

10

The Family and Its Social Standing

Learning Objectives

- 1 To understand the family as a consumer socialization agent.
- 2 To understand family decision-making and its members' consumption-related roles.
- 3 To understand the role of the family life cycle in market segmentation and targeting.
- 4 To understand the consumption patterns of nontraditional families and non-family households.
- 5 To understand the impact of social stratification on consumer behavior.
- 6 To understand how to measure social class and segment consumers accordingly.

THIS CHAPTER describes two **reference groups** that have a powerful impact on consumer behavior: Family and social class. A **family** is defined as ~~two or more persons related by blood, marriage, or adoption residing together~~. In Western societies, there are three types of families: Married couples, nuclear families, and extended families. A married couple and one or more children constitute a **nuclear family**. The nuclear family, together with at least one grandparent or other relation living within the household, is called an **extended family**.

The **family life cycle** is a composite variable that combines marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household, and then classifies the family into a "typical" stage. The four ads in Figure 10.1 feature Toyota models catering to different types of families. The Toyota Auris hatchback model is a sporty car. It features a "diffuser," with reflectors on each side, which gives it a stylish look. The Yaris subcompact is promoted as a car on which one can get a "great deal." The Verso is a seven-seater family car featuring elegant style and comfort. The Avensis is available as a sedan or wagon and features a refined design and touch-screen multimedia.

Each car model appeals to a different stage of the family life cycle. The sporty Auris is for bachelors or newly married couples who have no children and want to enjoy their new life together. As evident in the ad for the Yaris, a child is on the way. The young couple probably feels anxious about their finances (maybe because the mother has quit her job) and are therefore seeking a car at a reasonable price. Next, the couple has two young kids and, presumably, more financial resources (e.g., the father had advanced in his career and the mother might have gone back to work) and are likely to purchase the Verso—a stylish family car. Moving forward, the kids are growing up and thus (as with all young kids) must be in front of a screen at all times. Assuming that



Source: Andreas Ackerup, Saarit Sweden

(a) Bachelors or Honeymooners: Toyota Auris



Source: Andreas Ackerup, Saarit Sweden

(b) Newlyweds: Toyota Yaris



Source: Andreas Ackerup, Saarit Sweden

(c) Married with Small Children: Toyota Verso



Source: Andreas Ackerup, Saarit Sweden

(d) Large Family: Toyota Avensis

FIGURE 10.1 Toyota's Models Target Different Stages of the Family Life Cycle

the couple's disposable income went up (e.g., dual income), it's time for the Avensis, with its stylish design and built-in multimedia gear.

The first part of this chapter describes the influence of the family on its members' development as consumers, as well as how the family functions as a consumption unit and the dynamics of family decision-making. We explore households that fit into the family life cycle, as well as atypical and non-family living situations.

Each household, whether family or non-family, belongs to a social class. **Social class** is the division of members of a society into a hierarchy of distinct status classes, in which members of a class have relatively the same status and members of the other classes have either more or less status. The second part of this chapter examines the demographics and consumption patterns of America's social classes. It describes how to measure social class and segment and target consumers according to social standing. The chapter concludes with examples of how social-class membership affects consumption habits, tastes, and values.

Learning Objective

- To understand the family as a consumer socialization agent.

The Family as a Socialization Agent

Socialization refers to the process of teaching people behave in a way that is acceptable to their society. In the context of marketing, the most important role of the family is the socialization of family members, ranging from young children to adults. This process includes

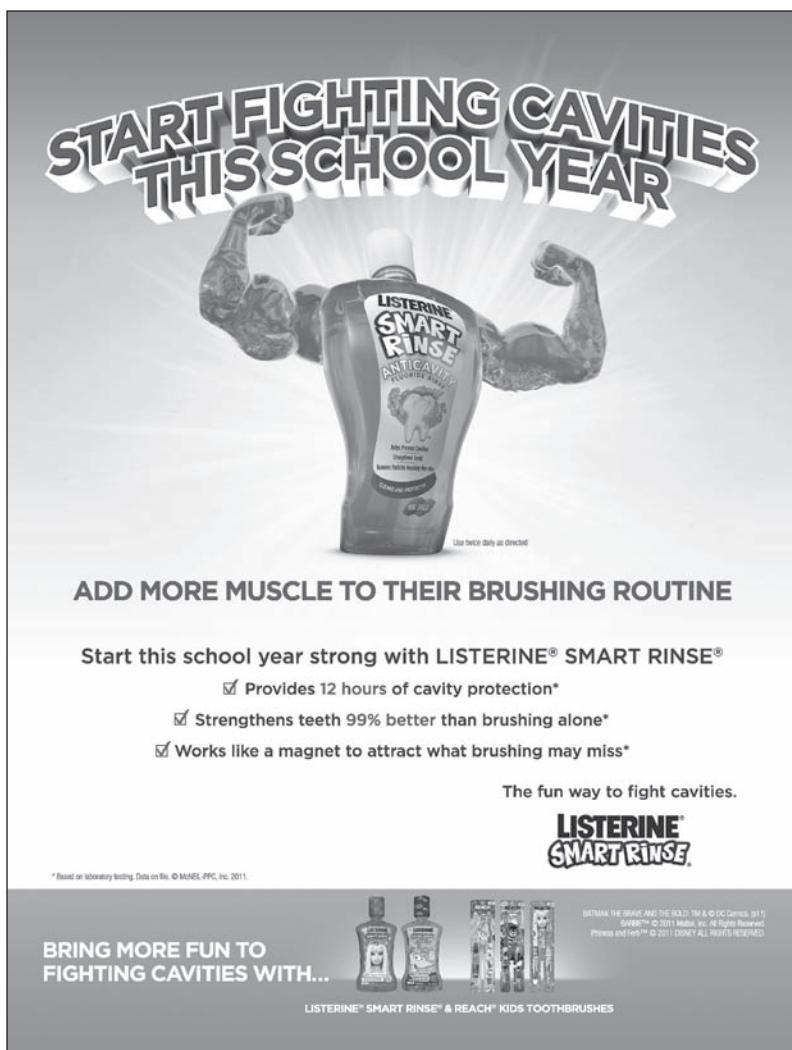


FIGURE 10.2 Establishing a Relationship Between Children and a Brand

knowledge, attitudes, and experiences necessary to function as consumers. Numerous studies have researched how children develop consumption skills. Many preadolescent children acquire their consumer behavior norms by observing their parents and older siblings, who function as role models and provide cues for learning consumption skills. Studies indicate that young children perceive their families as more reliable sources of information about consumption than advertising; however, peers have the most influence on teenagers' and adolescents' consumption.² Research has also shown that younger children react positively to advertisements employing spokespersons featured in parental roles, whereas teens often like products specifically because their parents disapprove of their purchases.³ Figure 10.3 illustrates the sources that influence children's socialization over time and indicates that socialization is a two-way process. The two-directional arrows indicate that a young person is both socialized and influences those who are doing the socializing.

A **socialization agent** is a person or organization involved in the socialization process "because of frequency of contact with the individual and control over the rewards and punishments given to the individual."⁴ Mothers are generally considered to be stronger consumer socialization agents than their husbands, because they tend to be more involved with their children, and are more likely to mediate their children's exposure to commercial messages. Additionally, they provide instruction in the skills needed by consumers, and serve as gatekeepers to information and influence by regulating the money that their offspring can spend. When investigating how mothers interact and relate to marketplace influences, a recent study found six distinct segments

imparting to children the basic values and modes of behavior consistent with their culture, including moral principles, interpersonal skills, dress and grooming standards, appropriate manners and speech, and the selection of suitable educational and occupational or career goals.

Parental socialization responsibilities have been expanding because it has become increasingly harder for young adults to find good jobs. Parents thus feel that their children must be ahead of others from a very young age—a competitive pressure that often results in demanding daily schedules for many children (e.g., daily preschool classes, after-school classes, play dates, weekend enrichment, and sports and arts programs). Some have argued that the barrage of structured activities and constant exposure to mass media and online social networks provide children with very little time to explore their own creativity.¹ Nevertheless, the socialization of young children provides marketers with opportunities to establish relationships between children and brands very early in the children's lives. Very often, such connections extend into a person's adolescence, teenage years, and adulthood. The ad for Listerine Smart Rinse in Figure 10.2 is an example of a marketer's initiative to establish a bond between a brand and very young children.

The aspect of childhood socialization that is particularly relevant to the study of consumer behavior is **consumer socialization**, which is defined as the process by which children acquire the skills,

Source: LISTERINE® is a registered trademark of Johnson & Johnson. Used with permission

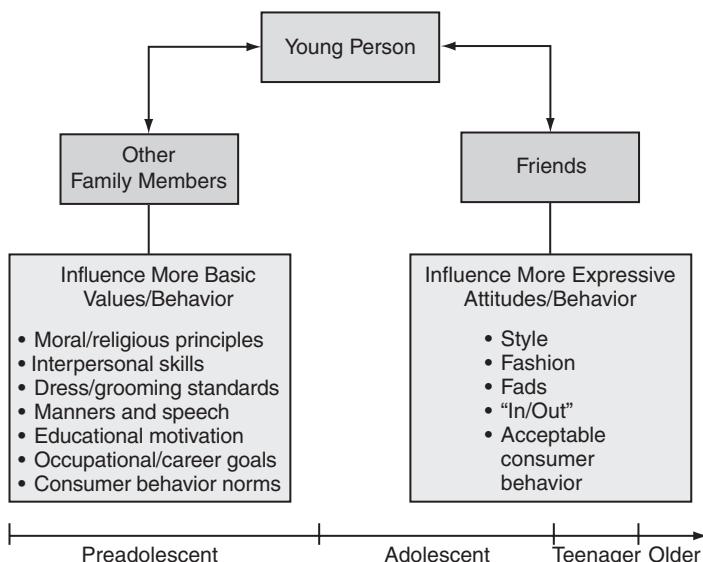


FIGURE 10.3 Socialization Sources

of mothers—three with a positive attitude toward marketing (marketing receptive) and three with a negative attitude (marketing resistant). The Indian context provides one of the best examples of marketers using the stereotype of the “mother/wife” in creating and nurturing brand associations. Despite changes in the environment and lifestyles in the last two decades, the “mother” in an Indian family continues to inspire brand associations across categories and socioeconomic classes. The mother is instrumental as a socialization agent in developing the tastes and preferences of children and this aspect can even have intergenerational impact. Normally, married daughters tend to follow rituals that their mothers have followed and this aspect of the culture provides scope for brands to use intergenerational marketing. For example, Surf or Horlicks are brands that have been a part of the Indian markets for decades, and with appropriate strategies marketers will be able to forge the “mother-daughter” linkages that may hold good for the second generation. Clinic Plus is an interesting example of the link being taken to contemporary dimensions in recent times and the mother–daughter/son association has been a part of the brand imagery for the last several years. Brands that have used these linkages in the Indian context are Vicks, Horlicks, Complan, and Bournvita (milk additives), Meera shampoo, Lifebuoy handwash, Dettol (both antiseptic lotion and floor cleaners—family association in the latter), Knorr soups, Johnson & Johnson baby care products, Pears soap, Kent water filter (with celebrity), and Pepsodent toothpaste. The lady of the house is also seen to provide care and comfort to her husband/family in many advertisements, including Saffola edible oil, Qaker Oats, Wheel detergent, and Kellogg’s cornflakes.

Early socialization aspects that involve brands can also provide several opportunities for marketers. Someone who had grown up with Gems (chocolate from Cadbury) will appreciate the brand’s communication that one is never too old to enjoy the brand. The market for nostalgia, too, can make use of family socialization. For example, several adults in the age group of 50–60 may have grown up with brands like Lux, Iodex, Dettol, and Titan watches during their twenties or even earlier. How can these brands trigger a sense of nostalgia among these consumer segments is an interesting proposition.

The ad for Mott’s juice in Figure 10.4 depicts a mother as a socialization agent who is teaching her children that juices with less sugar are healthier. Researchers identified distinct socialization styles among mothers, based on mothers’ attitudes toward marketing, which are described in Table 10.1.⁵

There is no universal model of how children develop their consumption skills; learn to understand the role of advertising in the formation of buying preferences; and master the relationship between monetary resources, value, and limits on buying. Next, we describe three aspects of consumer socialization.

