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SCENARIO APPROACH TO SIMULATING CONSUMER EXPENDITURES: A CROSS-CULTURAL ANALYSIS

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ABSTRACT

This study utilized a scenario approach in which black and white university students were awarded “cash points” to be used to purchase brands of merchandise from a list of products. Each group was also asked to allocate the points in the manner they perceived the other race would (the black students predicted expenditures of the white students, and vice versa). The results of the study showed the expenditure pattern for the two groups to be essentially the same. There were no significant differences between product categories, and only minor differences in brand selections. However, when perceptions of other group’s expenditures were analyzed, the results are considerably different. Both perceived their expenditures to be different from the other group, and neither group could accurately predict the brands the other race would purchase. The white students’ predictions were incorrect in all product categories while the black students did accurately predict white brand preferences in two of the six product categories.

INTRODUCTION

Consumers often view products symbolically (Hirschman and Holbrook 1982 and Solomon 1983). “Individual differences in the ethnic background, social class, and gender cause products to vary greatly in the emotions and fantasies they inspire in a consumer.” (Hirschman and Holbrook 1982, p. 99). Marketers use this phenomenon when targeting products toward specific market segments. Consequently, products and brands of products may become stereotypically associated with particular groups or classes of individuals based on ethnic background, social class, and gender.

Entire promotional campaigns can and have been devised around these perceived stereotypical associations. What happens, then, if the projected stereotype does not reflect reality? The marketer risks alienating or even offending the targeted market by the misconceived associations (Pitts et al. 1989). There have been numerous examples of marketing blunders caused by the inappropriate or stereotypical portrayal of the target market (Fouke 1989). Marketers must be aware of the target market’s real perceptions of products and brands before devising promotional efforts if they are to avoid such misconceived stereotypical associations.

The purpose of this paper is to examine the perceptions of black and white respondents’ expenditures on specific product brands. This paper also examines the perception of each race about the expenditures of the other race. In other words, can blacks and/or whites predict the brands the other group will purchase?

LITERATURE REVIEW

Although there have been numerous studies conducted about differences between blacks and whites, the marketing information concerning blacks is “inconsistent and incomplete” (Reagan et al. 1990,85). The research on racial differences has centered along two lines: blacks as consumers and blacks as marketers.

Many of the studies of blacks as marketers have examined the number of ads containing black models and how they were portrayed (Kassarjian 1969; Bush, Resnik, and Stern, 1980; and Stevenson 1989). Other research, such as that by Kerin (1979); Bush, Hair, and Solomon (1979); Schlinger and Plummer (1972); Whittler (1989); and Qualls and Moore (1990) has examined the perceptions of consumers toward ads with black models.

In general, these studies have concluded that both blacks and whites tend to regard ads with models from their own race more favorably than ads with models from the other race, a conclusion that Qualls and Moore (1990) suggest supports in-group bias theory. The theory states that “stereotypical categorizations in which in-group/out-group membership is based on race lead to evaluation in which in-group members are perceived more favorably than out-group members” (p.136).

Blacks as consumers has also been the subject of many black/white studies. Most of this research stream has examined food and grocery, fashion goods, and automobile purchase behavior (Reagan et al. 1990).

Many of the studies examining differences between black and white consumer behavior have found significant differences between perceptions of the two groups. For example, LaTour, Henthorne, and Williams (1989) examined the perceptions of black and white respondents toward salespersons. Their study found that the two races formed initial impressions of the salespersons differently and that each race preferred different salesperson’s qualities. Other examples of perceptual differences found between blacks and whites include age stereotyping, (Crew 1984), and fashion innovation and innovators (Stith and Goldsmith 1989).

Stereotypical portrayal of target market members in ads has been the subject of much research. Researchers have noted that women have been portrayed stereotypically in ads (Courtney and Lockeretz 1971 and Cleaver 1988) as have older adults (Langmeyer 1983). While research has examined the portrayal of blacks in ads by examining such factors as role dominance (Bush, Resnik, and Stern 1980), and social interaction (Stevenson 1989), little research has been done on black stereotypical portrayal and effects.

