

## ON SOCIAL BEHAVIOUR AS A BASE OF CONSUMPTION

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### Abstract

The article is devoted to social behaviour of people as consumers. In every country people are organized in different social groups and mainly these groups are organized according to their economical position. According to statistical data only 5% of all population of Latvia belongs to upper class with very high incomes, this social group have luxury cars, large houses, wear branded clothes. For other population it is a dream to belong to this social class. The article is based on research of social aspects of behaviour. Authors have analyzed scientific literature and articles about behaviour based on social needs and expectances of people. In the research authors presents data from survey done by Public Opinion Research Centre of Latvia and the study on the sample of 200 respondents. It gives an overview concerning the basis about purchasing behaviour and gives an insight into the variety of relevant characteristics of consumer behaviour. Authors clarify definition of social behaviour and gives insight on its influence on consumption.

*Keywords:* social behavior, socialization, consumption, consumer behavior

### Introduction

Socialization is connected with the ways in which an individual's behavior is modified from infancy to conform to the demands of the demands of the social system. It involves learning the expectations associated with various roles within the society, but, given the nature of human beings, it does not just produce clones – there is another significant element, which is about the individuals and the development of their separate identities. (Rice 1997)

The socialization process is concerned with preparing individuals for the roles that may be required of them and also with the continuation and development of the culture itself. Thus it focuses on relationship between the individual and society.

Much of our social behavior is learned via connectionist principles. Children learn family rituals and how to respond in different situations, and much of this learning may continue into adulthood. The process of watching other people, absorbing the role, specific behaviors and making judgments about their appropriateness is likely to result in storing the knowledge for recall at some later point in time.

The research problem is based on hypothesis that consumption of any particular brand is driven by social group or willingness to belong to it.

The **main goal** of research is to analyze influence of social group in consumption and consumer behavior.

This goal was achieved through the solution of following tasks:

- Analysis of theory of social classes,
- Analysis the results of the survey;
- By comparing consumer behavior differences in brand choice.

The author employs well-established quantitative and qualitative methods of research: grouping, questionnaire method, analysis, statistic method, etc.

### Social classes in theory of economics

Just as marketers try to carve society into groups for segmentation purposes, sociologists have developed ways to describes meaningful division of society in terms of people's relative social and economic resources. Some of these divisions involve political power, whereas other revolves around purely economic distinctions. Karl Marx, the 19<sup>th</sup> century economic theorist, felt that position in a society was determined by ones relationship to the means of production. Some people (the haves) control resources, and they use the labour of others to preserve their privileged position. The have-not lack control and depend on their own labour for survival, so these people have the most to gain by changing the system. Distinctions among people that entitle some to more than other are perpetuated by those who will benefit by doing so. The German sociologist Max Weber showed that the rankings people develop are not one-dimension. Some involve prestige or "social honour" (he called these status groups), some ranking focus on power (or party), and some revolve around wealth and property (class). (Solomon, 2007)

In the last nineteenth century, Veblen, an economist, claimed that, as individual income rises above what is necessary to survive, more and more of the “discretionary income” will be spent on products that stimulate “the esteem and envy of fellow men”. Much discretionary income throughout the world is spent on signalling social standing and enhancing social recognition. But it is the culture that determines what possessions make rank visible. This is so even though there are commonalities in what constitutes luxury goods like: fashion goods, cars, perfumes, cosmetics, watches, leather goods etc. Luxury goods are what are termed positional goods in that they are valued not despite their high price but because they are known to be expensive. But what signals snob appeal can wax and wane. Thus in a depression it is less socially appropriate to openly indulge in conspicuous consumption. (O’Shaughnessy, 1995)

Consumers do not behave as isolated individuals. They belong to various groups. Every society has some type of hierarchical class structure, which determines people’s access to products and services.

Neal Cathy M. defines social class as: “Social-class system - the hierarchical division of a society into relatively distinct and homogeneous groups with respect to attitudes, values and lifestyles.” John O’Shaughnessy says that:” A social class is a social category, usually defined by its members having roughly equivalent socioeconomic status relative to other strata of society.” All definitions are very close in meaning.

Social classes have several characteristics. Kotler says that social classes have such characteristics (Kotler 2000):

- Those within each class tend to behave more alike than persons from two different social classes.
- Persons are perceived as occupying inferior or superior positions according to social class.
- Social class is indicated by a cluster of variables – for example, occupation, income, wealth, education, and value orientation – rather than by any single variable.
- Individuals can move up or down the social-class ladder during their lifetimes.

