Chapter - 3

CONSUMER CLASSIFICATION

3.1 INTRODUCTION :

Indians were projected as prospective winners for the World Cup Cricket in 1992. But they lost miserably. In the postmortem report 'Why India lost ?', the main reason given by most analyst, correspondents, fans and officials that the Indian team failed to understand their opponents. They did not study the strategies and weaknesses of their opponents, which was essential for the success. Had they done their homework off the ground and watched video tapes, it would have helped them in achieving better performance. Today's advertisers regard their potential consumers in the same way as Indian Team considers their opponents now. 'Consumers' are the advertisers target and they concentrate their efforts on the target. This helps them in improving their market share.

We all know that all advertising is not effective in influencing consumers. To make advertising more and more effective, the advertisers turn to social sciences, particularly psychology for help.
3.2 **CONSUMER WANTS:**

The admen want to design such advertisements that we feel compelled to listen or want to see. The key word here, which is deep-rooted in consumer mind is 'Want'. Marketing thinking starts with the fact of human wants, which can be explained with the help of the diagram conveniently. Diagram 3.1 explains the 'Core concept of Marketing'.

**Diagram : 3.1**

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Need, Wants, Demand → Products → Value Cost & Satisfaction → Exchange, Transaction & Relationship
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Advertisers constantly keep the track of the wants and match the consumer likes and dislikes against it. That is why Eric Clark, in his book, has aptly called the admen 'Want Makers'. The time we are born until the time we die, we always want something or the other; the list of the wants is endless. In fact, for our entire life, we continuously go on striving to get the things that we want. That is why slogan of the 'General Motors' is:-

- Find out what people want, make more of it.
- Find out what people don't want, make less of it"2.
3.3 DEVELOPMENT OF MODERN CULTURE:

Advertising is just not an expenditure on business, but it is undertaken in the hope of moving goods off the stores and is an integral part of modern consumer culture. Its creations appropriate and transform a vast range of symbols and ideas. Its unsurpassed communicative powers recycle cultural models and references, through the network of social infrastructure as shown in diagram 3.2. Advertising has given us new words and terms like - 'Wash-n-Wear', 'Fast-Back', 'Atheletes Foot', 'Walkman' etc. But at the same time, it has virtually destroyed some words by devaluing their meaning and by over-use. For instance - 'Real', 'Natural'.

Modern Consumer Cultural

Diagram : 3.2

<table>
<thead>
<tr>
<th>Society</th>
<th>Social Institution</th>
</tr>
</thead>
<tbody>
<tr>
<td>Culture</td>
<td>Cultural Frame for Goods</td>
</tr>
<tr>
<td></td>
<td>Advertisements / Advertising / Agencies</td>
</tr>
<tr>
<td>Consumers</td>
<td>Media</td>
</tr>
<tr>
<td>Lifestyle</td>
<td>Audience Research</td>
</tr>
<tr>
<td>Cultural Class</td>
<td>Demographic Data</td>
</tr>
<tr>
<td>Symbolic Construction</td>
<td>Psychographic Profiles</td>
</tr>
<tr>
<td>Persons and Goods</td>
<td>Products</td>
</tr>
<tr>
<td></td>
<td>Market Research</td>
</tr>
<tr>
<td></td>
<td>Market Segments</td>
</tr>
<tr>
<td></td>
<td>Corporate / Brand Image</td>
</tr>
</tbody>
</table>
3.4 ADVERTISING - A PRIVILEGED FORM OF DISCOURSE FOR THE CONSUMERS:

Advertising represents the privileged form of discourse for the consumers, which concerns in modern society and they have special place in their lives. A century ago, the form of privileged discourse that touched lives of ordinary people were sermons by religious heads, political oratory and the words of the family elders. Such influences still remains with us, but their prominence in the everyday affairs of life and their moral authority, which they carried has sharply diminished. Now in the industrial societies, the space left, as these influences have diminished, has been filled largely by "The discourse through and about objects". People in society come together and are grouped together on the basis of 'taste-cultures', 'life-styles' or 'market-segmentation', which represent distinctive consumption patterns. Such subsidiary formations are quite informal in nature, but can be identified precisely. Business houses try to aim at these groups by designing their products or formulating advertising messages which will be suitable to attract these groups. A significant portion of our daily public discussion, our actions and our consumption of objects convey about what they can do to us or what they mean to us.

