeks to join a reference group to which he is excluded and in doing so, he is rejected by the group to which he already belongs.

Consumer behavioural changes make “Yesterday’s luxuries are today’s necessities”. India is emerging as an attractive market for consumer durables. But the vibrant environmental factors and fierce competition is making it imperative to understand the dynamics of consumer durable market. Market survival depends on consumer satisfaction. Consumer satisfaction depends on their perception and brand preference of particular brand.

Consumer durables involve any type of product purchased by consumers that is manufactured for long-term use. Durable goods are those which don’t wear out quickly, yielding utility over time rather than at once. Examples of consumer durable goods include electronic equipment, home furnishings and fixtures, photographic equipment, leisure equipment and kitchen appliances. They can be further classified as either white goods, such as refrigerators, washing machines and air conditioners or brown goods such as blenders, cooking ranges and microwaves or consumer electronics such as televisions and DVD players. Such big-ticket items typically continue to be serviceable for three years at least and are characterized by long inter-purchase times.

Indian consumer durable market scenario:-

The Indian consumer durables industry has witnessed a considerable change over the last few years. Changing lifestyle and higher disposable income coupled with boom in the real estate and housing industry and a surge in advertising have been instrumental in bringing about a sea change in the consumer behaviour pattern. Consumer durables have emerged as one of the fastest growing industries in India. The consumer durable market is expected to become fifth largest consumer durable market in the world. The consumer durables sector revenues reached US\$ 9.7 billion in FY15, also

- Consumer durable market expected to grow at CAGR of 13 percent from FY05 to FY20
- Around two third of the total revenue is generated from urban population and rest is generated from rural population
- Samsung has emerged as the market leader in the consumer durable segment followed by the Indian giant Videocon

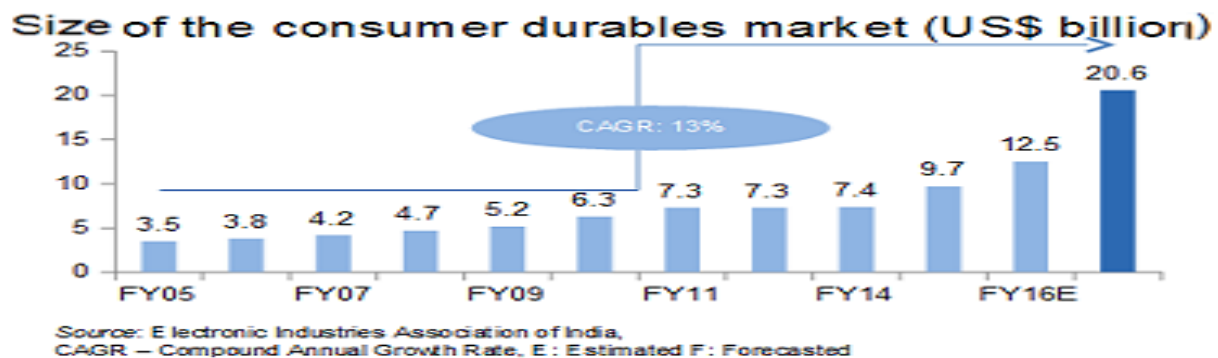
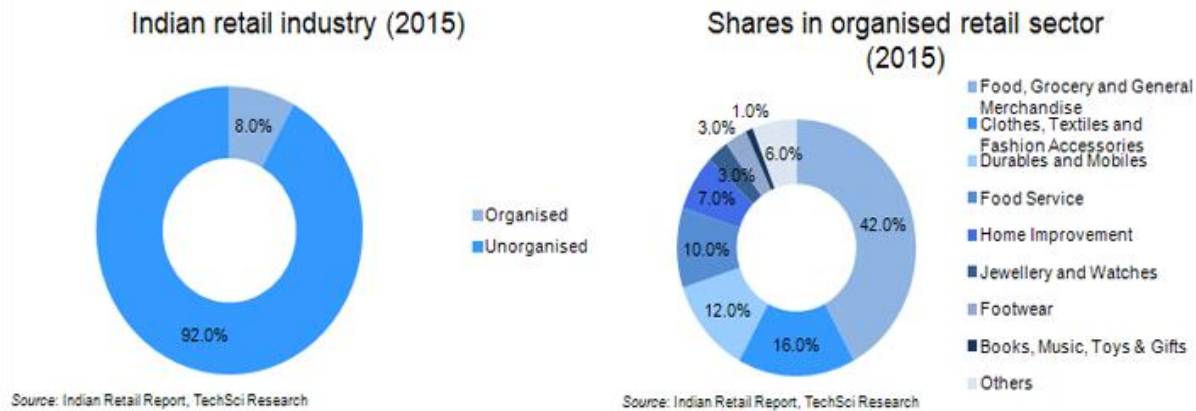