Neal Cathy thinks when a social-class system to exist in a society, the individual classes must meet five criteria:

1. Bounded – must be clear breaks between each social class that separate one class from another.
2. Ordered – can be arrayed or spread out in terms of some measure of prestige status, from highest to lowest.
3. Mutually exclusive – an individual can belong to only one social class, although movement from one class to another over time is possible.
4. Exhaustive – every member of a social system must fit into some class
5. Influential – must be behavioural variations between the classes

Social-class structure can be defined in a variety of ways. Gilbert and Kahl use functional approach, which focuses on occupational role, income level, living conditions and identification with a possibly disadvantaged ethnic or racial group. In the functional approach, more attention is paid to capitalists’ ownership and to occupational division of labour as the defining variables, and prestige, association and values are treated as derivatives. Coleman and Raimwater base their social-class structure on ‘reputation’, relying heavily on the ‘person-in-the-street’ imagery. A reputation approach is designed to reflect popular imagery and observation of how people interact with one another – as equals, superiors or inferiors. The core of this approach is personal and group prestige. While the functional and reputation approaches are based on different conceptual frameworks, there is a high degree of similarity between the two social structures.

Williams K.C. (1981) has researched the effect of role on the learning of social behavior. Much of role theory depends on the perceptions of the individuals concerned; it is likely that some discrepancies will occur. The problems associated with differing expectations can be classified into (Rice 1997):

Role ambiguity – where the expectations are not clearly defined, either for the role player or the associated role set. Thus the problem can centre on the individuals uncertainty about what is expected in the role and the role sets uncertainty about what is expected in the role.

Role conflict – again subdivided into inter-role conflict (where the conflict occurs between roles) and intra- role conflict (where the conflict arise from different aspects of the same role)

We use ideas such as class to help us find groups which are collections of individuals who are of sufficiently similar status to give them the same sort of command over goods and services and to share belief systems, aspirations and values.

Virtually all human societies exhibit social stratification. Stratification sometimes takes the form of a caste system where the members of different castes are reared for certain roles and cannot change their caste membership. More frequently, it takes the form of social classes, relatively homogeneous and enduring divisions in a society, which are hierarchically ordered and whose members share similar values, interests,

and behaviour. Social classes reflect not only income, but other indicators such as occupation, education, and area of residence. Social classes differ in dress, speech patterns, recreational preferences, and many other characteristics. (Kotler 2000).

Some of the research conducted to date in Australia has focused on attempting to identify the number of social classes. Previous studies had identified three major social classes: upper, middle and lower or working. See Table No1.

**Table 1.** Characteristics of Social classes

Class		Characteristics ( by Coleman-Rainwater)	% in USA	% in Australia
Upper class	Upper Uppers	The social elite, they give large sums to charity, maintain more than one home, send their children to the finest schools. They are a market for jewellery, antiques, homes etc. Their consumption decisions are imitated by the other social classes.	Less than 1%	11% - the upper class
	Lower Uppers	Persons, usually from the middle class, who have earned high income, they tend to be active in social and civic affairs, buy the symbols of status for themselves and their children.	About 2%	
	Upper Middles	These persons possess neither family status nor unusual wealth and are primarily concerned with "career". They are professionals, independent businesspersons, corporate managers. Are civic-minded and home-oriented. They are the quality market for good homes, clothes, furniture, and appliances.	12%	
Middle class	Middle Class	Average-pay white and blue-collar workers. They buy popular products to keep up with trends. Twenty-five percent own imported cars, and most are concerned with fashion.	32%	60% - the middle class
	Working Class	Average-pay blue-collar workers and those who lead a working-class lifestyle, whatever their income, school background, or job. Depends heavily on relatives for economic and emotional support. The working class tends to maintain sharp sex-role divisions and stereotyping.	38%	
Lower class	Upper Lower	Upper lowers are working, although their living standard is just above poverty. They perform unskilled work and are very poorly paid. Often, upper lowers are educationally deficient.	9%	30% - the lower or working class
	Lower Lower	Are on welfare, visibly poverty stricken, and usually out of work. Some are not interested in finding a permanent job, most are dependent on public aid or charity for income.	7%	

According to data given in Table No1 the authors would like to group also population of Latvia and other Baltic States in order to understand size of the social group and their consumption habits.

On October 2007 SKDS Latvia Ltd. has done survey among 20% of best situated inhabitants of Latvia, who receives almost half of all incomes. Between them were equal number of males and females, most of them employed in private sector and have higher education. Incomes after taxes are at least 300 Latvian Lats (LVL) per family member. More than half of them (53%) are in age 25-44. With higher incomes are age group 25-34, but incomes are lower in age after 44. Mainly they are occupied in private sector (70%), and they are office workers (48%) or managers (22%).

The Central Statistic Bureau of Latvia has completed the survey about self evaluation of households in 2005. The results approve that dominating viewpoint among households is "we are not rich, neither poor". At the same time evaluation given by households is subjective indicator, because it doesn't give any guidelines to which social group does it belongs. Very often this evaluation is given by household which should live in conditions what normally should be evaluated as poor. Therefore there should be more objective indicators showed for description of the situation, like incomes and outcomes of the household, etc.

