Social Class and Buying Behavior: A Case Study on Dhaka City

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Abstract

Although literature supports the effect of social class on buying behavior, little research exists regarding buying behavior of different social classes in Dhaka city. Dhaka is a growing South-East Asian city and keeps high importance in the socio-economic sector of the region. Present study aimed to generate insights about the buying behavior of different social classes in Dhaka city through a qualitative study comprised of 10 depth interviews and 5 focus group discussions. Research findings provided that social classes strikingly differ in terms of expenditure in areas like food, clothing, dwelling, leisure, treatment and saving.

Key words

Social Class, Buying Behavior, Dhaka City

1. Introduction

Social class is a significant determinant of buying behavior (Martineau, 1958). Some form of class structure or social stratification has existed in all societies throughout the history of human existence (Schiffman, 2012). In contemporary societies, an indication that social classes exist is the common reality that people who are better educated or have more prestigious occupations often are more highly valued than those who do not hold such characteristics. Social classes are society’s relatively permanent and ordered divisions whose members share similar values, interests and behaviors (Kotler, 2011).

Social inequality is a fact of life in virtually all cultures, and this inequality is likely to give rise to an array of differentiated attitudes, values and behaviors in buying and consumption. Recently, there seems to have been some resurgence of interest in social class research in consumer behavior, particularly for studies that would take away from focusing on product and brand selection and ownership to investigating decision processes and consumption variations across social classes (Holt, 1997; Mommas & Schor, 1998).

Substantial differences with respect to buying behavior are found among classes. Different classes shop at different stores and expect different services from sellers. Consumers of different classes show interest in different brands and also differ in their spending and purchase pattern (Martineau, 1958; Mathews & Slocum, 1969). Clearly, these practices effect the marketing strategy formulation. Thus it may be necessary to design marketing programs tailored to specific social classes. What advertising message and media should be selected for each class, what should be the product design and price for each group, and how to distribute the products and services to each class may be decided in advance basing on the consumer insights derived from the study of the social classes and their purchasing patterns.

In a society generally upper class seeks for high-quality products, modern structured homes in good location, foreign country’s treatment, education in expensive universities of domestic or international, personalized services, comfort in transport, convenience in shopping, leisure time enjoyment, and entertainment. Middle class seeks for rational purchase of clothing, necessary foods, mass transport comfort, selective leisure time, local treatment, local education and vocational training, domestic infrastructure. Although food purchases comprise about 60 percent of a household's income (Braun, 2008), BOP (Bottom of the Pyramid) still faces poor quality and high prices. As a result they may not be able to get adequate nutrition or balanced diets. BOP typically buys such products at local
or neighborhood stores, which charge higher prices. BOP consumers however, do not have the transportation luxury to do price comparisons. Also, having a regular relationship with a few neighborhood retailers helps build trust and hence higher likelihood of getting credit (Viswanathan, 2007). Poor people lack clean, affordable energy, poor infra-structural housing, lack of pure drinking water and sanitation, avail of public transportation and public health services, primary education etc.

The classification of society’s members into a small number of social classes has also enabled researchers to note the existence of shared values, attitudes, and behavioral patterns among members within each social class and differing values, attitudes, and behavior between social classes. Consumer researchers have been able to relate social class standing to consumer attitudes concerning specific products and to examine social class influences on the actual consumption of products (Williams, 2002).

Despite the importance of social class in influencing purchasing behavior, there is little research available in regards to purchasing pattern of different social classes particularly from the context of a metropolitan city of Bangladesh. Little research available on Bangladesh context studied buying behavior either focusing on selective products or on specific social class. For example, one study showed how different determinants affect consumers’ behavior of jewelry purchase (Sultana et al., 2015). Another research revealed the patterns of energy use in a rural village limiting its ability to generalize (Briscoe, 1979). The other research articulated how different groups of working women in lower class control income (Kibria, 1995). Therefore, present research aims to study the buying behavior of different social class in Dhaka city.

2. Background of Dhaka city

Dhaka is the capital of Bangladesh and is rapidly growing mega city of South Asia. The population of Dhaka is more than 15 million (Morshed&Asami, 2015). Dhaka is also known as the hub of commercial, political and administrative activities of Bangladesh. The city is witnessing the growth in its middle class together with an increasing consumption of necessary and luxury goods (Sabibir Rahman, 2012). Moreover, infrastructural development going on in Dhaka city is motivating the commercial boom in the city. Dhaka city is growing remarkably in areas of finance and banking, telecommunication and service related businesses (Sabibir Rahman, 2012). Hence, it is a timely endeavour to study the buying behaviour of different social classes in Dhaka city. The findings of the study will enrich not only the academic arena but also provide the policy makers to make decisions about the future of Dhaka city.