Parental Styles and Consumer Socialization

Several decades ago, sociologists began to study the impact of parental styles on children’s development, and later on marketers applied those findings to consumer socialization. Figure 10.5 features a classification of parental styles along two dimensions: *permissive* versus *restrictive* and *very nurturing* versus *non-nurturing*. The table identifies four parental styles and lists their respective

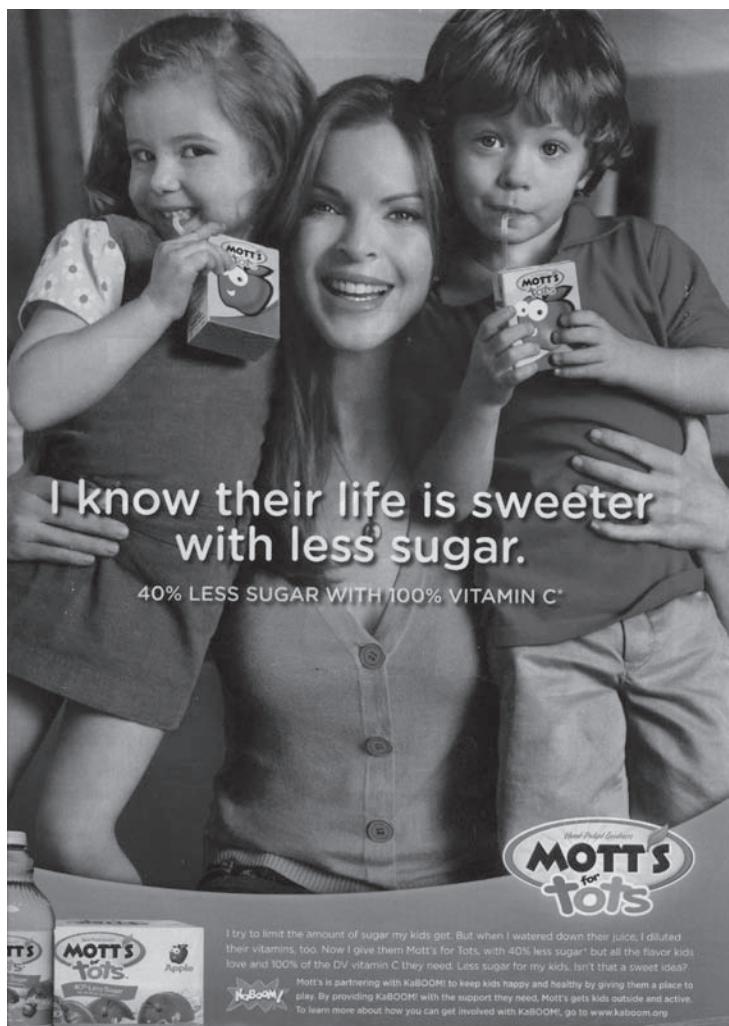


FIGURE 10.4 Socialization Agent

attitudes toward advertising, consumption, and yielding to children's buying requests. The four parental styles include: **indulgent parents**, who are very nurturing and highly permissive during consumer socialization; **neglecting parents**, who are very permissive, but provide their children with little or no nurturing during consumer socialization; **authoritative parents**, who are very nurturing and also very restrictive with respect to consumer socialization; and lastly, **authoritarian parents**, who are very restrictive and not nurturing during consumer socialization.

Consumer Socialization Is Learning

Children learn the importance of possessions at an early age, as demonstrated by a child seeing a commercial for a doll or action figure on television, pointing to the screen, and shouting "I want that!" A study conducted with school-aged children in Minnesota found that materialism increases from middle childhood (ages 8–9) to early adolescence (ages 12–13), and then declines from early to late adolescence (ages 16–18). The research also found an inverse relationship between self-esteem and materialism in children and adolescents (i.e., children with high self-esteem are more likely to express lower levels of materialism, and vice versa).⁶ Furthermore, the study noted that rather than blaming the media for the materialism exhibited by children and adolescents, finding ways to increase their self-esteem is a more positive approach. Another study found that adolescents use ridicule as a mechanism to exchange

Source: Dr Pepper Snapple Company.

TABLE 10.1 Mothers' Socialization-related Attitudes

MARKETING RECEPTIVE	MARKETING RESISTANT
The Balancer: Married and has a career. Multitasks and teaches her children how to become good consumers. Lets children learn from experience and make buying mistakes.	The Protector: Highest income and education among all the segments. Rational and teaches her children to shop and spend responsibly. Resents the influence of the media on her children.
The Nurturer: Focused on her family and often sacrifices her own desires to meet the wants of her children. Trusts well-known companies and brands.	The Struggler: Does not have the money to indulge her children's requests. Very price- and value-conscious shopper. Views her life negatively.
The Diva: Self-focused and seeks acceptance and attention from others; is a conspicuous consumer. Views her children as a part of her image, and often gives in to children's requests to make her life easier.	The Stoic: Culturally and socially isolated. Views herself as a caretaker and homemaker. Loves her children but feels emotionally distanced from them. Deliberates regarding purchases.

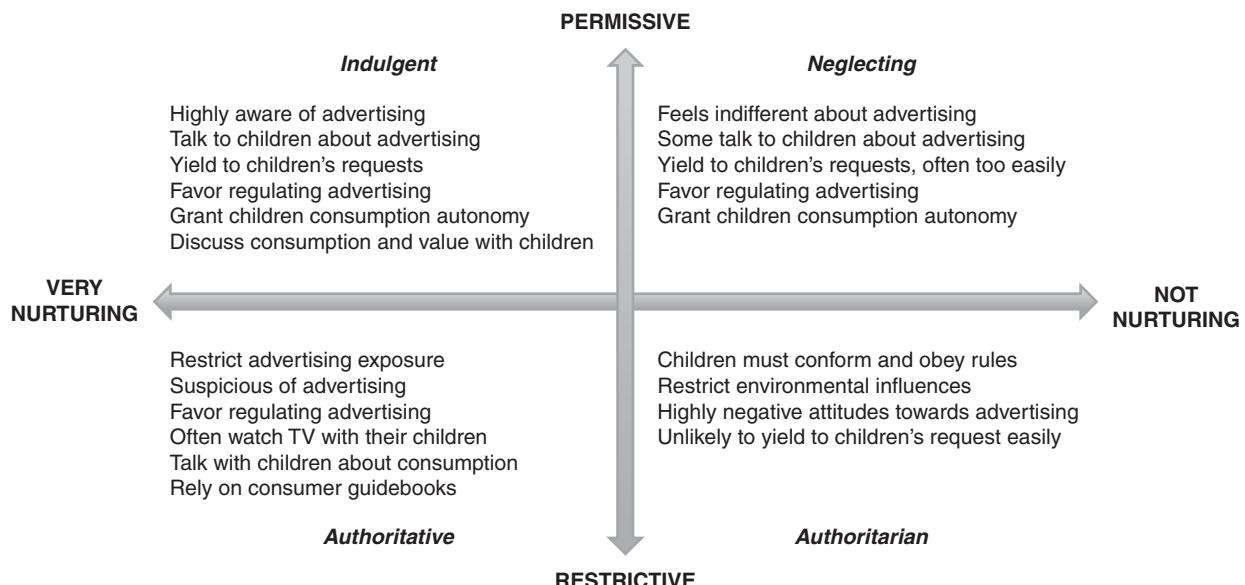


FIGURE 10.5 Parental Styles and Consumer Socialization

information about what should and should not be consumed and valued; ridicule is also a form of ostracizing peers who shop unlike most do.⁷ A Canadian study of college students (with the majority being full-time students, and 85% living at home with parents) indicated that older college students were influenced by their parents, and less influenced by their peers and media.⁸ The study also found that older college students were more competent consumers than their younger counterparts.

The model in Table 10.2 details stages that children go through in learning to function as consumers, and identifies their sources of information at each stage.

Adult and Intergenerational Consumer Socialization

The socialization process is ongoing, beginning in early childhood and extending throughout a person's life. After childhood, as teenagers and adolescents, young consumers continue learning about consumption and many become skeptical about some aspects of marketing. One study found that more socially affluent adolescents were less skeptical of advertising than their less affluent peers. Lower socioeconomic status adolescents, having less money than their wealthier peers, were more critical of advertising claims. Additionally, the study found that Internet usage was negatively related to skepticism, possibly because Internet surfers can skip ads and only visit websites that interest them.⁹

When newly married people establish their own households, adjusting to consuming as a couple is the continuation of socialization. Similarly, the adjustment of a soon-to-be-retired couple, perhaps moving to a warmer climate, is also part of ongoing socialization. Even a family that is welcoming a pet into its home faces the challenge of socializing the pet so that it fits into the family environment. Research found that pet owners treat their pets as full-fledged family members. For instance, 58% of

TABLE 10.2 Children's Development as Consumers

STAGE	MEDIAN AGE	DESCRIPTION
Shopping with parents and observing	12 to 15 months	Children notice all the items that are fun to eat and play with and begin to recall specific ones. They learn how shopping satisfies needs. Parents may buy some items to reward children for good behavior.
Making requests while shopping with parents	2 years	By age 2, children begin to connect advertising with items in the stores and delight parents with their cognitive development. They request items—mostly foods and toys—by pointing. Children also begin to pay more attention to advertising and some insist on watching more TV.

(Continued)

TABLE 10.2 (Continued)

STAGE	MEDIAN AGE	DESCRIPTION
Selecting with permission while shopping with parents	3 1/2 years	Children are climbing off shopping carts and walking besides parents. They recognize most brands of cereal, snacks, ice cream and frozen deserts and know their locations. Many have favorite brands and even stores, and parents begin to select brands and items that their children prefer.
Independent purchases while shopping with parent	5 1/2 years	A child's first independent purchase is likely to be in a supermarket, convenience or department store. Children begin to understand the limits of monetary resources and some may feel frustrated when denied items because they are too expensive or do not represent good value.
Shopping independently	8 years	Parents gradually, and often reluctantly, begin to allow children to go to stores alone. The first independent trip is likely to be to a convenience store. Children discover the wonders of shopping and having to decide among many choices.

those surveyed indicated that they have sent or received a holiday card from their dogs or cats, and 78% regularly talked in different voices (“I wuv you”) to their pets and referred to them as family members.¹⁰

Many product preferences and brand loyalties are transferred from one generation to another, sometimes across three or four generations.¹¹ For instance, brand preferences for products such as peanut butter, mayonnaise, ketchup, coffee, and canned soup are frequently passed on from one generation to another. In some families—like Asian households—grandparents not only play an important role in teaching younger members consumption-related skills, but also participate in all major consumption decisions. Very often, Asian grandparents live with their children and grandchildren.

Box 10.1 Brands and the Reversal of Intergenerational Influence

Even a decade back quite a few consumers may have preferred Colgate or Surf or Red Label, primarily because these brands had been introduced to them by their parents. Intergenerational loyalty is worth exploring especially in a collectivist (collectivism as a dominant cultural dimension) country like India.

Changing lifestyles and fragmented preferences within the family may reverse the intergenerational influence. Godrej's Expert advanced hair dye is an example. The ad showed youngsters convincing their mother about using the brand and the youngsters get excited after seeing the ‘face-lift’ given to their mother by the brand. Brands may use the younger generation in the family to influence the older generation to try out categories that were not within the mindset of the latter.

The Family's Supportive Roles

The family has several supportive functions that are part of the socialization process and consumer behavior. These include economic well-being, emotional support, and suitable family lifestyles.

Economic Well-being

The most important economic function of the family is to provide financial resources to its members and allocate its income in a way that supports all members adequately. The data in Table 10.3 show how an “average” U.S. family spent its money over one year. The largest expenditures were on housing, transportation, food at home, pension and social security, health care, food away from home, and entertainment.¹²

Emotional Support

A core function of the family is providing its members with love, affection, and intimacy. When most women had no jobs outside the home, children received most of their emotional support from their mothers. However, as more and more women joined the labor

TABLE 10.3 How the “Average” Family Spends Its Money

EXPENDITURE CATEGORY	DOLLARS	PERCENT
Food at home	3,753	8.1
Food away from home	2,619	5.6
Alcoholic beverages	435	0.1
Housing	16,895	36.3
Apparel and services	1,725	3.7
Transportation	7,658	16.5
Health care	3,126	6.7
Entertainment	2,693	5.8
Reading	110	0.2
Tobacco products	380	0.7
Life and other personal insurance	309	0.8
Pensions and social security	5,471	11.7
Miscellaneous	1,320	2.8
Total of above	46,494	

Source: U.S. Census Bureau, “Average Annual Expenditures of All Consumer Units by Selected Major Types of Expenditures: 1990 to 2009,” Statistical Abstract of the United States: 2012, Table 684. <http://www.census.gov/compendia/statab/2012/1250684.pdt>. Accessed 6/20/2012

force—with some pursuing more demanding and lucrative careers than their husbands—men have played an increasingly important role in rearing children. If the family cannot provide adequate assistance when it is needed, it may turn to a counselor, psychologist, or other professionals. In most communities, there are educational and psychological centers designed to assist parents who want to help their children improve their learning and communication skills or better adjust to their environments. The Lever soap ad in Figure 10.6 shows how the family provides emotional support.

Suitable Family Lifestyles

What people view as a “suitable” lifestyle reflects their experiences while growing up. Their parents’ priorities regarding learning and education, recreational activities, hobbies, setting of career goals, media exposure, and shopping habits are all part of the lifestyle that children imitate, at least to some degree, when they set up their own households. Changing family lifestyles are greatly influencing consumption patterns. For example, the growth of the demand for convenience foods and rising popularity of fast and takeout foods are the result of career moms having little if any time for household chores. With both spouses working, many parents are increasingly aware of the importance of spending quality time with their children.

Learning Objective

- 2 To understand family decision-making and its members’ consumption-related roles.

Family Decision-making and Consumption-related Roles

Marketers recognize that families operate as units in terms of consumption behavior, and many researchers have studied the dynamics of family decision-making. Specifically, marketers focus on husband-wife decision-making, the relative influence each family member has regarding consumption, children’s role in family decision-making, and the multiple roles that family members may assume regarding the purchase, use, and maintenance of their homes, products and services.

