

Relative Influence of Peer group on Consumer Decision Making Process- A Comparative Analysis of Nagpur and Bhopal City

Dr. Ritu Tiwari¹

¹*Associate Prof & Head, Dept. of Economics, D.A.K.M.V. Nagpur.*

Abstract

In the present scenario, where market is becoming the prime mover and the mechanism accepted worldwide to achieve higher rate of growth with control fiscal deficit, It is necessarily to understand the change occurred in the life style and as well in consumption pattern, the analysis of the changes in the consumption behavior is now essential to understand not only the function of the market but to study the factor affecting the behavior of consumption. Global environmental changes cannot be understood unless the consumption pattern is taken into account.

This paper is an attempted has been making to review the influence of peer group on consumption behavior pattern. This would be useful in developing the methodology and other techniques to analyses the consumption behavior pattern and the changes which have been occur in two major cities which are centrally located in India. This study would represent, in general, changes in consumer behavior of the country.

Peer group or Reference groups are groups (social groups, work groups, family, or close friends) a consumer identifies with and may want to join. They influence consumers' attitudes and behaviour. If you have ever dreamed of being a professional player of basketball or another sport, you have an aspiration reference group. That's why, for example, Nike hires celebrities such as Michael Jordan to pitch the company's products. There may also be dissociative groups or groups where a consumer does not want to be associated. These peer groups have strong influence on consumer's consumption behaviour.

This paper contains a brief description of existing various occupational levels and a discussion of hypotheses about how different occupational level could be affected consumer behavior through influence of peer group..

The study of consumer behavior not only helps to understand the past but even predict the future.

Keywords: consumption, factors, consumption behavior, advertisement, occupation level.

Introduction

Consumer behaviour can be broadly classified as the decisions and actions that influence the purchasing behavior of a consumer. What drives consumers to choose a particular product with respect to others is a question which is often analysed and studied by marketers. Most of the selection process involved in purchasing is based on emotions and reasoning.

Before buying a product, every consumer wants to make sure that the product is the best in its class, and offers good value for money. This is where social media plays an important part in defining consumer behavior. People who have already used the product describe their experience – its strengths, weaknesses etc., and this helps in disseminating information.

Consumer is the King of all the marketing activities of all the business and industrial enterprises of today go around the habits, tastes, preferences and attitudes of consumers. All the efforts are made to provide maximum satisfaction to maximum consumers. Marketers have come to realize that no marketing efforts can be successful if the choices, tastes and attitudes of consumers are not properly considered. Therefore, the stress lay upon marketing research and the study consumer behaviour.

Further, a buyer purchases a product because of certain physical, social and economical forces creating a desire or a want for the product. A decision to buy a product is taken after passing through different stages. Need recognition is the first thing in the buying stages, which is followed by product awareness, interest, evaluation and intention, source of information, purchase and post purchase behaviour.

Review of literature

Peer pressure can be said as a social phenomenon where a pressure is exerted by members of a society and a social group which influence on a person's behaviour though not always negative but majorly towards socially undesirable behaviour such as the ones where people are resistant or not much inclined to do. Younger lot such as teenagers and adolescents are more vulnerable to peer pressure because of the age where being gullible is more than expected because the mind hasn't matured properly and is still in the development stage.

Knowing or unknowingly peers tend to influence one's life. This is because of the time spent with them. Peer pressure can also

be said as a continuous learning having a positive, negative or normative impact on an individual. Peer pressure is often guided by an approach of “what everyone is doing” or out of general curiosity or maybe by a motive of being in the league as other.

Peer group learning and influence has been established as a factor for an individual's cognitive behaviour. An individual's personality, attitude, and perception are all shaped by the peer-group. The study conducted by Matzler, Bidmon, and Grabner-Krauter (2006) observes the existence of a relationship between personality traits, hedonic value, brand affect, and loyalty. Hence, it can be drawn that the processing of informational cues given by any promotion would also be affected by peer group. However, the effect of a customer's personal characteristics and peer group environment on promotional choice is an unexplored area (Alford & Biswas, 2002).

The influence of peer-group on purchase decision of products has been attributed to the “consumer socialization theory” (Ward, 1974), which defines the processes by which young people acquire skills, knowledge, and attitudes relevant to their functioning as consumers in the marketplace. The inclination of individuals to associate with other individuals who are

similar on various attributes is termed as homophily. Homophily in peer groups has also been found for academic characteristics such as college aspirations (Altermatt, Pomerantz, 2003, Hallinan, Williams, 1990, Kandel, 1978). Therefore, we submit that if peer-groups have an influence on promotional choice, then two groups that are different from each other on the basis of college aspirations would exhibit different and distinctive choice towards varied promotions. Working on this assumption, we found that the test-groups chosen for the present study differed in the commonality of college aspirations exhibited by students pursuing professional courses and conventional courses; they also differed on the time spent together, which was exhibited by their residential status.

