

UNDERSTANDING “THE UNDERSTATED”

.....Power of Women Buyers

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INTRODUCTION

Brands are everywhere. There is no denying that corporations have taken the marketing of brand names very seriously. Billions of dollars have been spent trying to impress consumers while aiming to increase brand loyalty and recognition. Traditionally, a brand represents a core identity of a product, service or an organization. Using a symbol or a name or both the brand communicates to the market place what a product stands for what its values are, how it appeals to and fulfills a customer need. A brand not only tells what a product or service is, but also conveys what it isn't. A brand must send the key message to its ultimate user “**The Customer**”. A brand's personality must reflect the perceptions, motivations, and values of its targeted customers. In saying this, personality is in the eye ... or mind ... of the beholder.

We are fast becoming a matriarchy in that women not only take the lead on issues of parenting, but are the principle decision makers in every family, including purchasing and investing. Our societies, our economy, our lifestyles – all are being fundamentally reshaped by the leadership of women. First and foremost, the vast majority of women – nearly 90% – feel successful; 60% feel very successful. It's not just that today's woman feels successful – she's fundamentally redefining success itself. She is in control. She sets the agenda. She leads by persuasion and consensus building. She is passionate about her family, but is not defined by it. She is decidedly “not the new man” – for her, empowerment and control do not necessarily equate to masculinity. She is happy, and she is also a lifelong learner who strives for further self-satisfaction and goodness. She characterizes her identity, and draws her self-esteem, from a self-defined mix of career, family, friendships, and their own moral fiber. In today's economy, she views saving as a

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moral imperative, and it is her value-orientation that is reshaping brands and marketplaces today.

Peters notes, “Women are where it’s at” when it comes to the tremendous, current purchasing power of female consumers. That trend is anticipated to grow. In 2011, women are expected to control over 60 percent, of the country’s wealth, according to research conducted. Consumer involvement is defined as the consumer’s perceived relevance of an object (e.g. product or brand, advertisement, or purchase situation) based on the inherent needs, values, and interests of the person. Other elements in this contextual canvas, to increase its complexity, are certain dynamic social institutions - the family, law, culture, religion, the social construction of gender, public policies and the social role or use of technology.

CONNECTING WITH THE MOST POWERFUL AND MOST ELUSIVE CONSUMERS: “WOMEN”

It’s no secret women control an enormous amount of consumer spending. And it’s easy to point out the obvious—that women are different from men in how they shop and select brands. But what is far more important to understand is that marketing-to-women initiatives must recognize the subtle and critical ways women are different from each other. Simply segmenting women by demographics or psychographics is no longer enough. Understanding the overlapping (and sometimes conflicting) dimensions of women’s lives, including lifestyle and life stage, is the first step to identifying the unique opportunities to connect your brand with their lives. Beyond that, developing relevant marketing messages that resonate with women requires an understanding of the female touchstones and emotional drivers that influence their purchase behavior and brand selection. Ultimately, this understanding leads to an enduring brand connection. Women form brand connections based on a variety of factors, but too many marketers assume a woman’s shopping and purchasing choices can be easily influenced by adding stereotypically “feminine” elements to their brand’s communications. This simplistic approach can alienate women who want smart solutions presented in an authentic way. The relationship a woman forms with a brand is essential to its success because, by her

very nature, a woman uses her social network to process information, make decisions, and evaluates her own consumer choices. She literally becomes a medium for information and brand connections. Because women tend to take care of others' needs as well as their own, they typically buy for the members of their family, too. In addition, more women are also buying for their businesses.

Women constitute around 48.3% of India's population as per 2001 Census and are the precious human resource. Wealth is becoming more concentrated at the top of the income scale. The income of the highest earning households has shown an exponential growth while the gap in household income between top earners and middle earners has widened (Ministry of labour statistics, India, 2005). There are 50.69-lakh workingwomen in the organized sector in India. Of these, the Central Government employs about 6 lakh; the State Government and bodies under the State governments employ about 17 lakh; local bodies employ a little under 6 lakh; and the private sector and the smaller establishments employ about 18 lakh and 3 lakh respectively. The percentage of women in the workforce has risen steadily and dramatically since the 1960's and the percentage of married couples with a wife also in employment has nearly doubled. Not only are more women working, but they are also earning higher salaries than ever before. The various research studies indicate that the luxury spending patterns of affluent consumers are changing. The reports suggest that the psychographics of young, affluent consumer is concerned with being the first to know, to see, to experience, and to acquire a particular piece of merchandise. The segment likes to dress modestly but fashionably; they want to stand out without being flashy. There is a large and growing market comprised of the newly affluent, who are smart about money and pressed for time. They are not price-resistant, but do want to know what their money buys them.