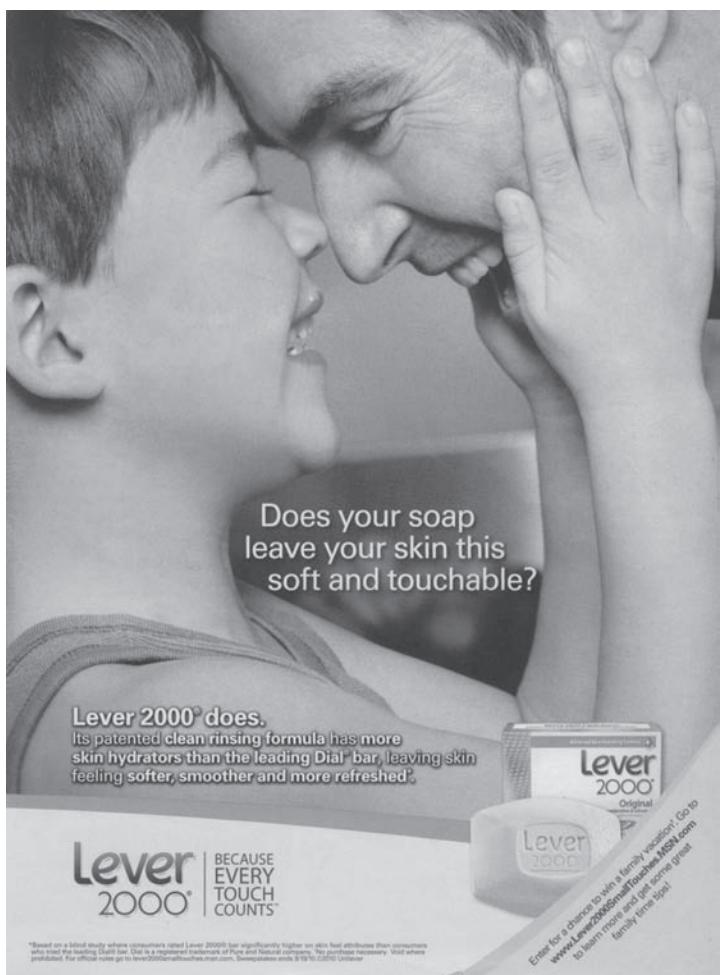


FIGURE 10.6 The Family Provides Emotional Support

ing of controls. In addition, storage is a big deal to women buyers, whether it's room for groceries, handbags, kids' toys, foldable seats, or car booster seats. Many car manufacturers have considered women's heights in the design of seating and steering columns, as well as designing door handles that women drivers with long fingernails can grab easily. Apparently, both men and women like "aggressive and elegant" lines in the form of "smoothness from one end to the other with no rough edges and a tight, flush design." Like men, women want performance and design, but they also want more features. Examples of features designed with women in mind include inside door handles that are individually illuminated with dim lights, concave consoles with attractive buttons and digital information displays, and entertainment system screens that can be raised and lowered by the push of a button.¹⁴

Traditionally, women have controlled their families' day-to-day household spending, but men were in charge of major decisions on banking and financial planning. However, one study indicated that British women are now more likely than their husbands to choose banks and make provisions for future savings and spending. The study showed that 91% of households where women were in charge of financial planning had significant savings, but only 82% of households had such savings when men had that responsibility. This was especially true among younger couples; in households with males over the age of 45, men tended to be in charge of money matters. The study predicted that a majority of women of all ages would be in charge of most households' financial decision by 2020. Furthermore, among couples under the age of 45, women were more likely than men to choose the family's bank (52% of households), take control of making detailed future plans for savings (52%), and pay day-to-day bills and keep track of spending (54%). Apparently, women are better savers; the results showed that 37% of single men had no savings, compared to 30% of single women. Greater control of families' finances by women will increase households' savings, as women tend to have a longer-term orientation to saving and also be more cautious savers in selecting where to hold and invest savings. This might also mean that mortgage repayments and consumer spending could become less vulnerable to turmoils in employment or financial markets in the future.¹⁵

Husband-Wife Decision-making

Marketers have studied each spouse's relative influence in consumption and identified four patterns of husband–wife decision-making:

- Husband-dominated decisions** are those where the husband's influence is greater than the wife's.
- Wife-dominated decisions** are those where the wife's influence is greater than the husband's.
- Joint decisions** are those where the husband's and wife's influences are equal.
- Autonomic decisions** are those where either the husband or the wife is the primary or only decision maker.

The relative influence of a husband and wife on a particular consumer decision depends mainly on the product or service category. For instance, during the 1950s, the purchase of a new automobile was strongly husband-dominated, whereas food and financial banking decisions were often wife-dominated, but these patterns are no longer the case. Some studies indicate that women influenced 85% of all decisions regarding car purchases and bought about 45% of all vehicles sold in the U.S. independently. More than half of female car buyers sought advice from expert sources before buying a new car, spent more time in the purchasing process than men (17 weeks versus 15), and, on average, visited three dealerships, seeking both the best price and polite treatment.¹³

Carmakers and automobile dealers have studied the specific needs of women drivers. For example, GM pays particular attention to details in trim, fabric, colors, compartments, and shapes and positioning

Source: Unilever

Husband–wife decision-making is related to cultural influence. Research comparing husband–wife decision-making in the People's Republic of China and in the United States revealed that, among Chinese couples, there were substantially fewer joint decisions and more husband-dominated decisions for many household purchases than among American spouses.¹⁶ However, when comparing urban and rural Chinese households, the research showed that in large cities, such as Beijing, married couples were more likely than rural couples to share equally in purchase decisions. Another study compared family decision-making among American and Singaporean families; that study discovered that joint decision-making was characteristic of American families, whereas Singaporean families' decisions were often husband dominant.¹⁷

Children's Influence on Family Decision-making

Over the past several decades, children have played a more active role in what the family buys, as well as in the family decision-making process. Children's growing influence is the result of families having fewer children (which increases the influence of each child), the existence of more dual-income couples who can afford to permit their children to make a greater number of the choices, and encouragement by the media to allow children to "express themselves." In addition, single-parent households often push their children toward household participation and self-reliance. For example, kids in supermarkets make an average of 15 requests, of which about half are typically granted.¹⁸

One study, which included interviews with both parents and their children, focused on the influence of children during family decisions regarding vacations. The researchers pointed out that although children believed that they had a large degree of influence on vacation-related decisions, their parents viewed the children's influence as merely moderate.¹⁹ Another notable study investigated the tactics that children use when they want their parents to buy them something or to "get their way" during family decisions. The study identified the following tactics that children typically use:

- 1. Pressure:** The child demands, threatens, and tries to intimidate the parents.
- 2. Exchange:** The child promises something (e.g., to "be good" or clean his room) in exchange.
- 3. Rational:** The child uses a logical arguments and factual evidence.
- 4. Consultation:** The child seeks parents' involvement in the decision.
- 5. Ingratiation:** The child tries to get the parent in a good mood first and then make the request.²⁰

One study identified a group termed "teen Internet mavens"—teenagers who spend considerable time on the Internet and are very proficient in searching for information and responding to requests from others. The study showed that the mavens believed that they were more influential in researching and evaluating family purchases than their parents, which the parents confirmed.²¹

Children Are Three Markets

An expert on marketing to children pointed out that children should be divided into three separate markets, as described in Table 10.4. Many marketers can apply this framework to targeting different segments of the children's market. For example, when viewing children as influencers, marketers of food products and vacations should depict kids' involvement in these decisions, but must do so in a subtle way and not feature children pressuring their parents to buy products. In addition, recognizing that children form brand preferences early, marketers should show how thankful kids are when their parents buy certain brands.

TABLE 10.4 Children as Three Markets

ROLE	DESCRIPTION	EXAMPLES
Children as influencers	Children make requests when accompanying parents on shopping trips and also at home.	Items for themselves (toys, electronics, clothing). Items for homes (furniture, food and beverage preferences). Services for the entire family (vacations, restaurants).
Children as a primary market	Children who shop independently while shopping with their parents or buy things with their own money.	The most commonly purchased products are snacks/sweets, toys, games, clothes, movies, sport events, concerts and video games.
Children as future consumers	Children start contemplating future purchases: "When I grow up I will buy myself . . ."	The future consumers are fully aware of brands, and marketers should focus on building relationships with them.

TABLE 10.5 (Continued)

DECISIONS	DEGREE OF INFLUENCE	HUSBAND	WIFE	CHILDREN 12 YEARS OLD OR YOUNGER	TEENAGERS
	Least influential				
	No influence at all				
Destination(s)	Most influential				
	Very influential				
	Somewhat influential				
	Least influential				
	No influence at all				
How to get to the destination (e.g., drive or fly)	Most influential				
	Very influential				
	Somewhat influential				
	Least influential				
	No influence at all				

TABLE 10.6 Family Members' Consumption-related Roles

ROLE	DESCRIPTION
Influencers	Family member(s) who provide information to other members about a product or service.
Gatekeepers	Family member(s) who control the flow of information about products and services into the family.
Deciders	Family member(s) with the power to decide which product to buy and where.
Buyers	Family member(s) who make the actual purchase of a particular product or service
Preparers	Family member(s) who transform the product into a form suitable for consumption by other family members.
Users	Family member(s) who use the service or consume the product.
Maintainers	Family member(s) who service or repair the product so that it continues to function well.
Disposers	Family member(s) who initiate or carry out the disposition of a product or the discontinuation of the service.

Family Members' Roles

Table 10.6 shows another perspective on family decision-making which consists of identifying the roles that members play in buying decisions. For example, many parents are *gatekeepers*, who control the information that reaches the family's children by using the parental control features available on TVs, computers, and other communication devices. As described earlier, *indulgent* and *authoritative* parents are attentive gatekeepers. When targeting these parents, electronics makers should emphasize their products' sophisticated information-control features. Companies selling SUVs should recognize that children might be *influencers* in the family's purchase of a new model, although they are neither the *deciders* nor *buyers* of family cars. Children from dual-income households are often the *deciders*, *buyers*, and *preparers* of foods, so marketers of cuisine goods must study the roles of children in this area of the family's consumption. For example, children should be able to open packaging

safely and easily, and understand measurement units and preparation instructions. Because children—in the role of *keepers*—often perform housekeeping chores by themselves, makers of, say, vacuum cleaners should observe how children use their products and make sure that kids can do so safely.

Learning Objective

- 3 To understand the role of the family life cycle in market segmentation and targeting.

of disposable income are inferred from the family's stage in the cycle. As illustrated in this chapter's opening, Toyota's car models were designed with the family life cycle in mind. Although it is no longer typical of American families, because of the emergence of non-family households and families that cannot be placed into a "typical" phase, the family life cycle remains a widely used form of segmentation, and is also used to analyze the consumption of households that do not fit neatly into it.

The family life cycle starts with bachelorhood and then moves on to marriage (and the creation of the family unit). Marriage usually leads to the growth of the family when children arrive, and later on to family contraction, as grown children leave the household. The cycle ends with the dissolution of the family unit due to the death of one spouse. The stages of the family life cycle are featured in the following sections.

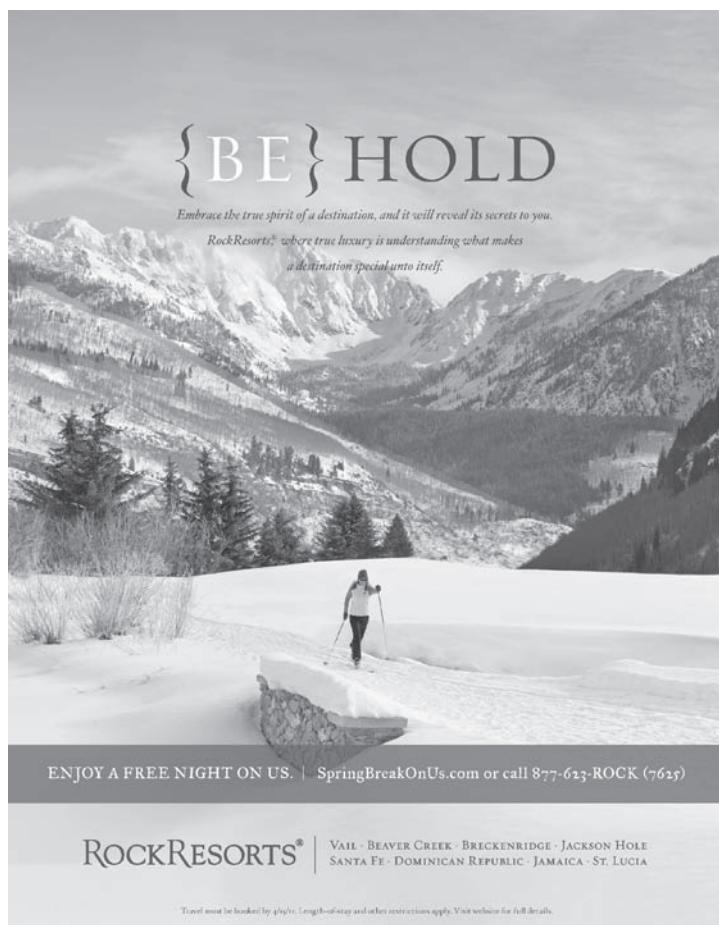
Bachelorhood

The **bachelorhood** stage refers to young single men and women, mostly college educated, who have incomes that allow them to leave home and establish their own households. Increasingly, though, even employed college graduates continue to live at home and save toward setting up their own homes. Single persons spend considerable amounts on clothing, cars, and travel and entertainment. Marketers should differentiate between singles who live at home (with their parents) and those who have left it. The ads in Figures 10.7 and 10.8 target single and affluent women, who can afford expensive furniture and vacations.