3. Literature review

Social class (or simply "class"), as in a class society, is a set of concepts in the social sciences and political theory centered on models of social stratification in which people are grouped into a set of hierarchical social categories, the most common being the upper, middle, and lower classes(Saunders, 2006; Bourdieu, 1991). Social class is an important indicator of consumption pattern (Williams, 2002).

It is now obvious from the above discussion that societies distribute its individuals into different social strata having different positions, duties, and roles to perform. How societies distribute their members into different social class is a researchable topic. Max Weber developed a scheme which may be used to understand how people of a society are stratified into different groups. According to this scheme, a society may be stratified using six variables. They are (1) prestige, (2) occupation, (3) possessions, (4) interaction, (5) class consciousness, (6) value orientation (Schiffman, 2000).

Researchers use subjective, reputational, and objective measures to determine social class (Schiffman, 2000). In the subjective measure, respondents are asked to estimate their own social position. This is done on the basis of one’s own perception of his or her social position. However, this
The reputational approach utilizes some community informants who make their initial judgment on the class membership of the people of the community. This method is not flawless as well. It is impractical to administer this system in a larger community where informants may not be able to give the accurate. An objective measure consists of selected demographic or socioeconomic variables concerning the individuals under study. These variables are measured through questionnaires that ask respondents several factual questions about themselves, their families, or their places of residence. When selecting objective measures of social class, most researchers favor one or more of the following variables: occupation, amount of income, and education (Schiffman, 2000). Objective measures of social class fall into two basic categories: single variable indexes and composite-variable indexes.

3.1 Single variable indexes

A single variable index uses just one socioeconomic variable to evaluate social class membership. These are occupation, education, and income.

*Occupation* is a widely accepted and probably the best documented measure of social class because it reflects occupational status (Myers et al., 1971). *Education* refers to the level of a person’s formal education which determines his or her social class standing. The more education a person has, the more likely it is that the person is well paid (or has a higher income) and has an admired or respected position (high occupational status) (Dickson & Lind, 2001). Individual or family *Income* is another socioeconomic variable frequently used to approximate social class standing. Researchers who favor income as a measure of social class use either amount or source of income. Available research suggests that income works best in accounting for leisure consumption when measured in terms of (“engaging in” or “doing or not doing”) a particular leisure activity (such as snow skiing, bowling, or playing basketball or golf) (Aydin, 2009).

3.2 Composite/Multiple variable indexes:

Composite variable indexes may provide a more accurate prediction of social classes of people. This index combines a number of socioeconomic factors to form one overall measure of social class standing. Ever since the development of the indexes, such indexes are of interest to consumer researchers because they may better reflect the complexity of social class than single variable indexes (Schiffman, 2000).

Three of the widely used methods are: Warner’s Index of Status Characteristics (ISC); Hollingshead Index of Social Position (ISP); and Coleman’s Computerized Status Index (CSI)

3.2.1 Warner’s Index of Status Characteristics (ISC): This method is most widely recognized and used composite variable index of measuring social classes. The 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).

3.2.2 Hollingshead Index of Social Position (ISP): This method measures social classes along two dimensions: occupation and income. It was designed to measure or reflect an individual family’s overall social position within the community.

3.2.3 Coleman’s Computerized Status Index (CSI): Social class refers to a group of people who share commonality in such social characteristics as prestige, education, occupation, social skills, status aspirations, community participation, family history, recreational habits, and physical appearance (Coleman, 1983). Relations between such groups in terms of inferiority, equality, or superiority provide the basis for a social hierarchy. Coleman and Rainwater (1978) conceive of an American class structure which includes seven groups that can be described in descending order as "old family names" (Upper-upper class), "accepted new money" (Lower-upper), "collegiate credentials expected" (Upper-middle), "white-collar associations" (Middle), "blue-collar life style"
(Working), "definitely below the mainstream" (Working poor), and "the welfare world" (Under-class).

Though social class may be categorized in various ways, W.L. Warner’s classification is accepted widely (Schiffman, 2000). He identified six social classes that exist in societies around the world. The six commonly identified social classes are: (1) Upper-upper, (2) Lower-upper, (3) Upper-middle, (4) Lower-middle, (5) Upper-lower, and (6) Lower-lower. Social scientists are particularly interested in social classes as the knowledge helps them grasp insights of consumption type, degree and behavior of its members.