More than 26% of households claimed that they are on the edge of poorness, but 5.6% of households consider that they are poor. By analysis of statistical data authors conclude that according to the education on 2008 in 26% of all economically active inhabitants were with higher education and those we can include in upper class or middle class. From all economically active population 35% had industrial or professional education, 25% are with secondary education, approximately 13% are with elementary education and they form lower class.

**Table 2.** Economically active population according gender and social group on 2008, in quarters

	%			
	1.quarter	2.quarter	3.quarter	4.quarter
Total				
Economically active population	100.0	100.0	100.0	100.0
With higher education	26.5	25.2	25.5	26.9
With industrial or professional education	34.7	35.7	35.7	35.1
With secondary education	25.9	25.6	25.0	24.8
With elementary education	12.9	13.5	13.8	13.2

There is also approach to group population in social classes according to their occupation (see Table No 3). In correspondence to statistical data approximately 17% of Latvian population belongs to upper class according to their occupation, 60% belongs to middle class, but 10% to lower class. But, according to the authors' viewpoint it is not correctly to use such approach for grouping population in social classes, because incomes play more important role in that.

**Table 3.** Working population according to their gender and profession (in % from all population)

	2008	2009
Total		
Legislators, managers, state officers	8.8	8.9
Senior experts	15.3	8.9
Experts	16.4	17.8
Servants	4.7	15.3
Service or trade workers	13.2	5.6
Qualified agriculture of fish farming workers	4.0	13.9
Qualified workers and craftsman's	14.2	4.1
Operators and assamblers	10.3	11.2
Other professions	12.8	9.5

According to incomes population usually is divided in 3 main groups – with high, average and low incomes. There is 22% population with low incomes (less that 145 LVL) in Latvia (see Table No 4). With average incomes (form 145 to 300 LVL) are 22%, but with high incomes are 44,6% and with very high (more that 300 LVL) approximately 10,5%.

**Table 4.** Population (in %) according to their monthly incomes (after taxes)

Incomes in Latvian Lats (LVL)	2008	2009
Total	100.0	100.0
Up to 145.00	9.3	22.1
Up to 163.00	...	17.0
145.01-200.00	15.7	27.6
200.01-300.00	23.5	20.9
300.01-500.00	27.2	7.7
500.01-1000.00	9.3	0.4
1000.01-1500.00	0.6	0.1
1500.01 and more	0.3	2.3
Was not calculated	2.8	0.1
Was calculated, but not paid	0.7	1.8
N/A	10.6	

Unfortunately there is no one complete information about social classes in Latvia, therefore authors have calculated the average indicators form all data (see Table No 5). Authors comprehend that it is not correct approach, because there are a lot of different factors what also should be taken into account.

**Table 5.** Social Classes in Latvia, 2008, according to all characteristics

Social Class	According to incomes	According to profession	According to education	Size of average social class
Upper class	10.5%	17%	20%	15
Middle class	44%	60%	30%	45
Lower class	22%	10%	13%	15

According to data showed in the table No 5 there is a question – why sum in all groups is not 100%. The authors would like to stress that this table is made according to statistics and some groups of population is not included. The authors consider that approximately 5-7% of population of Latvia are poor people and would belong to lower class.

The authors would like to emphasize that upper class also should be divided in three groups: lower upper class, middle upper class and upper upper class. According to authors point of view only 5% of all population of Latvia belongs to upper upper class with very high incomes, this social group have luxury cars, large houses, wear branded clothes, etc. For other groups of population it is a dream to belong to this social class.

### Positioning of Products and Services for Social Classes

Many products and services are positioned to appeal to consumers existing or desired social status. Marketers need to understand consumer’s perceptions of and attitudes towards social class in order to determine whether social class can influence purchase behaviour. The positioning of many products is based on existing or desired social status. However, not all products require a social-class identity. Some advertising does not associate the product with any particular social class. While many white-collar and blue-collar individuals would prefer to have more money or wealth, they are completely content with their basic social status. It is also important for marketers to understand when social class is an influencing factor and when it is not. (Neal, 2006)

Social classes show distinct product and brand preferences in many areas, including clothing, home furnishing, leisure activities, and automobiles. Social classes differ in media preferences, with upper-class consumers preferring magazines and books and lower-class consumers preferring television. Even within a media category such as TV, upper-class consumers prefer news and drama, and lower-class consumers prefer soap operas and sports programs. There are also language differences among the social classes. Advertising copy and dialogue must ring true to the targeted social class. (Kotler,2000)

Children learn about purchasing and consumption primarily from their parents. While television may have a persuasive influence on what children see and how they react to certain brands. The role of parents in trying to teach their children to be more effective consumers is illustrated by following findings (Assael,1995):

- Parents teach price-quality relation to their children, including experience with the use of money and ways to shop for quality products.
- Parents teach their children how to be effective comparison shoppers and how to buy products on sale.
- Parents influence children’s brand preferences.
- Parents have influenced children’s ability to distinguish fact from exaggeration in advertising.