Source: Ligne Roset

FIGURE 10.7 Targeting Women in the Bachelorhood Stage: High-Priced Furniture



Source: RockResorts, LLC.

FIGURE 10.8 Targeting Women in the Bachelorhood Stage: Exclusive Vacations

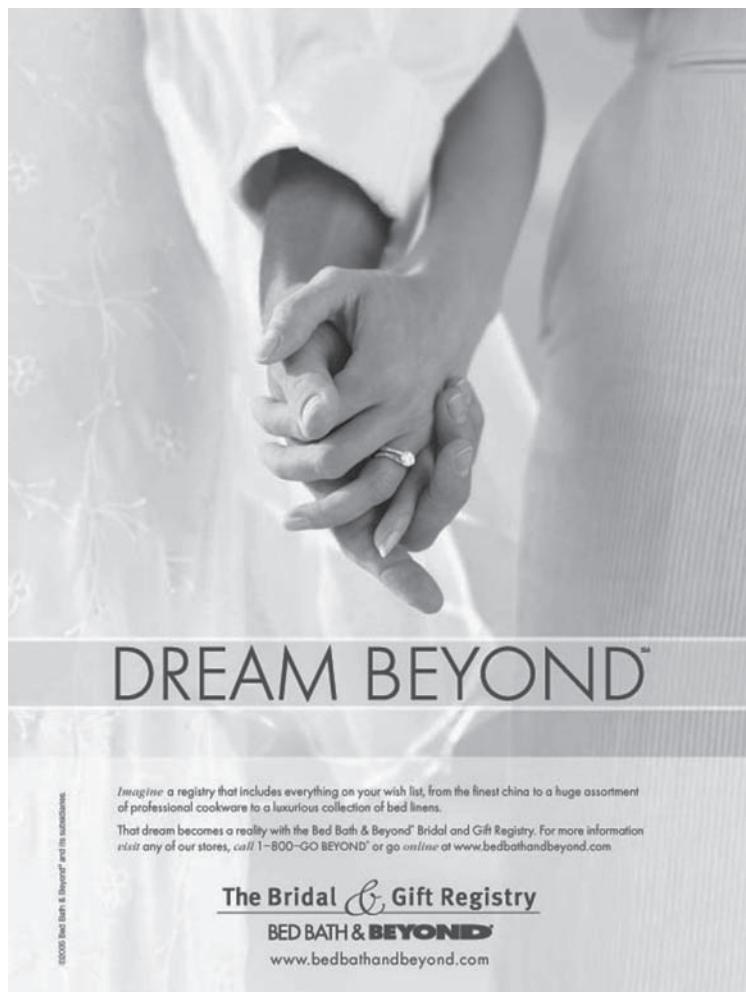
Honeymooners

The **honeymooners** stage refers to young and newly married couples. Educated, engaged couples have a combined discretionary income. If both establish career paths, their incomes grow steadily. A spouse going back to graduate school usually calls for curtailing spending and a more moderate lifestyle. People with considerable discretionary incomes are prime targeting prospects. Most couples overspend on their weddings (see the ad in Figure 10.9). Afterward, they are in the market for home furnishings, travel, and financial planning services. Because many young husbands and wives both work, these couples often have a combined income that permits them to purchase more indulgent possessions, as well as save and invest money.

Honeymooners have considerable start-up expenses when establishing a new home. They must find a place to live, buy furniture, and decorate and set up their households. They are the prime targets of marketers in many sectors, and of advisory magazines (e.g., Homes and Gardens), as well as decorators, designers, architects, and financial planners.

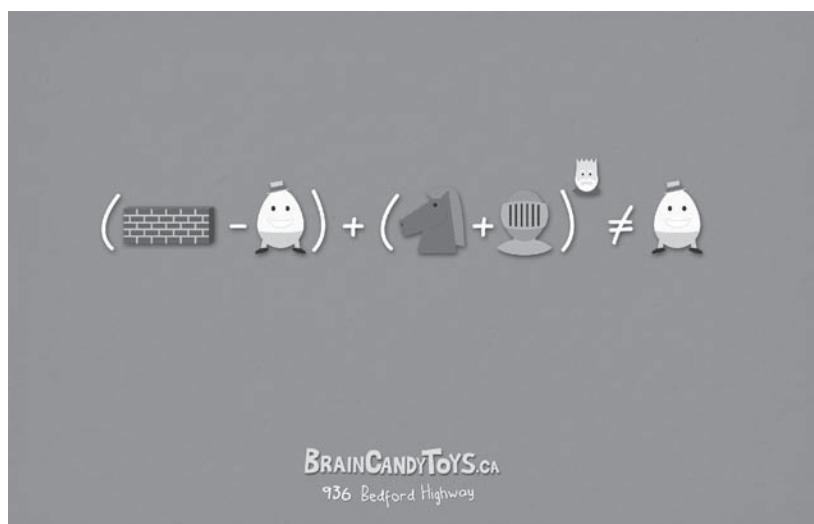
Parenthood

The **parenthood** stage designates married couples with at least one child living at home. This is the longest stage of the family life cycle. The ad for toys that help children's cognitive development in Figure 10.10 targets young parents (the ads in Figures 10.4 and 10.6 do the same).



Source: Bed, Bath & Beyond

FIGURE 10.9 Targeting Honeymooners



Source: Ads created by Revolve, CA for Brain Candy Toys, CA

FIGURE 10.10 Targeting Young Parents

Parenthood (also known as the “full-nest” stage) usually extends over more than a twenty-year period. Because of its long duration, this stage can be divided into shorter phases. The *preschool phase*, *elementary school phase*, *high school phase*, and *college phase*. Throughout these parenthood phases, the interrelationships of family members and the structure of the family gradually change. Furthermore, the financial resources of the family change significantly, as one (or both) parents progress in their careers and as child rearing and educational responsibilities gradually increase and then decrease as children become self-supporting.

Many magazines target parents and children of different ages, either together or separately. For example, there are many special-interest publications, such as Humpty Dumpty, designed for the young child who is just learning to read; Scholastic Magazine, for the elementary school pupil; Boy’s Life, for young boys; and American Girl, Seventeen, and Glamour for teen and young adult girls interested in fashion. In addition, a relatively new magazine, Cookie, is targeting the parents in the more than 22 million U.S. homes with annual incomes in excess of \$75,000 and children under 10 years of age.²²

Post-parenthood

The **post-parenthood** stage refers to older married couples with no children living at home. Because parenthood extends over many years, the start of this stage (also known as “empty nest”) is traumatic for some parents and liberating for others. For many parents, this stage represents the opportunity to do all the things they could not do or afford while their children lived home or went to college.

During this stage, most married couples are financially secure and have a lot of leisure time. They travel more frequently, take extended vacations, and are likely to purchase a second home in a warmer climate. They have higher disposable incomes because of savings and investments, and they have fewer expenses (no mortgage or college tuition bills). They look forward to being involved grandparents. Therefore, families in the post-parenthood stage are an important market for luxury goods, new automobiles, expensive furniture, and vacations to faraway places. Chapter 12 discusses postretirement consumer behavior.

Box 10.2 Potential in the Indian Context-‘Empty Nest’ Stage of Family Life Stage

“Empty Nest” is a family stage during which both the husband and wife go through the aging process without their children being with them. Financially, they may be comfortable; they may have more of leisure time and may also like to travel or even continue to work. The present generation of post-sixty years adults (generally regarded as senior citizens) have longevity of life that has both positives and negatives.

While the positives are obvious, the negatives include lifestyle diseases, a large sum of money or insurance required to meet such problems, and more importantly, the reliable manpower support required for both the husband and wife as they age and slowly become dependent (while their children are away). Some of them may have no affordability limits to face problems and some of them may depend on their children. Such a situation opens up several opportunities for marketers. Serene is a brand that has opened up senior citizen homes in several cities. Apollo Hospitals has opened up an evening clinic in Bangalore so that children may be able to accompany their parents. Most importantly, the demand for reliable ‘in-house’ services (like nursing and electronic surveillance) may have a huge potential in future in India. Online services may even provide customized services with constant interaction with children who are placed abroad and can pay for the services. There is a definite need for a reliable and trustworthy brand in the Indian context as perceived risk of consumers opting out for such services is likely to be high.

Dissolution

The **dissolution** stage refers to the family with one surviving spouse. If the surviving spouse is in good health, is working or has adequate savings, and has supportive family and friends, the adjustment is easier. The surviving spouse (women live longer than men) often tends to follow a more economical lifestyle. Many surviving spouses seek each other out for companionship; others enter into second (or third and even fourth) marriages (Chapter 12 describes the characteristics of older consumers).

Summary of the Family Life Cycle

The traditional family life cycle concept details the types of products and services that a household or family might be most interested in at each stage. In addition, it is also possible to trace how the family life cycle concept affects a single product or service over time. As an example, a qualitative study conducted in Denmark indicates that family life cycle

stage influences the experiences that consumers seek during their vacations. For example, less “traditional” vacations when single, such as backpacking through Europe, and more “traditional” vacations when married with a young child, such as a week at a Caribbean island hotel.²³

Family and Its Social Setting in the Indian Context

Traditionally, the Indian family was a joint family consisting of the husband and wife, parents of the husband, and his relatives. Religious stories and cultural mythologies that was once a part of one's childhood is giving away to computer games and fun on the YouTube. The onset of nuclear families has had a major impact on the lifestyle of families in the Indian context.

There are three kinds of social setting that can be identified in the Indian context—family with the traditional homemaker, the family with a ‘quasi-progressive’ wife, and the family with the contemporary wife in a typical urban nuclear family in which both the husband and the wife are highly qualified professionals. The traditional wife takes care of the children and attempts to balance the demands of the children with the implicit norms provided by the husband. She may not have the final say on discretionary expenditure concerned with computer games and fun foods for children (in some families, the affordability for indulgence is also a consideration). Contrary to the popular perception that the traditional homemaker can only be found in homes that are economically not very highly placed, there are traditional homemakers in every socio-economic stream. The ‘quasi-progressive’ families have a wife where she has the freedom to decide on day-to-day needs of the family and also provide inputs on obtaining durable categories for the family. Several brands of snack foods, detergents, floor cleaners, and milk additives are advertised to influence such homemakers. The third category of urban contemporary homemakers are those who would like to have an equal say in most decisions concerning the household – that could range from biscuits for children to buying a new home. Several jewelry, cosmetic brands, and real estate brands target this segment of homemakers who can open up avenues for discretionary spending. Such expenditures associated with aspiration-based lifestyles may include vacationing, buying furniture, and cars. In all the three categories, the well-being of children are the top priority for the homemakers. The stereotype of a homemaker is strongly associated with an Indian homemaker, regardless of the category they belong. Such a concern was reflected in the ads of brands like Lifebuoy, Dettol, Bournvita, and Horlicks. A distinguishing characteristic of Indian families (across socio-economic spectrum) is the “Family” shopping associated with wedding occasions (apparel, jewelry and furniture categories are examples). The family as well as other members of the extended family (close relatives) will join together and enjoy the shopping. Several Chennai-based retailers advertise in regional television channels to attract such segments of consumers.

Parents' interest in the choice of the best educational alternatives for their children is another contemporary area that has given rise to career counsellors and teaching institutes that prepare students for competitive entrance exams.

Learning Objective

- 4 To understand the consumption patterns of nontraditional families and non-family households.

Nontraditional Families and Non-family Households

When targeting segments that do not represent “typical” families or households, marketers must distinguish between two groups:

1. **Nontraditional families**, defined as families that do not readily fit into the family life cycle.
2. **Non-family households**, defined as living situations that are not legally defined as families (e.g., couples who live together but are not married).