Figure1:- size of consumer durables

A peek into the Indian retail market:-**Figure 2:- Indian retail industry scenario****Present study:-**

India with a population of more than a billion consumers offers a great marketing opportunity to the marketers of products and services. The consumers provide opportunity in the form of rising incomes, higher personal disposable incomes and an increased tendency to consume. Coupled with exposure to international lifestyles and media, easier finance options and a growing economy, the Indian consumer is fast evolving. However the Indian mindset pose a great challenge and even seeks an explanation for the changes in the retail sector as well the high prices. Further the diversity of the Indian market based on rural-urban consumers, plethora of languages and dialects, religious affiliations, castes, subcultures, etc. makes the task of the marketers even difficult (Majumdar, 2010). This study seeks to examine the consumer perceptions of reference group influence on product and brand choice decisions. Reference group influence on product and brand choice decisions assumes focal position for the marketers who are keen on reaching out to their target market in an effective and efficient way. Thus, it is imperative for the marketers not only to know who all constitute the reference group for their target market but also to understand which reference group has a relatively stronger and long lasting influence on the consumers' choice. Reference group influence on consumers' purchase decisions has been researched upon time and again (Park & Lessig, 1977; Bearden & Etzel, 1982; Childers & Rao, 1992). These studies were conducted over long intervals of time and in different cultural contexts. Even the products used in each of these studies were different. The changed marketing scenario calls for revisiting the concept of reference group influence on consumer behaviour. It is equally important to ascertain the current relevance of the reference group influence construct developed by Park & Lessig (1977) and refined by Bearden et al. (1989). Equally important it is to examine the correlation and the in-depth exploration of the objective that to what extent the Societal Groups Theory has affected the individuals' or consumers' choice.

Experimental analysis:-

Prior studies on reference groups have mainly focused on whether some groups are more susceptible to reference group influence than other groups are e.g. students versus housewives (Park & Lessig, 1977), whether reference group influence is varied from one consumption context to another e.g. public versus private products and luxuries versus necessities (Bearden & Etzel, 1982) and whether a different referent generates difference in influence on individual consumer behaviour e.g. family versus peers (Childers & Rao, 1992). Not many researchers have probed the effect of the various social groups on the brand selection pattern when it comes to the online retail market. Keeping the same in mind, present study attempts to investigate reference group influence, relative role of referents and the extent to which they affect the product and brand choice decisions in the Indian online retail context. Thus, it is expected that comprehensiveness of the present study would make it unique.

Research hypothesis:-

The main objective of the study is to measure consumer susceptibility to reference group influence on durable product and brand choice decisions in the online retail market. This objective of the study led to the formulation of the following null hypothesis which is being tested:

Ho1: The various reference groups does not influence the product/durable and brand choice decisions in online retail market.

Ho2:- There is no significant difference in the preference levels: strongly like online market, like online market, neither like nor dislike, dislike online market, strongly dislike online market.

Ho3: There is no significant difference between respondents' susceptibility to reference group influence for product choice decisions vis-a-vis demographic variable in context of online retail market.

Ho4: There is no significant difference between respondents' susceptibility to reference group influence for brand choice decisions vis-a-vis demographic variables in context of online retail market

Ho5: There is no significant difference between selected product categories with respect to the influence exerted by different referents on product choice decisions in the context of online retail market.

Ho6: There is no significant the differences between selected product categories with respect to the influence exerted by different referents on brand choice decisions in the context of online retail market

The following research design was implemented to test the various variables:-.