3.5 CONSUMER CLASSIFICATION:

On the basis of wants, consumers can be classified into
groups. This helps the advertisers in better planning of the campaign, because similar wants make similar customers. Advertisers can capitalise on these characteristics to sell their products. At their simplest level, we can classify the world into men and women, young and old, married and unmarried and so on. All what is necessary is a characteristic which can be identified and measured. But one must remember and advertisers often forget, is that these categories are just creations of the mind. The market has millions of similarities and differences and which one the marketers mind chooses to group together, says more about his mind, rather than the consumer's.

In a country like ours, where population is enormous, but people are so very different from one group to another, that their life-styles, living, languages raise barriers. Differences are further widened because of and multiplicity of castes and religions. So naturally the amount of information collected about people is vast. But the use of computers has enabled the marketers to sort them out and use them in innumerable permutations combinations. Americans classify their population on the basis of VALS (Values and Lifestyles). The British classify population on basis of social systems or ACRON points system. But the simplest way in which we can classify people in our country is by three 'ics' --- demographics, psychographics and geographics.

It is an undeniable fact that change today is inevitable and rapid. Few years ago, the typical Indian household was grand parents, mother, father, and children. But today, hardly two generations stay together. According to Fifth Indian Readership Survey (IRS),
one of the important finding is that 74% of Indian households are now nuclear. The reports find that a typical family --- across urban and rural India, consists of 3.9 individuals*. The family pattern has also changed to one or two children formula --- at least in urban educated and conscious houses. These changes are bringing lot of changes in the targets of the advertisers. This forces the admen to rethink about their plans, policies and strategies.

Attitudes have also changed drastically. Consumption has become more important. People are interested in more and more leisure. The 'us' society of yeasteryears has turned into 'me' generation. Today any newly framed and designed advertisement can maintain its impact on the target group only for very short period. Generation of 'Marlboro', 'Pears soap' has change. The in-word today is 'changed'. As consumers want different products, they do not like to watch even the same advertisement again and again over a long period.

3.6 SOME IMPORTANT CLASSIFICATION :

3.6.1 AGE GROUP CLASSIFICATION :

There are many marketing authorities who claim that the most important single factor in their targeting is age. The stage in life, which people have reached, determines not only what they want, but what they can afford. The young and the fifty plus,
The flavor of Marlboro in a light cigarette.

Marlboro Light

A. **SENIOR CITIZENS**:

The most important fact is that, with medical advances, the life-longevity has increased, so number of senior citizens has increased. So, for the advertisers, they are becoming more important when compared with the past. Furthermore, they are responsible for a lot of buying power, because in India, still the joint family system does exists to some extent, where elderly persons play a major role in decision-making. Even in the nuclear family, the views of the eldest family member are respected. These senior citizens have sufficient time to assess the product qualities and have surprising amount of income at their disposal. The infatuation however, of advertisers for the young remains unaffected. But number of commercials for general mass consumption goods as well as durables have started to become less youth oriented. But the clout of the senior citizens remains. People have started adoring grandmothers in Ajanta Watches, Philips Music Systems and Dadaji of Parle G. Any number of biscuits and chocolate advertisements include 'elderlies'.

It is not just that the number of elderly people is increasing, but how these people act and reach in the market is important. Admen and marketers have begun to devote more attention on how best to feature the elderly in their advertisements. The outcome of that is, that now we come across many advertisements where the old people are used in a positive way and the feedback for ones that this just the way they like to see themselves portrayed. Advertisers want to sell to them, but at the same time, they
don't want their products to be typified with them. By associating their products only with elderly, they are scared, that they may lose their appeal to the other age-groups. The product may suddenly come to be considered to be unexciting and sidelined by the youth and the middle-aged. This may result in an image crisis for the advertisers. So they prefer to play safe by mixing old with other age groups.