Young female consumers have been influenced by several environmental factors that separate them from older shoppers. Young females have been conditioned into consuming earlier than previous generations and have been socialized into shopping as a form of leisure. They have been developed in an environment that provides more reasons and opportunities to shop as well as additional consumption opportunities such as television, the Internet, and traditional catalog based shopping. Furthermore, young

females are more apt to have become accustomed to media that depict affluent and opulent lifestyles.

Marketing to women delivers a better return on the marketing expenditure through both higher customer acquisition and greater customer retention. Because women are more inclined to long-term brand relationships, enhanced loyalty means every marketing rupee invested in acquiring female customers' results in a higher retention rate. Women's employment participation (the number of women working as a share of working-age women) grew to 31% in 2005 from 26% in 2000, the first rise seen in decades. Though subtle, the shift is important if it can be sustained. Healthy prospects for long-term economic growth coupled with improved employment access for women will complement the fall in fertility rates that is already well underway, supporting a structural increase in the number of women entering the workforce. Rising women's participation in the workforce could be one of the most powerful ways to boost growth, incomes and consumption over the long run. Using Korea's experience as a guide, we simulate a path for India's economy that incorporates increased female work participation into a baseline trend. The boost to GDP per capita stemming from increased female employment is palpable. Incomes could rise by 5% above baseline estimates in the next decade; more women entering the workforce could make Indians 5% richer than otherwise projected by 2015 and by more than 12% in 2025. The lift to incremental demand is more dramatic: in the next five years, incremental demand could grow by 10% more than anticipated.

A research that attempts to isolate the differences in household spending stemming from the work status of the female head of household in India reveals amazing facts. Workingwomen also save and invest 25% more than non-working women. Spending on basic groceries, delivery services, temporary services, wedding/matchmaking services, utilities, interior furnishing and more traditional forms of entertainment (books, music, and video) show little to no difference across the two panels. Workingwomen households show a higher penetration of mobile phones with 60% of workingwomen owning a mobile (compared to just 34% for Non Workingwomen). 20% of Workingwomen own credit cards; double the penetration of 10% for Non Workingwomen. Penetration rates for durables such as cars and air conditioners are also somewhat higher in Workingwomen households. Higher-end and

internationally branded goods are more prevalent among workingwomen households. Mobiles belonging to workingwomen also tend to be upper-end brands. International fashion brands are more popular with workingwomen. Workingwomen tend to read English-language magazines strikingly more, 59% of workingwomen read English magazines compared to 31% of Non workingwomen, who prefer local-language magazines. Interestingly, the decision-making role played by women is not very different between both the panels. Women in both panels consider themselves to be the only decision-maker for groceries, and in every other category i.e., from savings and investments to durables, personal care, apparel, and entertainment, they consider themselves the primary decision- makers, though other household members play a role as well. When it comes to larger organized retail formats, non-working women care more about lower prices, and workingwomen care more about wider selection of products. In India, shopping is mainly a family activity. Who women shop with—or for which products women shop alone—is determined more by geography rather than whether she works or not.

FEMALE vs. MALE DECISION-MAKING STYLES

There are many reasons men advance further, including willingness to put in longer hours, travel more and relocate. Women are still 50 times as likely to stay home with children, and working women are eight times as likely to spend four years or more out of the labor force, adding that men show their love of family as breadwinners. Studies predict any slowing in progress by women in business will be temporary, not because women will become more like men but because men will insist on more balance between work and personal lives.

Some experts still see the glass as half full. Women's progress is anything but glacial, the Employment Policy Foundation says. More than 9 million women earned more than the median male income in 2002. Ten years earlier it was just 5.5 million. The foundation says women who have never married are far more likely to out-earn men, showing that lifestyle choices more than gender are the determining factor.