The importance of peer group in the marketing context is not only confined to the propagation of information, experience, and know-how about a product through word of mouth (WOM), but also is associated to individuals' feelings of belongingness, self-image, and esteem. Customers who have acquired information through WOM add more long-term value to the firm than do customers acquired through traditional marketing channels (Villanueva, Yoo, & Hanssens, 2008).

Research Gap

There are several research that have been done on consumption behavior. Many theories are established and empirical work has been done. Many physiological factors which influence consumption behavior at one place cannot generalize to another because of variation in cultural and religious differences as well as perception of individual's regarding their consumption behavior. An effort is made in the present paper to adopt comparative research to find the most influencing factor in consumer decision making process.

Statement of the Problem

The problem statement includes the issue that the marketers use same appeal for all and try to capture the maximum market however many demographic factors are there to influence consumption behavior such as Age, Gender, Religion, Occupation, Income, Family size, Education etc. these factors influence the way of buying decision and overall consumption behavior. Therefore the study classified respondents on the basis of above categories to identify which factor influence more and at what extent. As such, problem may be stated as "peer group is not one of the dominant factors in changing consumption pattern in Nagpur and Bhopal city?"

Objectives of the Study

The objectives of the study are as follows:

- a. To study the influence of peer group on consumption behavior among various consumers in select cities.
- b. To analyse the different factors influencing consumption behavior in both the cities, and
- c. To study the basic difference in the consumption behavior between the two cities.

Hypothesis

H1 Influence of peer group on product selection is not dependent on different occupational groups of consumers.

Significance of the Study

The company improves their marketing strategy and marketing campaigns based on their focused consumer behavior. This research will be able to identify the basic consumer's attitude and analyse that how consumption pattern of different occupational group influenced by advertisement. This will help the marketers to keep in mind the important factors that the consumers will be buy the products more by relating the products to their needs and desires.

Methodology

As the present study is about consumer behaviour, survey method was adopted in which questionnaires were used to obtain data for further processing of the research topic. The nature of this research is descriptive and type of the research is survey based. This research methodology was selected because of its consumer based aspect, as usually the consumer based researches cannot be done without making surveys, questionnaires to be more specific.

The sampling frame for the present research study would be comprised of adult respondent of selected zonal area of Bhopal city. Bhopal city is classified into four different parts, based on geographical location, East, West, North and South using their Municipal Corporation's zonal division, as the source.

The sample has been collected with the help of random sampling, which ensures that each of the samples of size n has an equal probability of being picked up as the chosen sample. Total 400 responded were surveyed for this empirical study. These respondents were selected by cluster sampling method. This was deliberately attempted to bring forward the hypothesis that consumers are treated equally irrespective of their social position in the society. All respondents were

adult, with an average age of 39 years (range 20-67) and standard deviation of 8.302. It should be taken care that all age groups were equal weighted in the investigation.

To know the criteria of product selection, brand preferences and buying decision with various variables were presented by the help of cross-tabulation. The results of cross-tabs would provide a meaningful association among different variables measured on nominal and interval scale. The results with the help of Chi-square test ($\chi^2_{.05}$) would also reveal that the independence / dependence and goodness of fit among the variables.

Findings of the study

Profile of the Respondents

All respondents were adult, with an average age of 39 years (range 20-67) with 25.7 percent female and 74.3 percent male, 73.8 percent were married, 21.4 percent were unmarried & 4.9 percent included widow or divorcee. 49.8 percent have completed graduation, the least (4.4 percent) had SSC, 39.6 percent Post graduate & 4.9 percent respondent having PhD as their educational qualification. The majority of respondent (66.3 percent) belongs to Hindu religion, in which (44.5 percent) were from general category (11.1 percent) belongs to OBC (5.3

percent) was SC and (4.3 percent) respondent were from ST category. Second major respondent (11.8 percent) were from Muslims religion in which (2 percent) were from general category (4.8 percent) belongs to OBC (5.3 percent), with average income of 30636.88, & the Standard Deviation of 11192.