The most common nontraditional family forms and non-family households are also described in Table 10.7. At one time, these forms of families and households were relatively rare and marketers ignored them. However, what is considered a “typical” family or household has changed considerably over time. For instance, traditional families represented 81% of all U.S. households in 1970, but only 66% in 2010. The number of households consisting of married couples with children under 18 decreased from 40% in 1970 to about 20% in 2010, and the number of “not married, no children” households (i.e., non-family households) rose from almost 19% in 1970 to 34% in 2010.²⁴ During this same time frame, the percentage of family households without a spouse present rose from 11% to almost 18%, and the number of people living alone grew from 17% in 1970 to almost 27% in 2010. Also, whereas in 1970, 65% of men and 60% of women age 18 and older were married, by 2010 these figures had declined to 53% of men and 50% of women.²⁵

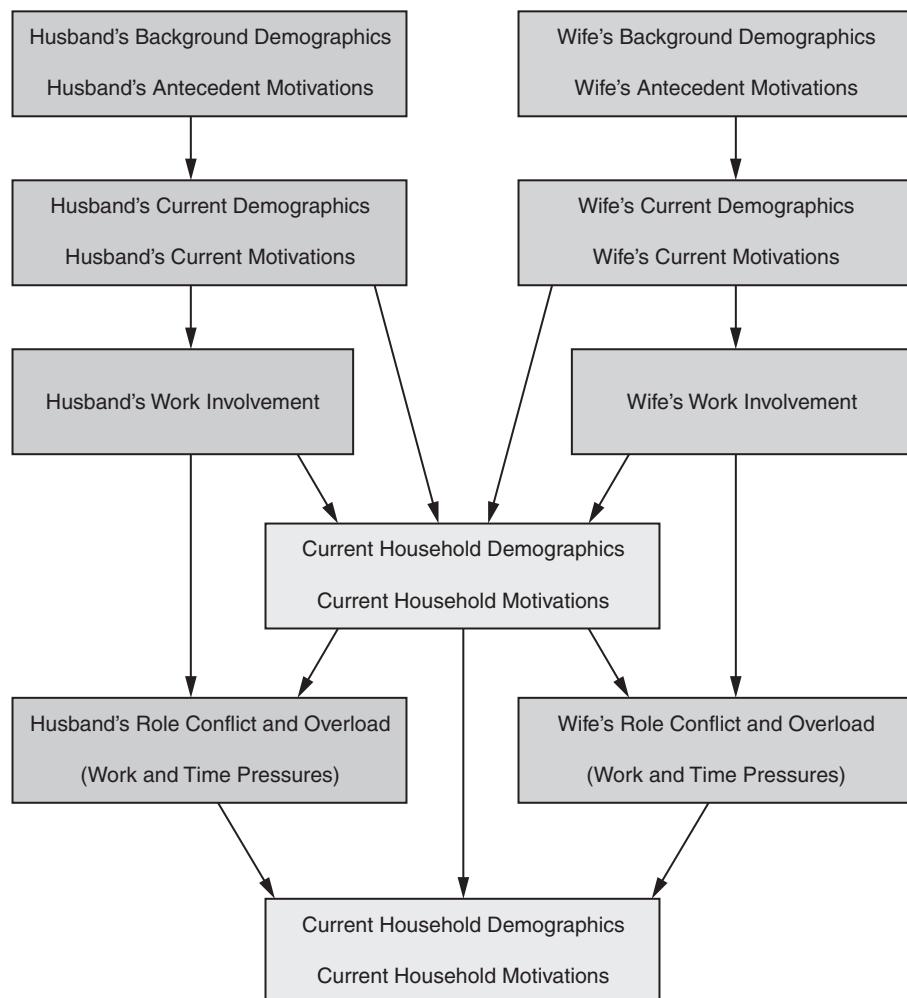


FIGURE 10.13 Dual Spousal Work Involvement

Dual Spousal Work Involvement Household Classification System

Figure 10.13 shows a classification system named “dual spousal work involvement,” which consists of eight types of households based on combinations of occupations and “career-related motivations.” The eight groups shown differ in consumption patterns. For example, dual low-occupation and nonworking wife and low-occupation husband households consumed a lot of fast and convenience foods but very few healthy and nutritious items. In contrast, dual, very high-occupation career couples consumed many healthful items and few convenience foods.²⁹

Learning Objective

- 5 To understand the impact of social stratification on consumer behavior.

Social Standing and Consumer Behavior

Social class is the division of members of a society into a hierarchy of distinct status classes, so that members of each class have relatively the same status and members of all other classes have either more or less status. Some form of class structure (or social stratification) has existed in all societies throughout history. In contemporary societies, people who are better educated or have prestigious occupations have more status relative to other members of the same society. Belonging to a given social class also reflects the differences in the values, attitudes, and behaviors (including consumer behavior) among members of the different social classes. Social class is a continuum along which society’s members—usually as households—are placed into one stratum; that is, “assigned” to a social class according to their relative prestige within that society.

Social Class and Social Status

Social class stems from **social status**, which is the degree of prestige the members of one social class have in comparison with members of other social classes. Status is composed of several factors, including *wealth* (amount of economic assets), *power* (the degree of influence over others), and the amount of *esteem* one receives from others.

According to social comparison theory, individuals compare their own material possessions with those owned by others in order to determine their relative social standing. This is especially apparent in a materialistic society, where status is often associated with consumers' purchasing power. Thus, people with more purchasing power (and more possessions) have more status and those with less money have less status. The more expensive and exclusive one's possessions are, the more status one has. In addition, two other demographics that determine social standing are occupational status and educational attainment.

Social Class Is Hierarchical and Often Used to Segment Consumers

Social-class categories are ranked in a hierarchy, ranging from low to high status. Members of a specific social class perceive members of other social classes as having either more or less status than they do. When it comes to consumption, people look for cues indicating that others are either equal to them (about the same social class), superior to them (higher social class), or inferior to them (lower social class). Marketers often use social class to segment consumers, because members of the same social class share values, attitudes, and priorities regarding all the aspects of their lives, including consumer behavior.

Social-class hierarchies are reflected in consumption patterns. Consumers purchase certain products because these products are favored by members of either their own or a higher social class (e.g., a high-priced Swiss wristwatch), but avoid products that they perceive as "lower-class" (e.g., a "no-name" brand of sneaker or off-the-rack suits). Relationships between product usage and social-class membership exist in all Western societies. For example, Germans perceive instant coffee as an upscale product, whereas French consumers view it as a downscale product.³⁰ Many studies discovered that social class often determined consumer attitudes toward adopting certain products or not, and strongly influenced their purchases of product types, services, and brands.

Learning Objective

- 6 To understand how to measure social class and segment consumers accordingly.

Measuring Social Class

The demographic factors that determine a person's social class include income (usually household income), wealth (savings and liquid assets), source of income or wealth (inherited or self-made), occupation, and educational attainment (number of years of formal education or the highest degree attained). Social class can be measured subjectively or objectively.

Subjective versus Objective Measures

Subjective measures consist of asking people to estimate their own social class. A typical subjective measure consists of the following question:

"Which of the following four categories best describes your social class: Lower class, lower-middle class, upper-middle class, or upper class?"

- | | |
|------------------------------|-----|
| <i>Lower class</i> | [] |
| <i>Lower-middle class</i> | [] |
| <i>Upper-middle class</i> | [] |
| <i>Upper class</i> | [] |
| <i>Do not know/no answer</i> | [] |

When researchers use subjective measures of social class, many people identify themselves, often incorrectly, as belonging to the middle class. In fact, most people, both in the United States and other countries and cultures, tend to classify themselves in the middle strata. For example, every year in Japan, a "Life of the Nation" survey asks citizens to place themselves into one of five social-class categories: upper, upper-middle, middle-middle, lower-middle, and lower class. Whereas in the late 1950s more than 70% of respondents placed themselves in one of the three middle-class categories, this percentage has increased, and in more recent surveys about 90% categorized themselves as middle class.³¹

Many researchers maintain that responses to subjective measures represent the participants' *self-perceptions* and sense of belonging or *identification* with others, rather than comparisons with others belonging to different social groups. Thus, subjective measures actually reflect one's **social-class consciousness**, defined as a person's level of identification with a given social class.

Objective measures consist of demographic variables and asking respondents factual questions about themselves, their families, or their places of residence. Objective measures of social class include one or more of the following variables: Occupation, amount of income, education, and other related factors (e.g., source of income). These data are often incorporated into geo-demographic clustering, where Zip Code and residence/neighborhood information are employed to locate consumers with certain incomes, levels of education, and other socio-demographic items (see Chapter 2).

Marketers and providers of geo-demographic data rely heavily on socioeconomic data from the U.S. Census Bureau. Social class consists of a person's education, occupation, and income, which are closely correlated variables in almost all households. In measuring a household's social standing, the occupation and education measured are those of the "head of household," as designated by the household's members. After we examine each of the three demographics separately, we discuss several social class indices that combine them.

Occupation

People's occupations reflect their social standing relative to other members of the same society. It is often considered to be the best gauge of social class and status, as is illustrated by the often-asked question "What do you do for a living?" We use the responses to this question to "size up" people upon meeting them for the first time and form our initial impressions. Occupational prestige reflects a society's priorities and morals. For example, within the Judeo-Christian tradition, human life is paramount; hence, in the Western world, medicine and nursing are prestigious occupations. In contrast, the communist system held collectivism in high regard; individualism was considered weak and undesirable. As a result, in the Soviet Union (which finally collapsed in 1992), the medical profession was not a prestigious occupation, and medical standards and facilities were far inferior to Western ones. Under communism, very large, uniform, unattractive, blocky, and mostly gray structures were expressions of the "collective will," and their engineers and builders were highly respected. Hence, under communism, it was easy to become a physician, but only a select few were admitted to engineering schools. In the Western world, it is very difficult to be admitted to medical school and become a physician, because we have great respect for life and health and want to ensure that those who treat us medically are truly skilled and thoroughly educated.

Unlike income or educational attainment, occupational prestige cannot be determined objectively (or numerically). Instead, occupational rankings are based on public opinion as measured by administering surveys to large national samples (sized between 1,000 and 3,000 people). One method of calculating job prestige—named the *ladder of social ranking*—consists of giving respondents index cards with about 100 or so jobs listed on them and asking them to arrange the cards from the most to the least prestigious. Another method consists of questioning respondents directly. For example, the results of the Harris Poll (featured in Figure 10.12) are based on responses to the following question: "*I am going to read off a number of different occupations. For each, would you tell me if you feel it is an occupation of very great prestige, considerable prestige, some prestige, or hardly any prestige at all?*"*

An **occupational prestige ranking** represents society's collective beliefs regarding the occupation's social worth and desirability, as stemming from the knowledge required to attain it (i.e., educational level) and the material rewards that occupants receive (i.e., income). Interestingly, prestige rankings reflect society's historical events and changing economics, as illustrated by the Harris Poll surveys of occupational prestige (2007 is the latest survey available), which are featured in Figure 10.14. As shown, the prestige of firefighters and police and military officers has increased steadily after the 9/11 terrorist attacks and the subsequent engagement of the American military in operations overseas. The prestige of business-related executives has been low, probably because of the insider-trading and accounting scandals of the past decade. Many surveys have shown that the occupational prestige of bankers and stockbrokers continued to plummet following the financial blowup of 2008 and the stagnant economy that followed. The prestige of doctors has steadily increased, despite the continuing debate over medical costs and the emergence of health insurance coverage as the most prominent social problem in the United States. In the Harris Poll study, occupations that more than one-quarter of respondents indicated had "hardly any prestige at all" included stockbrokers, union leaders, real estate brokers, and entertainers.

Another way to gauge an occupational prestige is the degree of ethics and honesty associated with it. As principles for our behavior, ethics and honesty are the most important behavioral guidelines within our culture. The Golden Rule, originating in biblical times and mandating that you "treat others as you would like others to treat you"; George Washington's statement that "I cannot tell a lie"; and President Lincoln's fame as "Honest Abe" have been part of every child's education, and personal

* The Harris Poll #86, August 4, 2009 By Regina A. Corso, Director, The Harris Poll, Harris Interactive

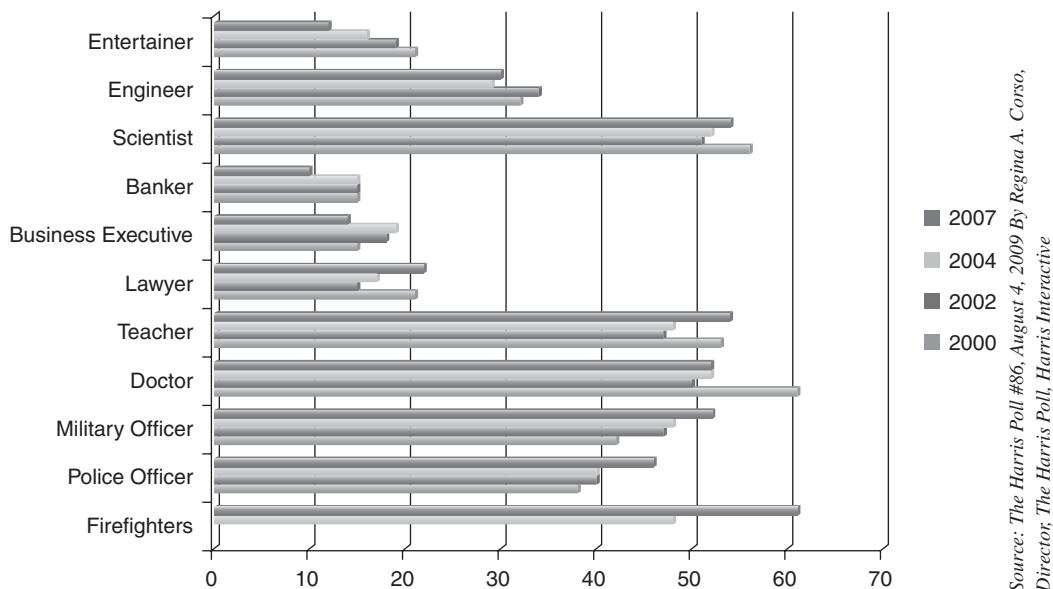


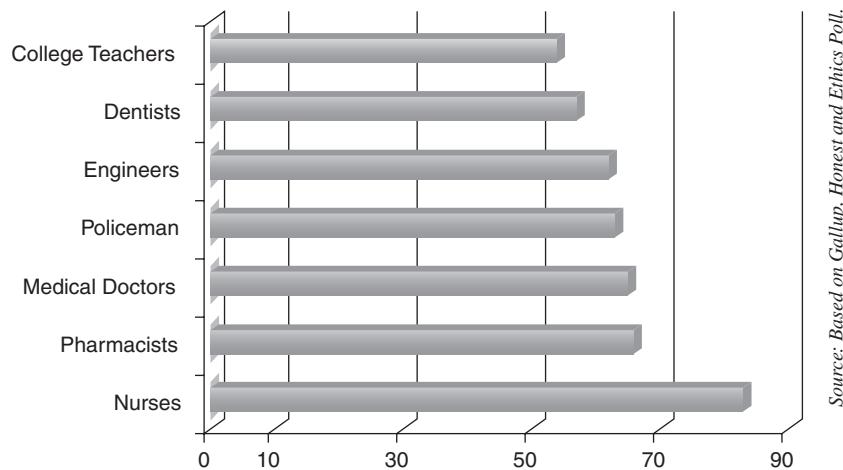
FIGURE 10.14 Occupational Prestige Ranking: Percentage Responding that Occupation Has “Very Great Prestige”

Source: The Harris Poll #86, August 4, 2009. By Regina A. Corso, Director, The Harris Poll, Harris Interactive

honesty is regarded as a virtue. The Gallup Poll has continuously measured Americans' perceptions of the honesty and ethics associated with popular occupations by using the following question: “*Please tell me how you would rate the honesty and ethical standards of people in these fields—very high, high, average, low, or very low?*”* The professions perceived as *most* honest and ethical (by more than 50% of respondents) are featured in Figure 10.15A, and the ones viewed as the *least* honest and ethical (by 40% or more of respondents) are listed in Figure 10.15B.