As in the 1998 study, respondents perceived major differences between the decision-making styles of men and women. Marketers overwhelmingly attribute a collaborative and thoughtful approach to making decisions to women. Women are much more likely to be described as “sensitive and caring” (88% say this applies to women vs. only 28% say this applies to men). Women like to “build consensus before making a decision” (91% applies to women vs. 44% applies to men). Marketers also indicate that they believe women are much more likely to seek advice from colleagues “before making major decisions” (93% applies to women vs. 47% applies to men). Women are likely to be perceived as “cautious” and concerned with “long term” effects, but the difference versus men is not that great (79%–84% say these traits apply to women, 57%–63% say they apply to men).

In contrast, marketers attribute an autocratic decision-making style to men (86% applies to men vs. 45% applies to women). Respondents report men were much more likely to make decisions without input from others (86% applies to men vs. 37% applies to women) and to prefer a hierarchical structure (84% applies to men vs. 45% to women). Men more than women tend to make the important decisions, but delegate implementation to others (89% applies to men vs. 53% applies to women) and to make decisions quickly (87% applies to men vs. 57% applies to women). Men were also more likely to be described as “aggressive and assertive” (87% applies to men vs. 62% applies to women) and as always in a rush to make decisions (77% applies to men vs. 46% applies to women).

A comparison of the current results to those from 1998 suggests that decision-making habits have become even more entrenched and the differences between men and women on many characteristics even more extreme. Men are less likely to be described as “sensitive and caring” (28% in 2006 vs. 39% in 1998 applies to men) or to seek advice from colleagues before making big decisions (47% in 2006 vs. 58% in 1998 applies to men). They are more likely to make decisions without input from others (86% in 2006 vs. 73% in 1998 applies to men), and continue to be thought of as autocratic and assertive. Women, meanwhile, are more likely to build consensus on an issue before making a decision (91% in 2006 vs. 85% in 1998 applies to women). They are also less likely to be described as “aggressive and assertive” (62% in 2006 vs. 76% in 1998 applies to

women). Though the characteristic still applies more to men than women, both male and female marketers are in more of a rush to make decisions today than they were in 1998 (82% in 2006 vs. 71% in 1998 applies to men, 52% in 2006 to 42% in 1998 applies to women). Marketers report that tendency to “rely more heavily on intuition and judgment than research and science in making marketing decisions” applies to men as much as it applies to women (70% applies to men, 72% applies to women).

GET READY FOR A BIG CHANGE

Over the next 10 years, the way women buy their products and services will change dramatically. For example, they will buy brands and patronize businesses that exude credibility, quickly connect with them, communicate to them in a 360-degree fashion where they live (physically and online), and sustain a consistent relationship with them. In-home shopping, both online and offline, will save precious time. Successful brands will engage with women in such a way that they will share the management of the brand with consumers. In short, female consumers not only will drive the majority of purchases, but also will build and manage the marketing. Hard to believe, but not surprising, if you know that today’s women have emerged as a more powerful consumer force than ever before and they have changing expectations of marketers. Indeed, marketing to women does change what is done in the marketing mix because women process information and make purchasing decisions differently than men. Unfortunately, the current marketing in many product categories is missing the mark.

Today’s time-challenged women have to engage in constant multi-minding, they are constantly juggling the many dimensions of their lives, and have less time for purely commercial messages. As mothers, wives, employees, and chief purchasing officers for families, most women today live and breathe multi-minding. Multi-tasking has evolved and women are now accustomed to addressing a complex mix of family, career, and self-care decisions at any given moment with little time to shop in the traditional sense. Rather than the traditional shopping, they prefer browsing and serving as a one-way receiver of marketing messages. However, they still need and want to buy, especially

since they are the primary buyers for the majority of goods and services. This makes it imperative for companies to pay attention to this trend.

The point is that women's spending has outdistanced men's spending for a number of reasons. First, women have always dominated in the purchase of consumable items like groceries, cleaning products, health care products, etc. As more and more of these products have come into the market, the relative spending on consumables versus durable goods has increased. Earlier women used to buy cloth towels and reused them. Today, women buy disposable paper towels and buy them often. This trend toward increased consumable sales versus durable sales is evident in many industries. As women continue to make most buying decisions on consumables, their buying power has grown. The second reason women's consumption has increased is because women are increasingly making decisions about things like cars, insurance, mortgages, travel, etc. These are buying choices that were traditionally made by men.