B. **SERIOUS MIDDLE - AGED**:

In this class we include all those men and women who are busy in either earning the bread and butter for the family or bringing-up the children. They constantly worry about earning more for rainy days and to provide better education and other facilities for their children. They are the bread-earners and have the desires to design their life-styles. But they are constantly sandwiched between orders from senior citizens and demands from children and the young in the family. In an effort to please others, they are left with hardly any time and money and desire to satisfy themselves. They are more concerned about the family rather than about themselves. So, they neglect themselves, they are neglected by advertisers also to some extent. Only occasionally, advertisers remember them, that too, when they want to emotionally persuade them to buy something for their little ones or for their family.
C. YOUNG - THE DREAMERS:

The marketplace is being flooded with new products, offering a whole lot of new life styles which are for grabs. This 'grab culture' is represented by the youth, who hold the most phenomenal potential for growth. According to the estimates of Nippun Gupta, Vice President, Trikaya Grey Advertising, 60% of the Indian advertising is aimed at this segment.

The reasons for the segment becoming the favoured target for the most of the advertisers are not merely demographic. According to Pathfinders, an agency engaged in syndicated psychographic consumer profiles, a survey was conducted in the four metros among the sample age group of 18-30. Their finding is: Youth have become more practical and materialistic than ever before. They are willing to spend more money because there is an increased awareness of having a well-groomed personality. The dictum 'I am what I am' seems to have been substituted with 'I am what I consume'. Nearly 80% of them enjoy watching advertisements on television. There is a definite craze for new products because they are more open to the new concepts.

Advertisers want to take advantage of those open minds. That is why, new products like Kellogg's, Sunrise Coffee, new brand of clothing are all targeted at them because they are more likely to change than, say the middle aged. Even to extend the life of the old products they make fresh appeals to youth: Lux is successful in having abnormally long product life-cycle. It
has survived because they go on changing the appeals through models. They do not feature Hema Malini or Sridevi any more. But they advertise their products through Raveena, Juhi Chawala and Madhuri Dixit.

There is a lot of more consensus-buying in families for an increasing number of product categories. The roles have altered. It is not just the father-mother making all purchases by themselves. youngsters influence the purchase and even become a part of actual buying process. This emergence of youth is a result of several social pulls and pushes. Even parents today are more liberal in their views on money spent by their children. In the past they preached thrift and savings to youth.

D. CHILDREN - THE BOSSES:

Children - The Kings of consumer market*, are the most important segment. The advertisements of children's products and advertisements directed towards children are the topics of debate worldwide among advertisers and social scientists. The significance and the complexity of the issue requires a detailed study.

3.6.2 SOCIO-ECONOMIC CLASSIFICATION:

We divide the society on the basis of age groups. Similarly society can be divided into seven classes based on the income
groups. In each of this class you can get uniformity of behaviour, that is fairly predictable. These social classes are defined not only in terms of wealth and power, but also in terms of people’s consumption and sociability habits.

The classification of society is as follows:

1. **The Upper - Upper Class**, which covers the aristocrats in the community.

2. **The Lower - Upper Class**, which includes the owners of large businesses and the newly rich.

3. **The Upper - Middle Class**, is represented by various professionals and executives.

4. **The Lower - Middle Class**, covers white collar workers, small traders and few skilled workers.

5. **The Upper - Lower Class**, is of mostly skilled workers or semi-skilled workers.

6. **The Lower - Lower Class**, is the class which combines the labourers and uneducated people.

7. **The Lowest - Class or the Bottom Line**, is sum total of all poor people who find it difficult to cope-up with day-to-day needs.
Delhi base National Council for Applied Economic Research (NCAER) had conducted a new countrywide survey of Indian Marketing Demographics. The survey covered the households in urban as well as rural areas. The consumers were classified on the basis of consumption patterns, as consumption enable the marketers to understand real priority of consumers buying decision. The detailed figure are given in the Table 3.1.

Table : 3.1
Consumer Classification on the Basis of Consumption Pattern.

