

**Concept of Reference groups**

A group consists of two or more individuals who share a set of norms, values or beliefs and have certain implicitly or explicitly defined relationship with one another, such that their behaviour is interdependent. Groups give an opportunity to individuals to learn and socialise. Marketeers use the knowledge of group influences when designing market strategy.

**Meaning and Nature:**

“Reference Group is a group that serves as a reference point for an individual in the formation of his/her beliefs, attitudes and behaviour.” Marketers frequently advertise their products in a group setting- the family eating breakfast cereals, the neighbor admiring the paint of the house.

Reference groups provide points of comparison by which to evaluate attitudes and behaviour. A consumer can either be a member of a reference group (like family) or aspire to belong to a group. In first case, the individual is said to be in a membership group and in the second, the individual is part of an aspiration group.

**Types of Reference Groups:****1.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.

(a) Primary group: If a person has regular contact with certain individuals such as family, friends etc., those individuals form a primary group.

(b) Secondary 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.

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 .

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 executive's 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.

## **2.Aspiration Groups:**

**There are two types of aspiration groups. These are:**

(a) Anticipatory aspiration groups are those groups, in which an individual plans to join at a future time and also in most cases he/she has direct contact. For example- when an individual aspires for a group higher in the organizational hierarchy, this is basically for rewards like power, status, prestige and money. Marketers specially of clothing and cosmetic industry's appeal to the desire to enhance one's position by climbing to a higher aspiration group.

(b) Symbolic aspiration groups are those groups, in which an individual is not likely to belong, despite acceptance of the group's beliefs and attitudes. Marketers appeal to symbolic aspirations by using celebrities to advertise certain products.

## **Nature of Reference Groups:**

Reference groups have certain characteristics that affect their influence on consumers. They establish norms, roles, socialization, status and power.

### **(i) Norms:**

Norms are the rules and standards of conduct established by a group. This means group members are expected to conform to these norms and they may relate to eating habits, makes of cars, clothes or cosmetics etc.

**(ii) Roles:**

Roles are the functions that the group assigns to an individual to attain group objectives. Various roles that have been identified in family decision making are the influences, the gatekeeper, decision maker, the purchaser and the consumer.

**(iii) Status:**

Status refers to the position an individual enjoys within the group. High status implies greater power and influence. A person may enjoy a highest status in the organization but may be the weakest member in the tennis club.

(iv) Consumers sometimes purchase products to demonstrate status in a broader societal sense so that the message is one of wealth and implied superiority.

**(v) Socialization:**

Socialization is a process by which an individual learns the group's norms and role expectations. Consumer socialization is the process by which consumers acquire the knowledge and skills necessary to operate in the marketplace.

**(vi) Power:**

The influence that a group has on an individual is closely related to the group's power.

### **Reference Group application in marketing**

A wide application of reference groups is used in advertising by marketers. They use pleasant situations and attractive and prominent people to promote their products. The products are used by these people who are sought after and, have made a mark in life. They try to identify lifestyle characteristics of a certain group and then design effective advertising strategies. The designing of advertising is done by:

#### **Using Celebrities**

Celebrities who endorse the product to the consumer, e.g., film stars for beauty products including soaps (Lux), etc. sports people for the use of healthy products, e.g., KapilDev for Boost; Shahrukh Khan for Smoodles; Pierce Brosnan for Reid and Taylor; Cindy Crawford for Revlon.

#### **Use of Experts and Professionals**

Experts in various fields are used to promote the products. The prospective customers evaluate the products advertised by experts and are affected by these experts and professionals. Doctors are used to promote tooth-pastes, e.g., Forhans, Sachin Tendulkar promoting Visa Cards, etc.

#### **Use of Spokesman**

For product endorsements, spokesmen for a particular product refer to the appeal for the common man. It is propagated that somebody from the common man uses the product and is satisfied. Lalitaji of the Surf advertisement.

#### **Opinion Leaders**

These are key persons in a group who influence their group and are

innovators or early buyers. The marketer focuses his strategies on key persons in the group, some are opinion leaders, and others are opinion seekers. Thus, key persons are knowledgeable with a lot of experience. They are also known as influencers and others are receivers. They consist of friends, associates, neighbours, etc. In this group, persuasive communication is more fruitful, as opinion leaders can affect and influence the behaviour of others in a group.