Education

The more education people have, the more likely it is that they are well paid, have prestigious occupations, and therefore belong to higher social classes than the less educated. According to the latest estimates from the U.S. Census Bureau, there are



Source: Based on Gallup, Honest and Ethics Poll.

FIGURE 10.15A High Ethics and Honesty: Percentage Responding “High” or “Very High” Honesty

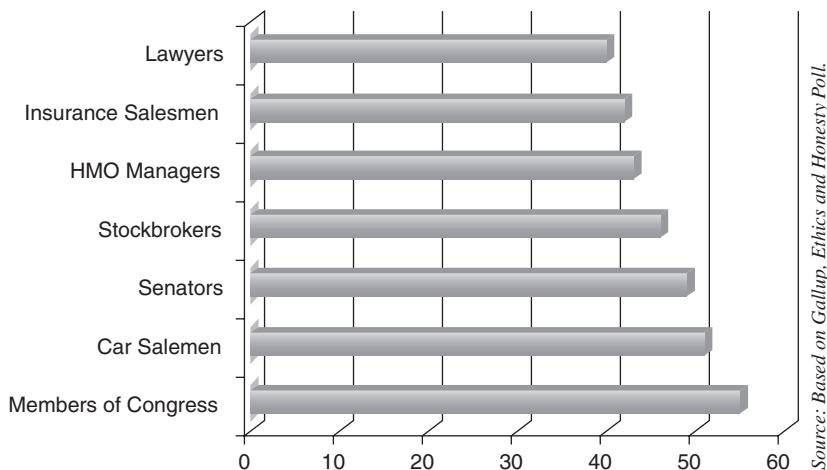


FIGURE 10.15B Low Ethics and Honesty: Percentage Responding “Low” or “Very Low” Honesty

now 114 million households in the United States, with an average of 2.59 persons per household. Figure 10.16 illustrates the correlation between educational attainment and the amount of household income.³² The “pies” represent different educational attainment levels and the incomes associated with them. As education increases, so does income. For example, the size of the “slice” representing incomes between \$25,000 and \$34,999 is significantly larger among high school graduates (Figure 10.16D), as compared with those who went to high school but did not graduate (Figure 10.16C). The “slice” representing the \$100,000 and over income group occupies about 45% in the “pie” of the “bachelor’s degree and higher” group (Figure 10.16G), which illustrates that college education makes people more affluent.

Social-class membership is often mirrored in one’s education. For example, students at the most selective universities in the country are often the sons and daughters of alumni and upper-class Americans, whereas lower-class children are often encouraged to “get a good job.” In a series of articles on social class, a 50-year-old man, whose father was a factory worker, was quoted: “The whole concept of life was that you should get a good job in the factory . . . if I’d said I wanted to go to college, it would have been like saying I wanted to grow gills and breathe underwater.”³³ Almost one in three Americans in their mid-twenties today is a college dropout (compared to one in five in the late 1960s), and most of those are members of poor and working-class families. In contrast, the children of the middle and upper classes generally graduate from college “because they can hardly imagine doing otherwise.”³⁴

Income

Individual or family income is frequently used to measure social standing. When using income as a measure, it is important to study the *source* of income, as well as its amount. It is also important to distinguish between *income* and *wealth*. Wealth is based on savings, may include inheritance, and is often the outcome of having network and alliances, some of which expand over generations. Income often represents only the ability to spend more, whereas net worth (i.e., wealth) can be used to create more financial resources. The distribution of net worth in the United States has become markedly unbalanced over the past few decades. In the year 2001, the richest 1% of households possessed almost 34% of all net worth; the bottom 90% of all households accounted for only 28.5% of all net worth. Since then, the rich have gotten richer, and the poor have gotten poorer.³⁵

Although income is a commonly used estimate of social-class standing, many consumer researchers maintain that it is not a good measure. Some point out that a blue-collar electrician and a white-collar administrative assistant may both earn \$87,000 a year, but will spend their incomes differently because of the difference between their educations and occupations. The same is true in the case of a prominent physician and a successful plumbing contractor, each earning \$200,000. The amount of income represents the *ability* to spend money, but *how* the money is spent is determined by peoples’ priorities, which are reflections of their education, occupation, and social contacts.

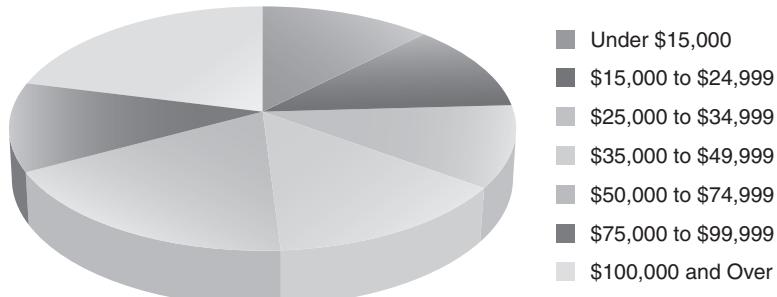


FIGURE 10.16A Twenty-Five or Older Americans' Incomes (Median \$50,971)

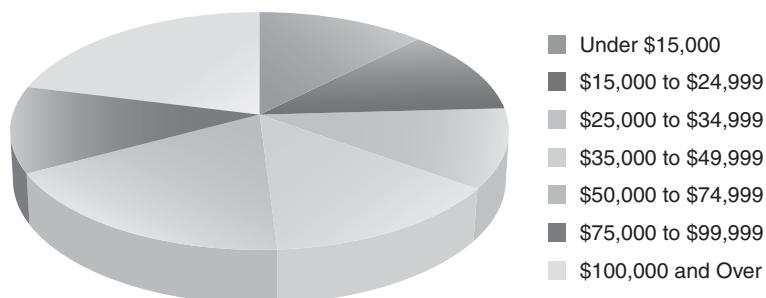


FIGURE 10.16B Incomes of 25 or Older with Less than Ninth-Grade Education (Median \$21,635)

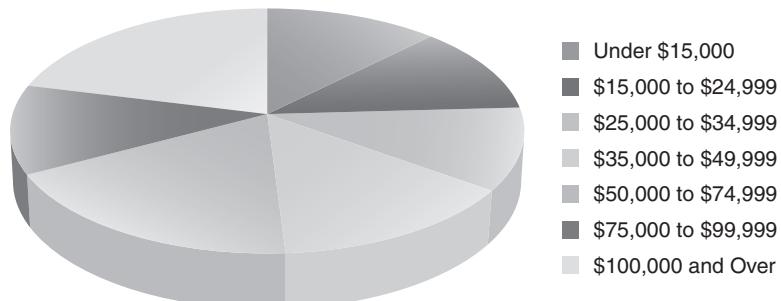


FIGURE 10.16C Incomes of 25 or Older with Some High School Education (Median \$25,604)

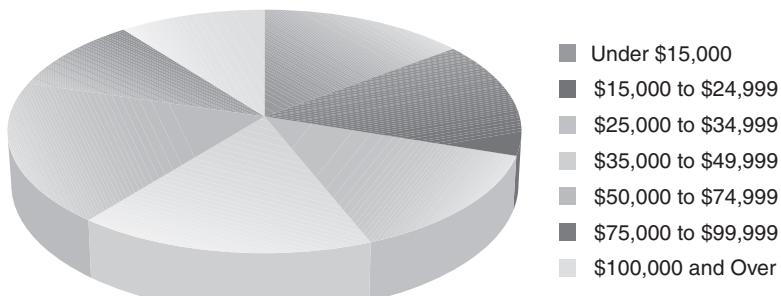


FIGURE 10.16D Incomes of 25 or Older High School Graduates (Median \$39,647)

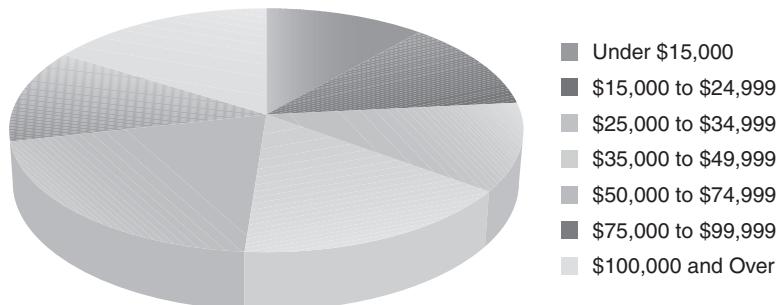


FIGURE 10.16E Incomes of 25 or Older with Some College But without Degree Education (Median \$44,301)

Source: (Figure 10.17A-E) U.S. Census Bureau, *Statistical Abstract of the United States*, 2012; census.gov/prod2011pubs/12statab/income Accessed 6/21/2012.

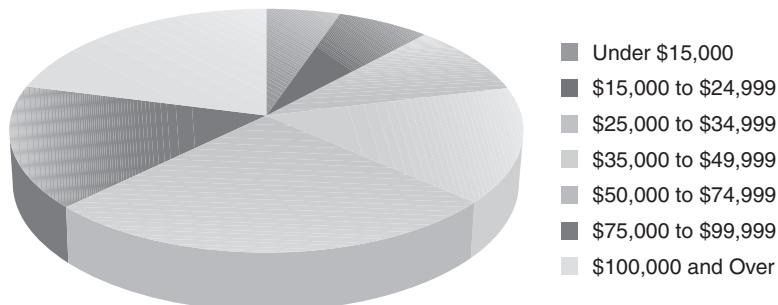


FIGURE 10.16F Incomes of 25 or Older with Associate College Degree (Median \$67,728)

Source: (Figure 10.17F-G) U.S. Census Bureau, *Statistical Abstract of the United States*, 2012; census.gov/prod2011pubs/12statab/income Accessed 6/21/2012.

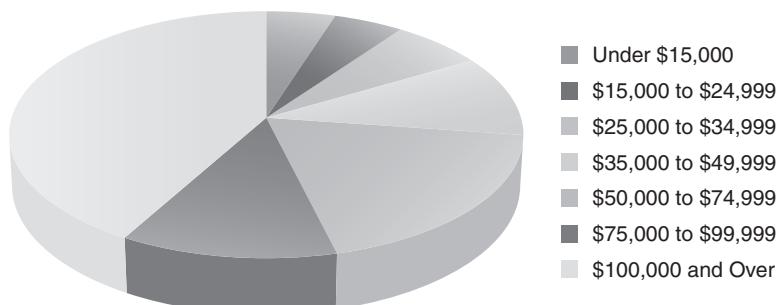


FIGURE 10.16G Incomes of 25 or Older with Bachelor's Degree or Higher (Median \$82,722)

Magazines are an excellent medium because they reach selective consumer segments in terms of income, education, and occupation. For example, marketers who target upper-middle-class consumers should consider placing ads in Wine and Food magazine because most of its readers are young, educated, and hold managerial positions.³⁶

Multivariable Measures

A **multivariable index** consists of more than one demographic variable and combines several socioeconomic factors to determine social-class standing. Many believe that these indices reflect the complexity of social class better than single-variable indexes. For instance, a research study that explored consumers' perceptions of mail and phone order shopping—using a composite of income, occupational status, and education—discovered that the consumers with higher social standing preferred buying by phone or mail over in-store shopping.³⁷ The same research also found that upscale consumers preferred in-store shopping to

buying from catalogues or by phone. Thus, retailers such as Kmart and Walmart that target working-class consumers should use direct-marketing and catalogs cautiously. In contrast, retailers catering to upscale consumers, such as Neiman Marcus and Saks Fifth Avenue, have been very successful in using catalogs to sell even extraordinarily expensive goods to affluent consumers.