- **Specification and delineation of the concept:** - In the context of this research, societal groups were those in the core network of a university student, friends /peers, family and shopping group. The second term was the particular brand ownership. Anyone who possesses any of the durable products would be defined as customer/ consumer and is a part of group.
- **Design of the experiment:-** A questionnaire was designed to be the main instrument to measure the impact of the societal group on individual's choice-making when it comes to brand selection in online retail market.
- **Implementation of the experiment:** - 200 brand durable users were randomly selected to answer the questionnaire.
- **Analysis of the data:** - Data from various sources is gathered, reviewed, and then analyzed to form some sort of finding or conclusion.

A random sample of 200 people was selected which represented the demographic variables aptly and were tested keeping the same in mind while focussing the research. The various variables were studied to support the idea, **Independent variable** being the age group, gender, income levels, type of reference group they are a part of i.e. the group they identify themselves the most whereas the **Dependent variable** is the percentage level to which the behaviour of the referent is influenced by the reference group's suggestion.

Table1:-Frequencies.

Statistics						
Statistics		Age group	Gender	Income	Reference group	Perbrand
N	Valid	200	200	200	200	200
	Missing	0	0	0	0	0
Mean		2.43	1.57	2.41	2.60	74.0950
Median		2.00	2.00	2.00	2.00	76.0000
Mode		2	2	2	2	78.00
Std. Deviation		1.077	.545	.892	.833	12.86950
Skewness		.208	.190	.339	.300	-.243
Std. Error of Skewness		.172	.172	.172	.172	.172
Kurtosis		-1.218	-1.040	-.619	-.715	-.518
Std. Error of Kurtosis		.342	.342	.342	.342	.342

In the Table1, it is seen that the various variables affected the level of brand choice or the decision -making of the referent.

Regression:-

Table 2:- Regression analysis

Variables Entered/Removed			
Model	Variables Entered	Variables Removed	Method
1	Age group, Income, Reference group, Gender	.	Enter
a. Dependent Variable: Perbrand (PERBRAND- percentage to which the suggestions of the reference group is affecting the choice of the referent).			
b. All requested variables entered (1.Reference group includes the peers, friends, family and the shopping group, 2. Various income groups – Lower class, middle class, upper-middle and upper class).			

Table 3:- Adjusted R square

Model Summary:-				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.291 ^a	.085	.066	12.43739
a. Predictors: (Constant), Age group, Income, Reference group, Gender				

Table 4: Analysis of Variance

ANOVA^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	2794.897	4	698.724	4.517	.002 ^b
	Residual	30164.298	195	154.689		
	Total	32959.195	199			
a. Dependent Variable: Perbrand						
b. Predictors: (Constant), Age group, Income, Reference group, Gender						

Table 5:- Coefficients and Correlation

Coefficients									
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Correlations		
		B	Std. Error	Beta			Zero-order	Partial	Part
1	(Constant)	82.161	5.381		15.269	.000			
	Reference group	-3.332	1.084	-.216	-3.075	.002	-.219	-.215	-.211
	Income	-2.411	1.016	-.167	-2.374	.019	-.116	-.168	-.163
	Gender	2.288	1.677	.097	1.365	.174	.078	.097	.093
	Age group	1.154	.835	.097	1.382	.169	.108	.098	.095
a. Dependent Variable: Perbrand									

Conclusion:-

Human beings don't always make good decisions. The rational judgment is influenced not only by passion and emotions but also by built-in biases such as overconfidence in our own abilities. One big factor affecting the quality of decisions is whether a decision involves a group or not. Group dynamics can lead otherwise sensible individuals to make (or agree to) decisions they might not come to on their own.

At times the effects are positive, as when some group members help others overcome prejudices. But the dynamics of a group often have negative consequences. Reference groups expose the person to new behaviours and life-styles. Reference groups influence the person's attitudes and self-concept because he or she wants to "fit in" (Kotler & Armstrong, 1991). Reference groups create pressures to conform that may affect the person's product choice considering whether it's a durable or non-durable and brand choices (Kotler & Armstrong, 1991). If an item is a luxury as opposed to a necessity, the decision to buy or not to buy the product is influenced by the reference groups. If the item will be consumed publicly rather than privately, reference-group influence tends to affect the brand choice. Reference group influence varies according to the characteristics of the group or its type. For example group cohesiveness, proximity to the group members, the individual's relationship to the group and similarity to the group's characteristics. Consumers would differ in the degree to which they are influenced by referents while making product and brand consumption decisions. This logic applies to a global notion of referents that includes parents whose influence is different from that of other referents (Childers & Rao, 1992).

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