4. Research methodology

With a view to understanding the pattern of consumption of different social classes in Dhaka city, the research work is conducted using qualitative instruments. Qualitative research is preferred to paint a rich picture of socio-economic phenomenon (Neuman, 2005). Present research is composed of depth interviews and focus group discussions conducted in 6 different places of Dhaka city. These places are picked up using the residential density. They are Old town, Motijheel, Mirpur, Dhanmondi, Gulshan and Uttara. 10 depth interviews and 5 focus group discussions have been conducted in the selected places among different classes. This technique helped to identify the variables that determine the different social classes and to get the insights of the consumers’ on how they spend their income and to which sectors. The findings of the depth interview and focus group discussions are presented here.

5. Findings and analyses

One focus group discussion was conducted in Dhaka city composed of members mostly from lower class. All of them are either unmarried or live in Dhaka alone keeping their families in village. Some of them were garments employees, one private driver and one member was a cab driver whose income was much higher than the other members of the group. Except for the cab driver, the other members earn monthly TK. 5000 to 8000. In the discussion it was found that big chunk of their income goes after rent, food expense, transport and mobile bill. 60% of their monthly income they spend for these purposes. When the health issue was discussed all of them agreed to have spent monthly TK. 200 to 300. During weekend they mostly watch TV, listen music or travel around their dwelling area. As a matter of fact, all of them send some portion of their hard earned money to their village home. As one participant said,

‘My parents and younger siblings at village home await my money to be sent every month. If I fail to send money, their household expenses will be stopped and they will be in deep (big) trouble’.

During their festival, all of them buy new cloths for themselves and for families as well. Interestingly, although the cab driver, by status, falls in lower class but due to having a good income (nearly TK. 19000 per month) maintains a better lifestyle than the others of the discussion group. Another interesting finding was that, the private driver is S.S.C passed and has a habit of reading newspaper for news of home and abroad.

Another focus group discussion took place in a private University located at Bashundhara residential area, Dhaka. In this discussion group there were a number of cleaners and security guards. Cleaners have an average monthly income of TK. 4000 whilst the security people get around TK. 7000 because they are somewhat educated comparing to the cleaners who are uneducated. The married ones bear their expenditures jointly with their husbands. The unmarried ones, on the other hand spent almost all of their income for the family consisted of parents and other siblings. They spent TK. 3500 for rent since all of them live around an expensive location (Bashundhara). All of them agreed of spending a significant amount for their family members (either children or siblings) education. As one participant said, Although I could not study, I want my younger siblings go to school and be educated for a better future than me.
As the discussion moved on, they informed they spend a lump sum amount of money for mobile (say TK. 300). Few of the members also notified that they do not carry mobile phone. When get sick normally, they actually visit the institution’s physician and take free treatment. All the cleaners told that they do not have any leisure time or opportunity as they spend that time for part time job. Surprisingly, one of the security person informed of saving full salary as her husband does a good job. Noteworthy, most of them live around the workplace however, the few others spend monthly TK. 1500 for commuting to the work. Two depth interviews were conducted at Mohamamdpur area of Dhaka city. One was a driver and the other was house-maid. The house-maid earns TK. 2000 per month. Her family expenditures are shared by herself and her sons and daughters. The daughters work in the Mirpur Benarospoli (cottage industry of saree, salwar-kameez). The money her family earns does not fulfill all their necessities and do not have any consciousness about being educated. Her only focus of life is to manage dowry for her daughters’ and married them off. In her words, I don’t care about education. All I care about how to accumulate dowry for my daughters’ marriage.

The other depth interview with the driver revealed his salary TK. 9000 per month, much of which goes after rent and food. Some of the money he sends to his village home to his wife. He spends some money for mobile bill and carries a Chinese set which costs him TK. 2000. After probing through the interview, it was revealed that, he buys his apparels only during the festival time and at a very nominal price. Every month he borrows money from others and pays by installment. When asked if he gets a higher income what he will do, he answered of spending that extra sum of money for a better living. No indication he made of saving for future.

In connection with the objective of the research project, four more depth interviews were conducted inside Dhaka. One tea stall owner was interviewed to know his spending behavior. He runs a small business in a busy road where he makes good sale. His monthly income ranges from TK. 25000 to 30000. Much of his income goes after rent and food. For example, for groceries he spends every day TK. 400. Besides these, he has mobile expenditure of TK. 400 per month. The tea stall owner enjoys festivals nicely and he spends almost TK. 15000 to 20000 on each festival which is a great source of entertainment for him. He visits Govt. hospital for treatment during sickness. He saves a handsome amount of money (Tk. 10000 per month), hence he has a plan to start a big business in future. As he said, I am saving money every month so that I can open a big business like a hotel (restaurant he means), or a grocery shop in future.