Target groups may be stereotyped in ads when the ad creators are not a member of the targeted group. Pitts, et al. (1989) examined perceptions of black and white respondents to ads that were created by black marketers. As the authors state “Blacks are not just white people with black faces; they are members of a distinct subculture that possess a complex of behaviors, tradition, language, values, and icons that is unique, profound, and distinct from the white subcultures” (p.322). Accordingly, the researchers wanted to analyze differences in perception of blacks and whites toward ads that reflected black cultural values. This was accomplished by retaining black marketers to develop the ads.

The study found that blacks were much more adept than whites at perceiving the values contained in the ads. These results lend support to the idea that "to communicate with maximum skill with a culture, one must be a member of that culture" (p.325). Not only would communication effectiveness be increased by using in-group marketers to develop promotional activities, but costly cultural/ethnic errors (misconceived stereotyping) in the message presentation would be avoided.

Previous research indicates that there are many significant differences in perception between blacks and whites. These differences have many implications for marketers. The differences, if they exist, should be identified and understood to determine the most effective ways of appealing to each group.

The present study was designed to examine stereotypical perceptions of black/white brand expenditures and how well the perceptions match actual expenditure patterns.

METHODOLOGY

Questionnaires were distributed to business students at two different universities, one predominantly white, the other predominantly black. A total of 156 usable questionnaires were obtained from 193 administered. The study sample included 72 males and 84 females, 82 whites and 74 blacks.

The questionnaire detailed a scenario in which the respondents were awarded 150 "cash points" on a TV game show. The cash points were to be used for purchasing brands of merchandise from a list of products provided. The list contained six product categories with four brand names in each category. Each brand was assigned a different point value or cost which varied according to the real cost of the item. For example, the point value for an Emerson color TV set was 4 points while a Sharp 40-inch "Big Screen" television was assigned a value of 20 points. The down payment on a Cadillac was 130 points as compared to 55 points for a Toyota Corolla, etc.

The study respondents were asked to "spend" their cash points on the products listed in any manner desired as long as they did not exceed the allocated 150 points. They were then asked to allocate the 150 cash points among the same products as they perceived the students from the other university would (the black university students were to predict expenditures of the whites university students and vice versa).

RESULTS

Table I presents the frequency distribution of expenditures for each brand by race and by each race's perception of the other race's expenditure. An examination of these data indicates that the expenditure pattern for the two groups were essentially the same. A comparison of expenditure patterns shows the blacks spending proportionally more on color TV's, automobiles, and kitchen appliances, while the white's allocated a larger portion to vacations and clothing; however, the Mann-Whitney test indicates these differences are not statistically significant.

TABLE I

Frequency Distribution of Point Allocations By Brand (By Percent)*

	Black University Spending Responses		White University Spending Responses	
Product/Brand	Self	Other School	Self	Other School
Color TV				
Sony (8)	1.77	1.33	2.62	0.99
Zenith (6)	1.27	0.23	0.75	0.28
Emerson (4)	0.16	0.12	0.00	0.15
Sharp (20)	5.64	4.49	3.29	4.79
Product Total	8.84	6.17	6.69	6.21
Wrist Watch				
Timex (2)	0.20	0.06	0.14	0.11
Pulsar (4)	0.69	0.20	0.16	0.06
Rolex (20)	6.24	6.84	5.80	7.72
Seiko (8)	1.61	0.86	1.76	0.80
Product Total	8.74	7.95	7.85	8.70
Vacation				
Hawaii (12)	4.11	1.52	4.89	0.83
Las Vegas (9)	1.01	1.68	0.78	1.47
London (19)	1.72	2.60	2.68	0.07
Tour of France (45)	4.53	7.91	9.17	1.04
Product Total	11.37	13.71	17.52	3.41*
Automobile				
Cadillac (130)	2.62	7.62	0.00	41.17
Ford Taurus (70)	4.93	1.37	7.68	2.16
Nissan 300ZX (100)	25.17	36.13	22.73	27.04
Toyota Corolla (55)	13.85	9.67	9.05	1.27
Product Total	46.57	54.79	39.45	71.64*
Kitchen Appliances				
Kenmore (23)	5.56	1.80	4.33	0.71
Whirlpool (31)	6.87	0.61	4.62	0.48
Gibson (16)	1.29	0.94	0.75	0.25
White (11)	0.55	0.64	0.17	0.51
Product Total	14.27	3.98	9.87	1.95*
Clothing				
J.C. Penney	1.61	1.06	1.22	0.70
Wal-Mart	0.09	0.71	0.49	0.80
Dillards	5.37	4.52	9.36	3.57
Neiman-Marcus	3.14	7.10	7.54	3.03
Product Total	10.21	13.40	18.60	8.09

*Numbers may not sum to exactly 100% because of rounding errors.