The measurement of social status. As stated earlier, education, occupation, income and to lesser extent, place of residence are the primarily achievement-based status dimensions used for determining social standing. Race, age, gender and parents status are ascribed (non0achievement) status dimensions. There are two basic approaches:

1. A single dimension: A single – item index;
2. A combination of several dimensions: A multiple-item index.

A single-item index estimates social status using a single dimension as a basis. Since several dimensions influence an individuals overall status, single-item indexes are generally less accurate at predicting an individuals social standing or position in a community than are well-developed multiple-item indexes. The three most common single-item indexes are education, occupation and income.

The authors approve this theory with research done in November- December 2009, the respondents were economically active inhabitants of Latvia, in age between 18-55, both genders. The aim of the research



was to find out the role of brand and social status. It gives an overview concerning the basis about purchasing process and gives an insight into the variety of relevant characteristics of consumer behaviour.

With an aim to find out the role of social status in population of Latvia, the authors conducted research among 200 inhabitants of Latvia. The questionnaire contained 16 questions about different shopping habits and situations, process of shopping, role of brand in shopping and consumption process etc. After analysis of the research results authors made following conclusions. 80% of all respondents do shopping because it is needed, but 20% because of needs and with willingness to approve (or demonstrate) their social status. The authors found out the trend – due to increase of incomes, need to show up social status and social group also increase. 90% claims that there are no correlation among social status and shopping for groceries, but there is strong correlation between shopping of clothing, household equipment or cars.

Answers on question about role of brand name for shopping of goods for individual or personal (see Table 6) use showed that brand name is important for products with public usage – at work, in public places, among friends etc.

**Table 6.** Answers on question (Research period: November-December, 2009) „What role play brand name when you buy those products for personal usage?”

Goods or products	Not important	Average importance	Very important
Food, drinks, beverages	30	60	10
Clothing	10	60	30
Medicine, sanitary goods	20	30	50
Banking services	20	10	70
Insurance	5	5	90
Household equipment	0	20	70
Daily newspapers and magazines	30	40	20
Car	0	20	80
Accessories (watches, bijouterie, etc.)	20	30	40
Business suits	--	20	80
Education	--	10	90

After evaluation of impact of social groups on shopping the most important role is for family (60%), then colleagues and friends (20%) and just 5-10% pointed out that social organization and public organizations can make impact on shopping process.

The authors also included in the questionnaire a request to evaluate the impact of different social groups on consumer behavior, especially on shopping of different products. The answers (see Table No 7) confirmed that influence of social groups on shopping process is for products with social meaning – clothes, accessories, cars etc.

**Table 7.** Role of social groups in buying of products (%)(Research period: November-December, 2009)

	Grocery	Clothing and accessories	Prestigious products
Family	60	60	60
Colleagues	20	20	10
Friends	10	20	20
Social Organizations etc.	10		10

These results partly confirm hypothesis that consumption of any particular brand is driven by social group or willingness to belong to it.

For marketers the key to influencing consumers in this way depends on the concept of the open society. The idea that individuals can improve their lot and rise in the hierarchy of class and status leads to the strategy of placing the product in such a setting that it appeals to the target segment.

## Conclusions

The concept of class is a very complex one which is important in sociology. Within the marketing context of importance of such ideas is that they offer the possibility of segmenting the population into groups which might have similar beliefs, attitudes and values which are reflected in their behaviour. This would enable suitable marketing messages to be designed and sent specifically to influence the buying behaviour of the group. Every society has some type of hierarchical class structure, which determines people's access to products and services.

Changes in consumer socialization caused a lot of alterations. Information about the social behavior has dominant influence on consumer behavior and consumption. At the same time socialization helps to do segmentation and is the foundation for branding.

The authors concluded that 15% of population of Latvia belongs to upper class, 45% to middle class and 15% to lower class. The authors would recommend dividing the upper class in three groups – lower upper class, middle upper class and upper upper class. The authors presume that 5% of all population of Latvia belongs to upper upper class with very high incomes; this social group has luxury cars, large houses, wear branded clothes. For other population it is a dream to belong to this social class.

The research results partly confirm hypothesis that consumption of any particular brand is driven by social group or willingness to belong to it. It is obvious, that brands help to people show they belongingness to social group.

The authors consider that social criteria should be taken into account for segmentation of the market. Very special role should be devoted to social groups in positioning of products and services. Also it is recommended to make changes in consume behaviour models and theory.

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