Second interview was taken with a sweet shop salesman. He earns Tk. 10500 monthly. Half of his income is spent for house rent. He also carries a mobile phone. During his leisure period he hangs around in the local park with his friends and watch movies in the cinema complex. He spends TK. 5000 to 7000 during festival. He does not have any saving, hence, he is looking for a better job. Third interview was conducted with a private home security guard. His monthly income amounted at TK. 6000. He does not have any expenditure for house rent since he gives night duty as well. Some of his income he spends for food and mobile phone. Rest of the income he sends to village home from which he spends Tk. 500 for his child’s education and keeps a saving of TK. 1000 per month. He buys used cloths from road side market. He does not get any weekly holiday. However, he visits his village home every other month. There he travels by low fare bus and that stay in the village counts as an entertainment for his life. Although he earns little, he saves some money because he does not have any house rent expense which is a considerable expense for other participants of his class. Fourth interview was taken with a school van driver. His income per month is Tk. 11000. As the talk was flowing, he clearly answered that he spends Tk. 3000 for rent, and Tk. 4000 for food expense. He uses mobile phone and visits park and cinema complexes during the leisure period every week. For entertainment he spends around Tk. 200 with his family members. Festivals bring extra pleasure and expense for him costing TK. 5000 to 7000. He also admitted that he has some expense for smoking. However, he saves Tk. 1000 every month and he cherishes a bigger ambition. For this, he is learning taxi driving and he believes that his new profession in near future will bring fortune for himself and his family. In his
I am learning taxi driving from another taxi driver in his off time. In future I shall drive taxi and earn more money that will bring fortune to me and my family.

Two depth interviews were taken on a middle class couple. They live in their own house. Both members are in the workforce working for private organizations. Husband and wife earn TK. 55000 and 20000 respectively. For their food expense together they spend Tk. 25000 per month. For child’s education they spend monthly TK. 10000. When they were asked about their entertainment budget, they reluctantly disclosed Tk. 3000 which indicates they spend most of their leisure time at home watching TV, listening music and chatting with family members. Husband and wife have individual expense of mobile Tk. 500 per month. For medical purpose they do not have any significant amount of expense, it comes around Tk. 1000 per month. They also spend some money on internet which is TK. 500 on a monthly basis. They have newspaper reading habit too. Since, they do not have any expense for house rent, they save a significant amount of their income for future.

A manager of a fast food shop was brought under depth interview session in which he revealed some information about his lifestyle and purchasing behavior. He earns TK. 40000 per month. Out of which he spends Tk.2500 per month for house- rent and TK. 6000 for food. His rent is low, because he keeps his family in village home and in the town he shares a house with others. For health, he spends around TK. 2000 per month and he also has a mobile bill of TK. 500 per month. He does not find much time for entertainment as he regretfully told of spending much time in traffic jam every day. As he said, What is entertainment? Much of the time goes in traffic jam in Dhaka city.

He has smoking habit for which he burns around TK. 100 per day. Much of his savings he invests in another business for which he denied to say much. Considering the interview, we can put him in the middle class category.

A wholesale businessman was brought in the depth interview session and he shared some information about his lifestyle along with the purchasing behavior. He lives in his inherited family house which is very near to his business place. As a result, he does not have any significant amount of expense for his own. However for his son, who is a school going kid, he maintains a car. He has some expensive consumer durables say, two TV sets, two refrigerators, to air conditioners, one water heater. He does not have any computer but he bought a laptop for his son where the youngster only plays games. In his words, I don’t have any computer. I don’t know how to operate computers. But I have bought my son a laptop and he whole day plays game on it.

As far as entertainment issue was interviewed, he revealed that most of the time his family goes to shopping malls, eating outs, and amusement parks. Every other year they tour outside Dhaka, say Cox’sbazar, Sylhet etc. For his family health checkup he visits Square hospital (a top ranked private hospital). Although he was passive to answer his monthly income but he actively said much of his earnings go after food and child’s education (including car expense). He uses mobile phone and watch TV for news and views. Upon his interview, we categorized him in the Upper-middle class.

A businessman of Dhaka agreed to talk lifestyle issues in the depth interview session. He lives in his family inherited house with his wife and four children. Children are all in education for which he has a considerable amount of expense. He maintains a private car for which he has a monthly expense of TK. 8000. He spends a handsome amount of money for family food expenditure around TK. 25000 per month. He has consumer durables like TV, three refrigerators, air conditioners. All of these are foreign brand. For entertainment, he and his family spend time in amusement parks, in eating outs, and in visiting markets. Although he buys cloths from local market but sometimes, travels Kolkata (city of a neighboring country) for shopping particularly during festivals. For small sickness his family depend on local doctors however, he quarterly travels to Chennai, India for his eye treatment where he spends altogether TK.25000 (USD 325) per trip. As he said, For small petty sickness I depend on local doctors but for my eye treatment I go to Chennai, India every four months and in total I spend TK 25000 per trip.