An analysis of the brand preference within each product category also reveals a high degree of similarity between the purchase behavior of the black and the white respondents. In fact, the brand ranking by total points spent is exactly the same for both groups in all six-product categories. Significant statistical differences at the .05 alpha level were found only for color TV's and automobiles.

One step in determining whether or not members of one group can effectively market products to members of another group is to assess perceptions of one group toward the other. If stereotypical perceptions are based on real experience and reflect reality, marketers developing promotional activities targeting a specific racial group may not need to be a member of that group. On the other hand, perceived stereotypes that do not reflect reality may result in embarrassing and expensive promotional blunders.

The Wilcoxon Matched Pairs Test was used to compare each group's self-reported expenditures with that group's perception of the other group's expenditures. The results of this comparison should indicate whether or not each group perceives itself to spend differently from the other group. The test found a difference between the black self-reported expenditures vs. black perception of white expenditures with a probability level of .0574. The probability level of .0401 for white self-reported vs. white perceptions of black expenditures was even more significant. These results suggest that each racial group perceives that it spends allocated funds in a manner different from the other race. A surprising result in light of the fact that there were no significant differences between the product spending patterns of blacks and whites.

The data can also be analyzed by comparing black self-reported expenditures with white perceptions of black expenditures and vice versa. In other words, can one group predict the spending patterns of the other group? The black respondents were better than whites at predicting spending patterns of the other group. There were no significant differences found at the .05 alpha or less level between the black sample's perception of the white sample's product expenditures and the white sample's self-reported expenditures, while the white sample's perceptions of black expenditures were significantly different for half of the product categories analyzed.

The white university respondents were unable to correctly predict the expenditures of the black university respondents for vacations and kitchen appliances, which were both significantly under-predicted, and for automobiles which was greatly overpredicted. As members of the majority race, whites may not encounter black culture and purchase behavior with enough frequency to predict black consumer's actions with any degree of accuracy. The fact that white respondents were not very adept at predicting black expenditures may suggest that whites have a stereotypical perception of black purchase behavior that does not reflect reality.

An analysis by brands rather than products purchased also revealed that blacks were better than whites at predicting purchase patterns of the other race. The black respondents correctly predicted white expenditures by brand for watches and clothing, while the white respondents' perceptions of black brand expenditures was significantly different for all product categories. These results may be explained by the fact that blacks are a minority group living in a white dominated culture, and may therefore be more cognizant of white culture and behavior.

Significantly, the purchase patterns of black respondents and white respondents were very similar for both product category and for brands within product categories. And yet, neither group was able to project the expenditure patterns of the other group, although blacks were more successful than whites in their predictions. If white marketers are no better than white students in this study at predicting and understanding black behavior, then perhaps black marketers should be recruited to develop promotional activities aimed at blacks. These results lend support to Pitts' et al. (1989) contention that ads and promotions targeting a particular culture could be communicated by members of that culture.

CONCLUSIONS

The purpose of this study was to examine black and white respondents' perceptions of their own expenditures on specific product brands. Further, the study analyzed how the perceptions of each group about the other group's expenditures differed from self-reported expenditure preferences.

The study found little difference in the manner in which the two student groups allocated funds among product categories or brands. Although the expenditures of the two groups were similar, each group perceived their expenditures to be different from the other group. Moreover, neither group was able to determine what brand purchases the other group would make, although blacks were somewhat more successful in the task than were whites.

In spite of the fact that this study is limited by the narrow scope of the sample and the restriction of the analysis to specific product brands, it does highlight some concerns of marketing products to market segments. The inability of one group to predict the other group's purchase behavior may have resulted from stereotypical perceptions not grounded in reality. These conclusions may very well suggest to marketing managers that they involve members of a targeted market segment in the planning and design of promotional activities to ensure that appeals are founded in reality and are not based on misconceived stereotypical images.

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