<table>
<thead>
<tr>
<th>Classification</th>
<th>No. of Households (In Million)</th>
<th>No. of people (In Million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Very Rich</td>
<td>1</td>
<td>6 (17%)</td>
</tr>
<tr>
<td>The Consumption Class</td>
<td>30</td>
<td>150</td>
</tr>
<tr>
<td>The Climbers</td>
<td>50</td>
<td>275 (60.07%)</td>
</tr>
<tr>
<td>The Aspirants</td>
<td>50</td>
<td>275</td>
</tr>
<tr>
<td>The Destitutes</td>
<td>35</td>
<td>210 (22.93%)</td>
</tr>
</tbody>
</table>

(Source - NCAER., Feb 1996)

From the advertisier's point of view, very rich and consumption class, represent the 'Quality market'. They constitute the 17% of total population. The lowest class or the bottom line is represented by destitutes, which is generally ignored because of lack of purchasing power. They represent 22.93% of population. It is the climbers and aspirants who represent the great concentration of the nation's purchasing power. These two classes together cover around 60.07% of population, who fascinate the advertisers.
A. MRS. MIDDLE MAJORITY

Advertisers are not only interested in these two classes, but they are particularly interested in the females of these 65% population. They affectionately call them 'Mrs. Middle Majority' or the 'Darlings of the Advertisers'. Advertisers have more interest in females than in the male bread-winners because they substantially influence the family's purchasing decision.

These 'Mrs Middle Majority' are simple women, who make the budget, try to economise and save. Though they want to save, yet at the same time they are delighted and take keen interest in buying products and appliances for the house and more particularly for the kitchen. The house and the family is the centre of their world. They have a fine moral sense of responsibility towards the family. They live in a narrow, limited world and are quite scared of the world outside their home. So, they deal with only familiar things. Anything outside their world is dangerous or threatening for them. Even at times, they are earning and contributing to the family budget by doing a job; at times they refuse to think and take independent decisions. They influence the family decision in a major way, but still constantly seek the help from their husbands. Their imaginative resources are highly limited and they are not very adventurous in nature. So the emotional make up of these ladies is highly restricted, which they hardly deviate from, that is why these Mrs. Middle Majority female are favourite targets of the advertisers. We constantly meet these typical Indian housewives in almost all advertisements related to washing soaps, detergents,
cosmetics, food products and kitchen appliances. Hindustan Lever popularised the ideal figure of housewives for 'Surf' through the nick name 'Lalitaji'. This 'Lalitaji' personality became so popular, and was so deep rooted in Indian minds, that later on when the same model, Ms. Uma Chowdhri, came as police inspector in a serial called 'Udan', they found it difficult to accept her in a different role of a rough and tough officer which was other than a typical ideal-housewife.

As other things are changing, attitude of this middle-majority is also changing in India. The 'buy now and pay later' syndrome is fast catching up, thanks (!) to ready finance and credit card culture. The 250 million, strong middle class are now ruled by the consumerists cult and can now think of fulfilling long cherished dreams of purchasing items, which were considered luxuries of elites only. They want to build-up an image, a status and then be protective about it.

B. FREEDOMS - LOWER-LOWER:

The tastes and buying habits of lower-lower as compared to middle majority, who are just above them, are entirely different. They are more relaxed and carefree. That is why they are referred to as 'free birds.' They are not at all concerned about savings, status, consumption pattern etc. They have the information about the existence of various competitive brands with their qualities and limitations. They get more fun out of life and enjoy the life with extremely limited purchasing power at their disposal, because they are not in the rat-race, so life holds no complications for them.
These people in the lower social brackets do not seem to be desperate or particularly do not look like working hard to reach a higher social layers. But they can even be persuaded and advertisers have also done it to upgrade their consumption. The sachets or tiny packs of slice-cakes, shampoos, toothpastes, hair-oils, soaps, creams and other luxury products are not put out in the market to fulfill the travelling conveniences of the rich classes. These tiny packs are particularly designed to catch this lower-lower class in the marketing net. As and when they have extra money, marketer wants them to buy branded products instead of buying necessities. A person who has to struggle to fulfill the basic necessities of life of the family, will never be carried away by economy pack offer to save Rs. 5/- by spending in the range of Rs. 60/- to Rs. 100/-. But at the first available opportunity, he is tempted to buy these tiny packs which cost in the range of Rs. 2/- to Rs. 7/- and give him a temporary pleasure of enjoying luxuries and change in daily routine which is full of tension and suffering. This consumption gives him momentary pleasure of being in the upper-middle class.