However, in contemporary married settings, women are making more decisions about things like the family car, health care, and where the family will spend the summer vacation in addition to traditional decision making areas like furniture and appliance selection. Working wives and mothers, who have steadily increased in numbers over their non-working counterparts, are making spending decisions with their own income about such things as retirement and savings. Add to this the fact that unmarried women, who are free to make decisions on all their spending needs, are getting married at an increasingly later age, which means they are spending as they choose for longer periods of their lives. And this leads to a subtle issue. Brands that would consider a gender bias must recognize that men and women have different needs, and neither wants to be pandered to. Building a female gender into a brand, for instance, demands that companies recognize that a lot has happened in the recent times. Women have money and therefore power. They want products and services that truly meet their needs, as opposed to some male notion of what is appealing to women. For brand managers and brand consultancies, the message is to get women into the upper ranks of decision-making where brands are forged. In the future we may see more of this brand specialization, not less. Income, political leanings, race, nationality, culture and other issues may be factored into brand development at the identity level.

MINDSET SEGMENTS

The study “More: The Age of Mastery,” was conducted in September 2005 and reveals that despite common perceptions, there is no “single female boomer target.” Instead, the study finds that there are four distinct mindset segments within this age group. While the segments look similar demographically (i.e. age, income), they are defined by a unique set of social and attitudinal behaviors which strongly influence their decisions as they relate to brands and ultimately product purchasing. The four segments defined by the study include:

- **REVOLUTIONARIES:** Representing approximately 36% of women, these women are “**The Influencers**”, driven by passion, defined by optimism and fueled by change. Most importantly for marketers, this financially successful segment finds value in trusted brands but is constantly searching for new formulations or next year’s model. She is more likely to be an early adopter than most women her age and is the one that others, including younger women, turn to for sound advice and guidance.
- **CONNECTION CULTIVATORS:** Representing approximately 13% of women, these women are “**The Connectors**”, defined by their need to socialize, driven by relationships and generating buzz. For marketers, these women are important because they are in a wave just behind “The Influencers”, building networks and rousing word-of-mouth.
- **PRAGMATIC PLANNERS:** Representing approximately 28% of women, these women are “**The Traditionalists**”, defined by practicality, driven by accomplishment and producing results. Pragmatic planners are consummate realists and are the most likely of women, who define their work as ‘career’ rather than ‘job.’ For marketers, this means that while she is willing to spend her considerable

money on a high-end item, she will likely do it for reasons of quality and value rather than luxury or vanity.

- **SECURITY SEEKERS:** Representing approximately 23% of women, these women are “**The Loyalists**”, defined by predictability, driven by what’s familiar and creating sanctuary. Rituals and tradition are important. Security Seekers are the least likely of our segments to be in committed personal relationships and they are most likely to describe their work as ‘job’ versus ‘career.’ For marketers, it is important to note that these women can be extremely brand loyal.

SUMMARY

A brand’s personality – for good or for bad ... whether bold and challenging or bland and forgettable – is the cumulative, customer experience across all of the brand’s touch points. Because gender has been identified in much literature, as a fundamental market segmentation index for companies to meet their customers’ needs and wants, marketers should strive to understand the gender differences in decision-making styles. Research addressing the issue of gender differences in decision-making styles could help marketers to find better ways of communicating with both genders and to guide marketing mix decisions.

The fundamental characteristics of women today are remarkably consistent across geography, income groups, and ethnicities as well. This calls for a new world of communication. Women expect open, honest, and engaging communications. They expect suppliers to offer clear guidelines for quality, relative advantage, and price. They expect to talk with one another about the things they want – not to learn new ideas, but to gain additional opinions and reinforce the opinions they have developed. Most of all, the new woman wants to be respected for the successful life she leads, and the authority she possesses in managing the economy at home and across the nation. They are finding that by being careful, they are actually bringing their families closer to them, as they become more effective as homemakers and as workers. The future goes to people who speak to women with authenticity, clarity, and intelligence in creating a price-values relationship

that underscores both the quality of the products they offer, and the quality of appreciation they have for the women who respond.

It is an ongoing process, a journey. Think of it as you would if you were building an important relationship. It is something you live, day in and day out, not something you check off your to-do list. The effort is well worth it. Without women buying your product or service, chances are good that you will not have a product or service to sell in the future. Women will remain vibrant, dynamic individuals long after many marketers have dismissed them as brand-entrenched consumers. Studies clearly demonstrate that the women are looking for new experiences and products to spend their money on. The companies that ignore this market are missing a huge opportunity.

In the final analysis, women are reshaping our economy and our society. Their similarities far outweigh their differences. And it is marketers who truly understand the lives and aspirations of women will be successful in this new landscape.

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