The most widely used multivariable measures are:

- Index of Status Characteristics (Warner's ISC)** is a weighted measure of the following socioeconomic variables: Occupation, source of income (not amount of income), house type, and dwelling area (quality of neighborhood).³⁸
- Socioeconomic Status Score (SES)** was developed by the U.S. Bureau of the Census, and combines three socioeconomic variables: Occupation, family income, and educational attainment.³⁹

Social Classes' Characteristics and Consumer Behavior

There is no uniform definition as to how many distinct classes depict the class structure of the U.S. population. Most early studies divided Americans into five or six social-class groups. Other researchers have found nine-, four-, three-, and even two-class schemas suitable. The choice of how many separate classes to use depends on the amount of detail that the researcher believes is necessary to adequately explain the attitudes or behavior under study.

Lifestyles, consumption patterns, leisure activities, hobbies, media exposure, and many other factors are homogeneous within and heterogeneous among social classes. Table 10.8 presents an overview of the American population as divided into seven social classes, and Figure 10.17 shows the distribution of America's population by social class.

Upward Mobility

Social-class membership in the United States is not as fixed as it is in many other countries and cultures (e.g., the UK and India). Americans have traditionally believed in **upward mobility**, defined as the opportunity to move from a lower social class to a higher one, because of the wide availability of educational resources (e.g., expensive top schools, but also inexpensive state and city universities providing high-quality education) and the opportunities produced by the free enterprise, capitalistic economy. Indeed, the classic Horatio Alger tale of a penniless young orphan who manages to achieve great success in business and in life is the central theme in many American novels and movies.

Because upward mobility has been attainable in American society, the higher social classes have been reference groups for ambitious men and women of lower social status. Examples are the new management trainee who strives to dress like the boss, the middle manager who aspires to belong to an exclusive country club, or the graduate of a community college who gives up necessities in order to save money to send her son to Yale.

TABLE 10.8 Social-Class Profiles of the United States

THE UPPER-UPPER CLASS—INHERITED WEALTH AND PRIVILEGE

- Also known as “upper crust,” “WASPS,” or “blue bloods”
- Less than 1% of the population together with the Nouveau Rich
- Inherited privilege, wealth, and trust funds
- Status and wealth are passed on from generation to generation (homes, trust funds)
- Multigenerational wealth and leadership positions (e.g., presidents, senators, judges)
- Serve as trustees and on boards of directors for universities, hospitals, charities
- Control and own significant portions of corporate America
- Heads of major financial institutions; owners of long-established firms
- Attended exclusive boarding schools and Ivy League universities
- Belong to exclusive clubs, “summer” together, marry people “like themselves”

(Continued)

TABLE 10.8 (Continued)

- Accustomed to wealth, so do not spend money conspicuously
- Consider “toys” bought to display wealth publicly (e.g., yachts) to be vulgar
- Hobbies: Shooting, sailing, parasailing, golf, horseback riding

THE NOUVEAU RICH—MONEY IS KING

- Also known as the “lower-uppers,” “super rich,” or “capitalist class”
- Less than 1% of the population together with the Upper-Upper
- Have millions and often billions of dollars but seldom inherited wealth
- Some have little or no college education (e.g., celebrities)
- Some are entrepreneurs (often in the technology sector) who attended top universities
- Often isolated from others because of bodyguards and large entourages
- Often featured in tabloids, gossip columns, and public scandals
- Strive to join the Upper-Uppers (e.g., by marriage), mostly unsuccessfully
- Highly conspicuous consumption—the more vulgar, the better
- Prime target for “hot” (and mostly short-lived) fashion and interior design trends
- Employ large staffs—chefs, nutritionists, maids, nannies, personal assistants

THE UPPER-MIDDLE CLASS—ACHIEVING PROFESSIONALS

- Key features are high educational attainment and professional achievement
- Approximately 15% of the population
- Career-oriented, highly educated professionals whose work is largely self-directed
- Corporate managers, business owners, doctors, lawyers, professors
- College graduates, many with advanced degrees
- Active in professional networks, community, and social activities
- Trendsetters in health, fitness, and environmental causes
- Have a keen interest in obtaining the “better things in life”
- Homes, cars, and travel symbolize their achievements
- Consumption is often conspicuous, but not vulgar
- Some are very child oriented

THE LOWER-MIDDLE CLASS—FAITHFUL FOLLOWERS

- Semi-professionals and craftspeople with an average standard of living
- About 30% of the population
- Primarily nonmanagerial white-collar workers and highly paid blue-collar workers
- Most have some college education and are white-collar
- Strive to achieve respectability and be good citizens
- Raise their children to be good and honest adults
- Value religion and are involved in its social activities
- Value and price conscious and avoid fads and “hot” styles

THE UPPER-LOWER CLASS—SECURITY-MINDED

- Also known as the “working class,” solidly blue collar, no college education
- About 30% of the population
- High school education
- Clerical and mostly blue-collar workers whose work is highly routinized
- Adequate standard of living dependent on the number of income earners
- Strive for security (often gained from union membership)
- View work as a means to “buy” enjoyment
- Want children to behave properly
- High wage earners in this group may spend impulsively

TABLE 10.8 (Continued)

- Interested in items that enhance their leisure time (e.g., TV sets, hunting equipment)
- Males typically have a strongly “macho” self-image
- Males are sports fans, heavy smokers, beer drinkers

THE WORKING POOR—THE INSECURE

- Also known as the “lower class”
- About 13% of the population
- Service, clerical, and some blue-collar workers
- Low on the social ladder
- High economic insecurity and risk of poverty
- Some high school education

THE UNDERCLASS—ROCK BOTTOM

- Also known as the “lower-lower class”
- About 12% of the population
- Limited or no participation in the labor force; uneducated, unskilled laborers
- No political or social power and unable to improve their communities
- Reliant on the government, often unemployed and without health insurance
- Children are often treated poorly
- Live a day-to-day existence

Source: Based on MRI Spring 2012, www.fwmedia.com, accessed July 16, 2012

Marketers recognize that many people aspire to have the same lifestyles and possessions as the members of higher social classes. Therefore, they frequently depict products and symbols associated with higher classes when advertising to the middle or even lower class. For example, Ralph Lauren’s flagship store in New York City, on Madison Avenue, is located in the Rhinelander Mansion—built in the French Renaissance style more than a century ago—and is decorated with dark, fine antique furnishing and dark carpets, resembling generations-old wealth. The Polo logo also references the upper class, because many members of this select group own polo ponies and belong to clubs that sponsor polo matches. Many of Lauren’s clothing items carry crests resembling insignia designating European nobility.

About a century ago, a sociologist conceptualized the **trickle-down effect**. Originally applied to fashion, the concept stated that members of lower classes adopt the fashions of the upper class and maintain them even after the upper class has abandoned these fashions. Upper class persons abandon fashions adopted by “everyone” because they no longer reflect their exclusivity. To “restore” their exclusivity, members of the upper class adopt new fashions, which are subsequently copied by the lower classes, and the cycle is repeated. The trickle-down concept is also congruent with the model of adopter categories (see Chapter 9). Invariably, as more people adopt a fashion or product, its price declines because more providers emerge. For instance, plastic surgery was once affordable only for movie stars and other very wealthy consumers. Today, even members of lower social classes can easily find a plastic surgeon whose services they can afford.

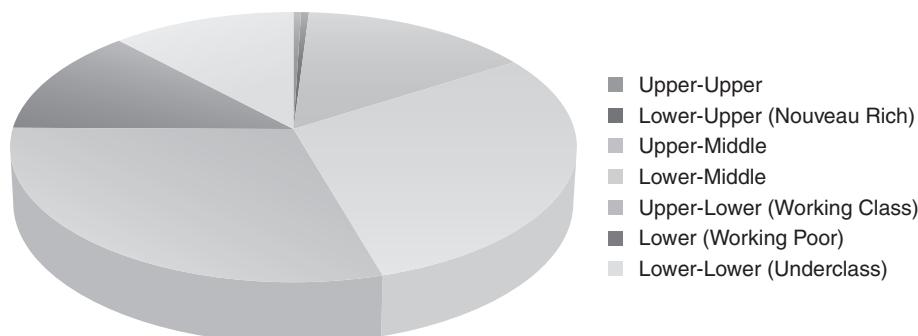


FIGURE 10.17 The Distribution of Social Classes in the United States

Affluent Consumers

Affluent households have large disposable incomes and are a lucrative target market for luxury cruises, foreign sports cars, ski resorts, second homes, fine jewelry, and art, among many other goods. Overall, the affluent are healthier, have higher life expectancies, and are more likely to become marketers' "customers for life" than the less wealthy.⁴⁰ However, some studies indicate that children of the affluent often have problems with substance abuse, anxiety, and depression, which are caused by excessive pressures to achieve and isolation from parents (both physically and emotionally).⁴¹

Americans' wealth grew dramatically during the 1990s, partially due to the longest bull stock market in U.S. history. From 2002 to 2004, the number of *high net worth individuals* (HNWIs) in North America, defined as individuals with a minimum net worth of \$1 million, grew by 9.7% to 2.7 million. Between 2006 and 2007, this number grew from 2.9 million to more than 3 million, a gain of 3.7%.⁴² Indeed, although North America has only 6% of the world adult population, it accounts for 34% of the world's household wealth.⁴³

For more than 30 years, Ipsos Mendelsohn (a marketing research firm) has annually studied the **affluent market**, defined as households with annual incomes of \$100,000 or more. The survey divided the affluent market into three segments:

1. **Least affluent:** Households with annual incomes of \$100,000 to \$149,000 (12% of American households, \$1.7 trillion combined income).
2. **Middle affluent:** Households with annual incomes from \$150,000 to \$249,000 (6% of all households, \$1.3 trillion combined income).
3. **Most affluent:** Household with annual incomes of \$250,000 or more (2% of all households, \$1.6 trillion estimated household income).

Although affluent households represent only 20% of total U.S. households, they account for more than half of the combined income of all the households in the United States. The average household income for the affluent is \$195,600, with average household liquid assets of \$500,900.⁴⁴ By some estimates, 9 million American households have a net worth of at least \$1 million. The IPSOS/Mendelsohn Affluent Survey distinguishes between *affluence* and *wealth*; it defines wealthy household as having liquid assets of at least \$1 million (e.g., cash or cash equivalents, such as CDs, mutual funds, stocks, bonds). According to this definition, out of the 23.3 million affluent households, about 3 million households are considered wealthy. In addition, more than 1 million households have both more than \$1 million in wealth and annual household incomes of at least \$250,000.⁴⁵

The media habits of the affluent differ from those of the nonaffluent.⁴⁶ The members of households earning more than \$100,000 a year watch less TV, read more newspapers and magazines, and listen to the radio more than less affluent persons. Table 10.9 lists magazines that cater to affluent consumers.⁴⁷

Affluent consumers are not uniform; they can be divided according to their consumption habits and lifestyles. The "upper deck" consumers are the top 10% of the United States population in terms of annual income, and consist of several segments (see Table 10.10). Marketers can employ this segmentation in many ways. For instance, consumers belonging to the "no strings attached" segment are more interested in going to live theater performances; members of the "nanny's in charge" segment would rather attend a country music performance; and members of the "good life" segment are particularly interested in bird-watching.⁴⁸

Middle-class Consumers

There is no standard definition of "middle class" and business people and sociologists often define it somewhat differently. Many sociologists divide the middle class into two strata: The "upper or professional middle class", which includes highly educated, salaried professionals and managers (about 15 to 20% of all Americans); and the "lower middle class", consisting mostly of semi-professionals, skilled craftspersons, and lower-level management (about one-third of the population). Sociologists describe middle-class persons as having comfortable living standards, economic security, and the expertise they need to maintain their lifestyles. To many, college education is a key indicator of middle-class status. Others focus on the nature of the occupations that are most commonly found among members of the middle class, which enable members to be independent, intrinsically motivated, nonconformist, and innovative.

Some define the middle class as 50% of the combined incomes of all American households, which amounts to about 57 million households earning between \$25,000 and \$85,000.⁴⁹ In contrast, some polls suggest that 90% or more of Americans consider themselves to be "middle class," "upper-middle class," or "working class."⁵⁰ Marketers generally consider middle class as

TABLE 10.9 Magazines That Cater to Households with Annual Incomes of \$100,000 or More

MAGAZINE	READERSHIP (000)	MEDIAN AGE	MEDIAN HOUSEHOLD INCOME (00)	MEDIAN NET WORTH (00)
Allure	1,267	39.7	142.7	641.7
Architectural Digest	1,389	52.4	152.5	869.0
Barron's	414	53.7	163.3	1,015.0
Bicycling	685	44.0	148.6	636.4
Cigar Aficionado	276	48.8	168.5	613.0
Cosmopolitan	3,179	32.6	142.0	565.8
Essence	1,087	44.9	135.5	470.9
Men's Health	3,179	41.8	152.0	483.4
National Geographic	6,281	50.5	146.1	680.8
People	8,328	46.7	144.7	574.8
Robb Report	175	50.7	187.4	1,077.5
Rolling Stone	1,557	39.5	150.5	543.8
Scientific American	1,002	48.8	158.4	697.9
Time Magazine	4,904	51.5	149.3	850.1
Vanity Fair	1,602	48.0	155.8	768.8
Vogue	2,211	42.7	147.7	690.4

Source: Based on 2011 Survey Ipsos Mendelsohn.