55.9 percent of respondent were engaged in business activity, in which majority of 36.5 percent were doing trade, 13.9 percent were doing construction and 5.5 percent were in manufacturing business, and rest 44.1 percent respondent doing service to earn their livelihood, in which 25.5 percent were in private job and other 18.6 percent were in public sector job. The majority of the respondents 61.6 percent were encompass

Observation

monthly household income INR 20,000 to INR 40,000, followed by 21.8 percent respondent earn up to Rs. 20,000, and 16.6 Percent of respondent were earn above 40,000 per month. The aggregated mean of income was Rs. 30636.88, with the Standard Deviation of Rs. 11192. That means medium middle class society having dominant representation in the investigation, as it represent in the Indian economy.

The average family size of the respondents was 2.28, and 41 percent of respondent having three members in their family. 28.1 percent of respondent having two members and 19.9 percent of respondent having four members in their family, 3 percent of respondent having five and above members in their house hold size and 8 percent of respondent were single.

Table 1.Types of business of the respondent & Peer group

Name of the city where the respondent lives		Reason for Choosing a particular brand? Peer group				Total
		Influenced by relatives	Influenced by friends	Influenced by the sellers	Other	
Nagpur	Construction	3.5%	3.0%	1.5%	2.0%	10.0%
	Trade	10.8%	14.0%	5.3%	7.8%	37.8%
	Manufacturing	1.3%	3.5%	.5%	1.5%	6.8%
	Public Service	6.8%	8.0%	3.8%	4.5%	23.0%
	Private service	5.0%	9.0%	3.0%	5.5%	22.5%
	Total	27.3%	37.5%	14.0%	21.3%	100.0%
Bhopal	Construction	4.5%	5.3%	3.5%	4.5%	17.8%
	Trade	9.0%	15.5%	3.8%	6.8%	35.0%
	Manufacturing	1.3%	1.0%	.8%	1.3%	4.3%
	Public Service	6.3%	7.3%	1.5%	2.3%	17.3%
	Private service	8.3%	9.5%	3.3%	4.8%	25.8%
	Total	29.3%	38.5%	12.8%	19.5%	100.0%

source: *Field survey*

Majority of respondent were doing trade (14 percent in Nagpur and 15.5 percent in Bhopal) in both cities were choosing brand

by influence by friends, 8 percent worker from public sector, 9 percent from private jobs, 3 percent from construction and 3.5

percent from manufacturing occupation preferred brand by influence by friends in Nagpur. Whereas 9.5 percent from private jobs, 5.3 percent from construction, 7.5 percent from public service and 1 percent were from manufacturing occupation choosing brand by influence by friends in Bhopal.

The table 2 shows that Chi-square results of Nagpur ($\chi^2= 7.004$, $df = 12$, $p=0.857$) revealed that there was significant association between occupation level and product selection by advertisement. ($\chi^2= 14.368$, $df = 12$, $p=0.278$) of Bhopal revealed that there was not a significant association between occupation level and product selection by peer group.

Table 2. Chi-Square Tests

Name of the city where the respondent lives		Value	df	Asymp. Sig. (2-sided)
Nagpur	Pearson Chi-Square	7.004	12	0.857
	N of Valid Cases	400		
Bhopal	Pearson Chi-Square	14.368	12	0.278
	N of Valid Cases	400		

Source: Field survey

Results interpretation: The results revealed that influence of peer group on product selection were not dependent on different occupational level in Bhopal and Nagpur. Composition of occupational level was different in Nagpur and Bhopal. Level of occupation influence respondent's choosing the particular brand, we can't predict that occupational structure in Nagpur is one of the dominant factor which influence consumption pattern. May be Nagpur have more effective social connectivity among different occupational groups. Social structure of any city is also playing important role in determining consumption behavior.

Conclusion

- **Product selection by peer group** was not dependent on different occupational group. Most of the respondents' were not influenced by peer group; therefore, the consumers' different occupational level was't influence by peer group.
- **It** was observed that there were differences in effect of occupation in both cities. Product selection by influence of peer group was not dependent on occupation in Bhopal and in Nagpur, we can say that respondents from same occupation were behaving

similar pattern while selecting the preferred product in Nagpur.

- It was also observed that influence of peer group was not associated with occupation in Nagpur and in Bhopal. Occupational structure in Nagpur and Bhopal was not influence respondent's selection of particular brand.
- Product selection by influence by friends was dependent on religion in Nagpur but it was not dependent in Bhopal. RIH Proposed by James Duisenberg 1949 stated that the consumption and saving level of individual households will be affected more by peer groups and neighborhoods than by abstract standard of living this supports the finding that **Consumer's imitated consumption pattern of their peer group conditionally, either by house-hold size or when they belong to a same religion.** The reason behind this fact may be social communication; generally people develop their social contacts with the people belongs to the same religion or same occupation. These social contacts become their peer groups and they try to imitate them by following their consumption behaviour.

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