C. QUALITY MARKET:

The upper class, represented by first three categories, labelled as 'Quality Market' is the class which is very difficult to predict, to project and satisfy. They are strivers. They make up a class which is conscious of everything --- they are conscious about the sophisticated social groups in which they move in, eat, drink, wear and drive. They are conscious about their achievements and their
projection in society.

Women, particularly, in this group are snobbish and egoistic in nature. They connect prestige and show-off value to almost every object they purchase right from ordinary hair pin to a personalised item. They try to do everything which will be called stylish or fashionable. These 'rich and famous' prefer to isolate themselves from other classes because basically they are status conscious.

Though they are difficult to please, still most of the advertisers are interested in them and find out more effective ways of attracting this vulnerable class. This class offers them big business and there is always an inner desire in the middle-class to ape them at first available opportunity. Rather there is a constant struggle to improve to reach quality market. Advertisers find no difficulty in selling the products to them through higher price tags. In fact, the norm is higher the better !. It helps them to show-off status and style. Marketers come across situations where products are bought by them, just because they are expensive, even if they lack utility value as compared to price paid for them. For instance, by attaching the tag of export quality or foreign products or ethic product, the marketers charge exorbitant prices to these consumers who are least bothered about the price tags. They just want to impress other people of their own class. So even if the quantum of sales is less, the higher profit margins help the advertisers to become successful in the market.
3.6.3 GEOGRAPHIC CLASSIFICATION:

Geographic classification has special significance with reference to India. One obvious division of the Indian consumers which is extremely important for the advertisers is that of urban and rural consumers. These two classes are poles apart; advertisers are forced to think separately for these classes.

A. URBAN CONSUMERS

For years together, Indians have concentrated their efforts on urban consumers. They are early adapters for any new product, concept or idea. 'Let me try once' attitude is always there. Additionally other factors such as awareness of population pressure, women's education and more number of working women have changed the face of urban areas. According to Indian Readership Survey, (IRS) conducted in the year 1995, 173 million people reside in the 3768 towns that make up urban consumers. One third of this population (57 million) live in 23 metres.

Urban Indian has a pioneer role in the nuclear family structure. As such, these families are important customers for consumer durables. Similarly, the impact of liberalisation and proliferation of television channels is maximum on urban people. Some of the statistics published by IRS'95, gives us the idea about their income class, media exposure, educational levels. These are presented in the Table 3.2 and 3.3 given below.
Table : 3.2
Income Classification

<table>
<thead>
<tr>
<th>Households with Monthly Income</th>
<th>Years</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1995</td>
<td>1990</td>
<td></td>
</tr>
<tr>
<td>Below Rs. 750/-</td>
<td>12%</td>
<td>30%</td>
<td></td>
</tr>
<tr>
<td>Rs. 751/- to Rs. 1500/-</td>
<td>30%</td>
<td>33%</td>
<td></td>
</tr>
<tr>
<td>Rs. 1501/- to Rs. 3000/-</td>
<td>33%</td>
<td>27%</td>
<td></td>
</tr>
<tr>
<td>Rs. 3001/- to Rs. 5000/-</td>
<td>15%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>Rs. 5000/- +</td>
<td>10%</td>
<td>3%</td>
<td></td>
</tr>
</tbody>
</table>

(Source - Indian Readerships Survey, 1995)

This income classification indicated in Table 3.2 confirms the experience of marketers that urban population is getting richer and has increased its purchasing power. Similarly it indicates the dominance of middle class and this class provides the market for virtually every product.

Table : 3.3
Educational Break-up.

<table>
<thead>
<tr>
<th>Educational Level</th>
<th>Men</th>
<th>Women</th>
</tr>
</thead>
<tbody>
<tr>
<td>Graduates</td>
<td>16%</td>
<td>8%</td>
</tr>
<tr>
<td>S.S.C. / Undergraduates</td>
<td>33%</td>
<td>24%</td>
</tr>
<tr>
<td>Below S. S. C.</td>
<td>38%</td>
<td>36%</td>
</tr>
<tr>
<td>Illiterate</td>
<td>13%</td>
<td>32%</td>
</tr>
</tbody>
</table>

(Source - Indian Readerships Survey, 1995)

It is discouraging to note that even today one third of urban women are still illiterate, which is against the popular belief that urban people are more educated.
It was noticed in other surveys of IRS, that regional languages papers and magazine emerge on top, in term of readership, even among the uppermost educated class in urban areas. Comparitively, the reach of English newspapers and magazines is poor.