Although, he denied disclosing his monthly income but analyzing his purchasing pattern we have put him in the Upper-middle class category.
6. Discussion

From the Depth interview and focus group discussions we have come to some assumptions. After pondering on much on the findings we have arrived at a notion that the lower class people are mostly working class who are in the occupations like, driver, rikshaw puller, house maid, salesman, garments worker and security guard. All of them pass a very tough life with their very hard earned money. Many of them have habit of borrowing money to meet up their expenditures. Their monthly individual income ranges from TK. 4000 to TK. 8000. Much of which is spent for house rent and food expenditure. A handsome amount of money goes after transportation and mobile phone bill as well. They do not have expensive recreation in life. Many of them do not have leisure time since they work part time on the weekends. Others just hang around or at best go to movie theatres rarely. But for these purpose they do not spend much money. Some of them think education has a role to play in their life, so they send their children to school. However many others do not have consciousness about education and cannot afford that as well. Interestingly, many of them have at least a TV in their homes and they use mobile phone. TV acts both as media and source of entertainment. They have a good amount of expenditure every month behind mobile phone. They see the local physicians and sometimes visit Govt. hospitals when they get sick. Females who are unmarried support their family with their income. Married women jointly bear the expenses with their husbands. Males on the other hand, being the principal earning member in the family spend all their income for family. Some of the members of lower class admitted to have habits like smoking and chewing betel leafs. 99% of the participants in the interview and discussion did not show any sign of saving money for future. They may have saving sense but because of not having enough income they cannot save. However, many of them want to change their present occupation for the betterment of their life. As an interesting finding, mobile phone expense actually is a big percentage of their income comparing to other social class categories. This happens may be because talking is a natural habit human being thus the amount of talking does not vary much between classes.

Middle class lifestyle revealed that they have an expensive lifestyle intentionally or unintentionally. Middle class interviewees were from the occupations like private service, and medium size business. Some of them live in rented house while others have inherited dwellings. Two-third of their income goes after house rent, food expense and child’s education and maintenance except for those who have their own house. They also agreed to have the two big expense sectors like food and education. Since they want to maintain a good standard of living hence, they maintain private car along with driver. They spend significant amount behind groceries as they want to maintain a rich and nutritious diet for their family members. Entertainment comes in their life in the form of visiting shopping malls, eating outs, and going to amusement parks. These are also big source of expenditure for them. All of them have branded and more than one TV, refrigerators, air conditioners, water heaters. They believe in having consumer durables as these are not only of consumption but also for their status symbol. As a matter of fact, they all use mobile phone but they have internet as well. These are two other expense areas for this class of people. Surprisingly, the mobile phone expense is only a tiny percentage of their income comparing to the lower class. Being health conscious, they visit private hospitals and in some cases they also travel outside the country when they do not get better treatment in Bangladesh. They also visit Cox’sbazar or other tourism cities but infrequently like once in two years. Al though they did not disclosed specifically about their savings but from their lifestyle and view about life it was evident that they do save for future. For news and information, they do not only depend on TV or radio, but also newspaper and internet. Comparing to their downward class the members of the middle class are more conscious about the future of their children and for this purpose, almost all of them send their children to good English medium schools and spend generously for education. They also are ambitious to better their standard of living. Therefore, there is a tendency to move upwards found in both lower and middle class members.

7. Conclusion

Social class is an important determinant of buying behavior. Although many prior studies have stressed the effect of income only on buying behavior, current study revealed that in addition to income, class status also determines their buying behavior. The study further revealed that lower class mostly spends money for livelihoods. They do not care much about paid entertainments as they cannot afford them. According to the study, middle class spends their money more freely than the lower class. They have a sharp difference with
lower class in terms of expenditures like internet, entertainment and maintain a car. All of them also tend to save a chunk of their income for future. Some members of middle class with a better income and higher social position spends on luxuries like consumer durables and foreign treatment. The study has revealed important findings to understand the buying behavior of different social classes but it has limitations too. Since the study is conducted in Dhaka city only, the findings may not be generalized. Moreover, a qualitative study could not confirm the findings. Nevertheless, the study is first of its kind considering Dhaka city and the findings of the study will surely provide directions for future research in this issue.

8. References