TABLE 10.10 The Upper Deck Market Segments

NAME	SIZE	DESCRIPTION
Well-feathered nests	37.3% of Upper Deck	Households that have at least one high-income earner and children present
No strings attached	35.1% of Upper Deck	Households that have at least one high-income earner and no children
Nanny's in charge	8.3% of Upper Deck	Households that have two or more earners, none earning high incomes, and children present
Two careers	9.4% of Upper Deck	Households that have two or more earners, neither earning high incomes, and no children present
The good life	10.0% of Upper Deck	Households that have a high degree of affluence with no person employed or with the head of household not employed

households ranging from lower-middle to middle-middle class. Many researchers maintain that America's middle social class has been shrinking. They argue that some members of the middle class are moving upstream to the ranks of the upper-middle class, whereas others are losing ground and slipping backward to the working class.⁵¹

Procter and Gamble—the maker of virtually all brands of personal care and home maintenance products (globally)—defined middle class as the core of its business and as households with annual incomes between \$50,000 and \$140,000 (amounting to 40% of American households). As the stagnant economy, initiated by the financial crisis in fall 2008, has dragged on, the purchasing power of these households has steadily declined, and P & G discovered that its core customers were no longer willing to pay more for iconic, premium-priced brands (e.g., Pampers and Tide). In response, the company introduced lower-priced alternatives, such as Gain dish soap that goes for about half of what its Dawn Hand Renewal dish soap costs.⁵²

Downscale Consumers

Working-class or blue-collar people—typically defined as households earning less than \$40,000 annually—control somewhere near 30% of the total income in the United States and are an important market segment. Some studies have pointed out that these consumers are often more brand loyal than other groups because they cannot afford mistakes caused by switching to unfamiliar brands. Dowscale consumers often spend higher percentages of their incomes on food than do middle-class shoppers.

Marketing to the working class can be tricky. For example, a study conducted in the UK showed that brands catering to blue-collar households often introduced “upmarket” makeovers, because research indicated that “working class” represents something to escape from, and to some is even a pejorative term. The study also showed that Pizza Express was among the most popular brands among the working class, presumably because its members are less likely to go to table-service restaurants.⁵³ To many working-class consumers, food represents an area of “indulgence,” which may have undesirable outcomes. One British writer, reflecting on the growth of super-sized fast-food offerings in the United Kingdom, noted that “[i]t isn’t the wealthy middle classes . . . that are generally obese—it’s the under-class . . . with little budget [or] knowledge of diet . . . that is suffering.”⁵⁴ Indeed, studies in the UK (and in the United States) confirmed that obesity among children from lower classes is significantly more common than among wealthier kids.⁵⁵

Clothing, Fashion, and Shopping

A Greek philosopher once said, “Know, first, who you are; and then adorn yourself accordingly.”⁵⁶ What is considered fashionable, tasteful, or elegant varies across social strata. For example, some working-class consumers often wear T-shirts, caps, and clothing that carry logos, trademarks, or names of celebrities or music group. In contrast, upscale consumers prefer clothing without conspicuous labels and in subtle colors and practical styles (e.g., L. L. Bean or Brooks Brothers).

America’s upper social class has often been identified with the “preppy look” and often emulated by lower classes. Preppies (both males and females) prefer practical, comfortable, and timeless rather than trendy clothing. There are few designer labels and even fewer trends. Machine-washable khaki shorts and unisex dressing are very popular because khaki is to preppies what denim is to the lower classes: An everyday staple. Visors are a favorite for women—they keep the sun out of your eyes without messing up your hair, and they’re excellent for tennis. Clothing embroidered with animals or sea creatures are always popular, like bathing trunks embroidered with crabs, as are shirts embroidered with club logos. Any excuse to wear themed clothing is embraced, and wearing red, white, and blue on the Fourth of July is expected at the holiday’s parties. Polo shirts are an exception to the no-obvious-designer-labels rule; in fact, preps were wearing Polo long before it became a designer label. The preppy style originated among members of the upper class also known as WASPs (White Anglo-Saxon Protestant). WASPs are often irritated by shopping guides urging people—men in particular—to buy expensive designer clothes in order to “look like a WASP,” such as ads for expensive, designer-label white buck shoes. Most preps have a pair of such shoes that, most likely, they purchased from Johnston & Murphy (for \$130) years ago. Most importantly, preppies wear white bucks only for special occasions like weddings or cocktail parties, but not for running errands on a Saturday afternoon.⁵⁷

A brand’s social-class symbolism is a tricky issue. Although never publicly confirmed, some journalists have periodically reported that companies such as Timberland and L. L. Bean—perceived as the archetypal choices of upper-class Caucasians—were irritated after their products (particularly men’s shoes) became popular among young members of minority groups residing in inner cities. Apparently, these marketers felt that such “undesirable” customers might blemish the images of their products. Ironically, some fashions originated among adolescents and teens residing in low-income neighborhoods. For example, several years ago, after observing lower-class kids, several designers began marketing pairs of men’s shorts—one longer than the other—to be worn simultaneously, with one on top of the other; this new fashion was very successful. When shopping, consumers avoid stores that appeal to social classes significantly different from their own, but savvy marketers can cater to multiple social classes. For example, The Gap stores offer quality clothing to middle-class consumers. The Gap also introduced Old Navy clothing stores to sell good-value clothing to working-class families who usually purchased their casual and active wear clothing from general merchandise retailers such as Kmart, Walmart, or Target. The Gap also owns Banana Republic, originally a small retailer of safari-themed clothing that is now positioned as an upscale store.

Saving, Spending, and Credit Card Usage

The management of financial resources is closely related to social-class standing. Upper-class consumers are “future oriented” and confident of their financial acumen; they invest in insurance, stocks, and real estate. In comparison, lower-class consumers are generally concerned with “immediate gratification;” when they do save, they are primarily interested in safety and security. When it comes to bank credit card usage, members of the lower social classes use their bank credit cards for installment purchases, whereas members of the upper social classes pay their credit card bills in full each month. That is, lower-class purchasers use their credit cards to “buy now and pay later” for things they might not otherwise be able to afford, whereas upper-class purchasers use their credit cards as a convenient substitute for cash.

An Australian study focused on the differences in financial management and a “sense of empowerment” between working-class and young professionals (25–30 years of age). The study discovered that young professionals perceived themselves to be empowered in the sense that they could achieve whatever they set their minds to, and they were disciplined and results oriented. In contrast, working-class participants perceived themselves as being average and expressed frustration (e.g., “I can never finish things”) and uncertainty about the future.⁵⁸

Communications

When it comes to describing daily life, members of the lower class often portray it in personal and concrete terms, whereas members of the middle-class use different language, and upper-class members use their own lexicon. The following responses to the question “*Where do you usually purchase gas?*” illustrate such differences:

Upper-middle-class answer: “*At Exxon or Sunoco.*”

Lower-middle-class answer: “*At the station on Seventh Street and Post Avenue.*”

Lower-class answer: “*At Charlie’s.*”

Sociologically, linguistics indicates that middle-class consumers have a broader or more general view of the world, whereas lower-class consumers have a narrow and personal perspective and see the world only through their immediate experiences. There are also regional differences in terminology. For instance, the children’s game of hopscotch (where players toss a small object into the numbered spaces of a pattern of rectangles outlined on the ground and then hop or jump through the spaces to retrieve it) is called “potsy” in Manhattan, but “sky blue” in Chicago.

Exposure to mass media differs by social class. In watching TV, the members of higher social classes prefer current events and drama, whereas lower-class individuals prefer soap operas, quiz shows, and situation comedies. Higher-class consumers read more magazines and newspapers than do their lower-class counterparts. Lower-class consumers have greater exposure to publications that dramatize romance and the lifestyles of movie and television celebrities. For example, magazines such as True Story appeal heavily to blue-collar or working-class women, who enjoy reading about the problems, fame, and fortunes of others. Middle-class consumers read fact-based and informative magazines and newspapers, and watch more movies and late-night programs, than lower-class persons.⁵⁹

Downward Mobility

Commonly, in America, each generation lived better than its predecessor. However, there are now signs that some **downward mobility**, defined as moving down, rather than up the social ladder, is taking place. In fact, many predict that today’s youngest generation—the Eco Boomers—will experience lower living standards than their parents.

Specifically, researchers have found that the odds that young men’s incomes will reach middle-class levels by the time they reach their thirtieth birthday have been slowly declining, regardless of ethnicity, education, or parents’ income.⁶⁰ For example, while household income grew by \$1,869 from 1969–1979, by \$2,855 from 1979–1989, and by \$3,888 from 1989–2000, from 2000–2007 the change in household income was a negative \$324.⁶¹

Additionally, income inequality has been rising to levels not seen since the 1880s—known as the “Gilded Age”—and the gap between the rich and the poor has widened considerably since 1970. Although the income of households in the top fifth grew 70% between 1979 and 2000, the real income of households in the bottom fifth rose only 6.4%. Although most Americans find little wrong with income inequality as long as plenty of social mobility still exists, there are signs that social mobility is also failing. Some data show that 42% of the individuals born into the poorest fifth remained at the bottom and that another 24% moved from the bottom only slightly, to the next-to-bottom group. Only 10% of adult men born into the bottom quarter ever made it to the top quarter.⁶²

Geo-demography and Social Class

Marketers use geo-demography to identify the geographic locations of consumers belonging to various social classes. The rationale for using geo-demographics is that “birds of a feather flock together”; that is, families with similar socioeconomic status reside in the same neighborhoods or communities. **Geo-demographic segments** are groups of households that have been identified, classified, and described according to Zip Codes and data from the U.S. Census and state and local governments.

The most sophisticated geo-demographic segmentation is Nielsen’s PRIZM® (www.MyBestSegments.com), which combines socioeconomic and demographic factors—education, income, occupation, family life cycle, ethnicity, housing, and urbanization—with consumer buying and media exposure data, and which marketers use to locate concentrations of consumers with similar lifestyles and buying behaviors. This framework designates every household in the United States as belonging to one of 66 segments (see Table 2.3). PRIZM also classifies all U.S. households into eleven “life stages”.

Many marketers have studied the product usage, media exposure, and other consumption factors of the PRIZM® segments that are likely to purchase their products and services. For example, investment services should identify the financial websites that “Affluentials” visit frequently and observe what kind of investment opportunities these consumers find attractive. Marketers of very expensive vacations and conspicuous luxury goods should study the spending habits of “Young Accumulators.” However, these marketers should not target the “Accumulated Wealth” segment, because its members have “old money” and shy away from buying conspicuous luxury goods, which they regard as being “in poor taste” “and showing off” one’s money.

Summary

Learning Objective 1: To understand the family as a consumer socialization agent.

The family is the primary reference group for many attitudes and behaviors. The family is also the prime target market for most products and product categories. As the most basic membership group, a family is defined as two or more persons related by blood, marriage, or adoption who reside together. Socialization is the process of making people behave in a way that is acceptable to their society. In the context of marketing, the most important role of the family is the socialization of family members, ranging from young children to adults. This process includes imparting to young children the basic values and modes of behavior consistent with their culture, including moral principles, interpersonal skills, acceptable dress and grooming standards, appropriate manners and speech, and the selection of suitable educational and occupational or career goals.

Learning Objective 2: To understand family decision-making and its members’ consumption-related roles.

Marketers recognize that families operate as units in terms of consumption behavior, and many researchers have studied the dynamics of family decision-making. Specifically, marketers focus on husband–wife decision-making; the relative influence each family member has regarding consumption; children’s role in family decision-making; and the multiple roles family members can assume in buying, using, and maintaining their possessions. Most consumer studies classify family consumption decisions as husband-dominated, wife-dominated, joint, or autonomic decisions. The relative influence

of a husband and wife on a particular consumer decision depends mainly on the product or service category. Over the past several decades, there has been a trend toward children playing a more active role in what the family buys, as well as in the family decision-making process. Measuring family decision-making is complex, because marketing research questionnaires are designed to be administered to only one respondent at a time. Also, family members may not all agree with each other’s perspective regarding the degree of relative influence during a purchase decision, which precludes interviewing all members together.

Learning Objective 3: To understand the role of the family life cycle in market segmentation and targeting.

The family life cycle represents the life stages of a typical family. It is a composite variable that combines marital status, size of family, age of family members (focusing on the age of the oldest or youngest child), and employment status of the head of household, and then classifies the family into a “typical” stage. The ages of the parents and the relative amount of disposable income are inferred from the family’s stage in the cycle. The family life cycle starts with bachelorhood and then moves on to marriage (and creation of the family unit). Marriage usually leads to a growing family (with the birth of children) and later to family contraction (as grown children leave the household). The cycle ends with the dissolution of the family unit (due to the death of one spouse).

Learning Objective 4: To understand the consumption patterns of nontraditional families and non-family households.