But one important aspect that needs to be recorded about these urban consumers is that, many of them are aware about consumer protection laws and consumer movement.

B. RURAL CONSUMERS:

"India lives in its villages", said Mahatma Gandhi. According to IRS’95, there are 115 million rural households and this is where 72% of India’s (12 year plus) population resides. This adds up to 449 million --- with nearly 6 million villages spread over the country. But population per village is low. Industry giants are awakening and corporate houses are evolving independent strategies to exploit the increasing buying power of rural areas.

The winners of tomorrow are going to be those who focus on rural India. The rural sector is playing a major role in country’s market consumption pattern and account for nearly 2/3 of its consumption. Nearly 90% of villages have shops, where well known national brands are available. Rajiv Kaul, of Confederation of Indian Industries has pointed out that the rural markets are growing at five times the rate of urban markets. The rural sales account for 50% of total sales and this phenomenon is growing.
The latest Market Information Survey of Household of NCAER in Oct. 95. shows, sales of consumer durable and non-durables continue to show an amazing growth in rural areas. Some figures for the year 1993-94 are given in Table 3.4.

Table : 3.4
Rural Share in the Sales of Consumer Products.

<table>
<thead>
<tr>
<th>Products</th>
<th>Rural Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sewing Machines</td>
<td>64%</td>
</tr>
<tr>
<td>Cassette Recorders</td>
<td>53%</td>
</tr>
<tr>
<td>Motor Cycles</td>
<td>49%</td>
</tr>
<tr>
<td>Colour TV Sets</td>
<td>31%</td>
</tr>
<tr>
<td>Mixer Grinders</td>
<td>24%</td>
</tr>
<tr>
<td>Refrigerators</td>
<td>20%</td>
</tr>
<tr>
<td>Pressure Cookers</td>
<td>46%</td>
</tr>
<tr>
<td>Cigarattes</td>
<td>59%</td>
</tr>
<tr>
<td>Shampoos</td>
<td>25%</td>
</tr>
<tr>
<td>Tooth Pastes</td>
<td>38%</td>
</tr>
<tr>
<td>Talcum Powders</td>
<td>44%</td>
</tr>
</tbody>
</table>

(Source - NCAER., OCT 1995)

While every alternate rural household has a monthly income less than Rs. 1000/-, it should be noted that their disposable income is high, as the cost of living is low. A substantial number of people (44%) fall in the middle income bracket (Rs. 1000-5000/-). Only 1% of households account for the rural rich. The country's lowest income earners defy logic, while purchasing consumer products and they have access to the media in a non-traditional manner. But one disturbing fact about rural India is that inspite of massive quantitative expansion, illiteracy continues to be unacceptably high over 47%.
A decade ago, outdoor media was the main medium to attract consumer's attention. Innovative media like mobile product trailer-cum-demonstration units, mobile publicity vans and village fairs were --- and still are looked at as good communicating vehicles. Limited media reach made educating the masses on product benefit an expensive task. Now, however, the scenario has changed slightly. With 141.5 million rural viewers, television clearly is the overall leader with a phenomenally increasing presence. One out of five people in rural India listens to the radio, probably while doing his or her chores. Radio reaches to 93 million people overall (12 years plus)

In an urban family, normally the husband, wife and children are all involved in a buying decision. But in a village situation, the male voice counts. But things are gradually changing on this front also. There was a time when even after spending substantial financial resources, the rural consumers continued to evade the marketer. Today, rural India is characterised by increasing urbanisation, by narrowing urban-rural divide and rising audio-visual penetration.

3.7 CONCLUSION:

Mass marketing techniques are not very successful in India because of obvious differences among consumers of different age-groups, social groups and specially because of urban-rural divide. But just studying these differences does not help in assessing the
impact. Apart from the study of these classifications, it is essential to study the mental frame of the consumers to have a clear idea about the impact. This work is done by psychoanalysts and motivational researchers. This aspect is discussed in the Chapter 5 after discussing the issue of children.

REFERENCES

10. Ibid., Page 99.

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