Chapter 2

Literature Review

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2.1 Introduction

Consumer behaviour is defined as the differential behaviour of persons over time as they acquire process and use information from various sources and settings in purchasing, consuming and communicating brands and cluster of products. A human being by nature is very complex. It is very difficult to understand human behaviour. It is the human brain which directs all the activities of a human being. Therefore even though consumer behaviour cannot be precisely quantified and marketing decisions have to be based on probabilities, it is much better to know this behaviour and then take decisions rather than taking them without any study. The initial thrust of consumer research was from a managerial perspective, marketers were interested in knowing how people received, stored and used consumption related information, so that tailor made marketing strategies could be designed. They believed that consumer behaviour, if predicted could be influenced as well. This approach was called as Positivism. But slowly the marketers realised that this is a tough task. Predicting consumer behaviour was highly impossible and it is than that emphasis was laid on understanding human behaviour. This approach was called as Interpretive. These two approaches of positivism and interpretivism believe that, both -predicting and understanding, together gives a richer and robust portrait of consumer behaviour than either approach used alone.

This chapter contains review of literature related to consumer behaviour, buying decisions of children, factors that directly and indirectly influence the buying decisions of children and the emerging factors that have come to the forefront during the study, in Mumbai metro region. Children today are different from adults. They have a mind of their own, their own individual tastes, likes and dislikes, which also change rapidly due to a variety of products available in the

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market. These young consumers in the age group of 8-14 years are also far better informed than their parents, since they are ‘aware’, having better access to a wider array of information channels like television, print media and internet. Another reason for studying children as consumers is their number which is very large. The sheer size of childhood segment requires immediate attention from marketers, as children directly or indirectly influence the buying behaviour of their parents even in areas where the child is not a consumer.

Despite children’s buying power, relatively little data on their preferences or influences on spending patterns is available. Compared to adults, kids are difficult subject to study for market researchers. They are most difficult to predict, undependable reporters of their own behaviour, they have poor recall, and often they do not understand abstract questions. In spite of the drawbacks, this study is of immense importance to marketers today. It has been estimated\textsuperscript{12} that children between the ages of 4 and 12 years influence buying decisions to the tune of $70 billion a year. This includes a substantial influence over parental decision-making on an estimated $50 billion in household items annually. There are approximately 120 million children in India, but the relevant market for companies is about 45 million in urban centres. A substantial chunk comes from double income homes where the children are socialized and empowered early. In addition to this, companies are using children in advertisements which may or may not be a children’s product. The cartoon channels are best vehicles through which the children can be targeted directly, as they are sole decision makers or influence their parent’s decision making.

\textsuperscript{12}Lindquist Jay D. & Sirgy Joseph M., Shopper, Buyer and Consumer Behaviour, Biztantra, 2\textsuperscript{nd} edition, 2003, p 475.
2.2 Review of literature related to consumer behaviour

Basotia and Sharma in their book, rightly mention that consumer behaviour results from individual and environmental influences. They further state that behaviour is the result of the consumer's personal influences and the pressures extended upon them by outside forces in the environment.

Ostrow and Smith have clearly stated that consumer behaviour is the study to understand how consumers spend time, money and effort on consumption related items. It includes what they buy, why they buy, when they buy, where they buy, how often they buy and how often they use it.

Statt David states that our senses are more wide-ranging, complex, delicate and sensitive than we normally realise and therefore the mental, emotional and physical activities that people engage in, while selecting, purchasing, using and disposing of products and services so as to satisfy needs and desires is called as consumer behaviour.

Khan Mohammed Kaleem and Khan Mohammed Naved\textsuperscript{16} emphasize on the fact that consumer behaviour is rather complex and affected by many factors. They further say that consumer's attitudes, predispositions, motives, needs, expectations, likes, dislikes and other various socio-economic factors influence the consumer behaviour.

Rajan Saxena\textsuperscript{17} observed that, an excellently engineered product may fail if a consumer does not identify with it. He states that this makes it imperative for the firm to understand the structural changes taking place in the market and its impact on marketing mix. Further emphasis is given to study how the buyer decides in favour of one brand over another, what motivates him or her to select an alternative and who influences him or her to buy the brand or product.


According to Ramaswamy and Namakumari\textsuperscript{18} a consumer is a highly complex entity with innumerable needs and desires. These needs and desires are often at different stages of emergence and actualization. Some are latent; some are manifest whereas some are dominant. The buyer has his own plans of meeting these needs.

Assael Henry\textsuperscript{19} has revealed that greater sophistication, access to more information and emphasis on value has led consumers to desire products more closely fitted to their needs. Consumers today are looking for more options at lower prices. They want sneakers for different activities, snacks for different times of the day, clothes that are tailor-made and cars with a specific set of options and accessories.

Foxall Gordan and Goldsmith Ronald\textsuperscript{20} have observed that increasing pressures of highly competitive marketing environment makes it imperative for stores to understand consumers as they seek to gain competitive advantage. In a competitive economic system, the survival and growth of firms require accurate knowledge about consumers and why they choose their products rather than those of rival firms.

Sriraman Anuradha\textsuperscript{21} on her website reports that, today's consumer is brave and adventurous, yet nervous and restrained, open and communicative, yet private and hidden, willing to trade and barter and yet demanding high levels of service and commitment. This makes it highly imperative to study consumer behaviour.

Harness Edward, Chairman of P&G states that it is necessary to study ever-changing consumer and try to identify new trends in tastes, needs, and environment and living habits. This study helps to assess the impact of their brands. He further indicates that study of competition too is important as it gives us idea about the new benefits offered in order to stay ahead in this game.\textsuperscript{22}

\textsuperscript{21}Sriraman Anuradha, \textit{op cit}.
According to Paul Peter and Olson Jerry\textsuperscript{23} consumer behaviour is dynamic because the thinking, feelings and actions of individual consumers, targeted consumer groups and society at large are constantly changing. The dynamic nature of consumer behaviour makes formulation of marketing strategies a challenging yet difficult task. In consumer markets, marketing strategies are typically designed to increase the chances that consumers will have favourable thoughts and feelings about particular products, try them and repeatedly purchase them.

Wilkie William\textsuperscript{24} views that changes in massive consumer spending have important effects on the overall health of the economy. Consumer purchases provide reward for the design, production and delivery of valued goods, profits for firms and income for employees of the firms.

Nair Suja\textsuperscript{25} lists the following factors contributing to the study of consumer behaviour:

- Rise in consumer earnings.
- Drop in savings.
- High disposable income to spend.
- Changes in personal, social and Cultural influences.
- Impact of Media and Technology.

He further opines that study of these factors will help in understanding consumers better. And on understanding consumer behaviour, marketers will be able to predict the consumer's acceptance on their various environmental and informational cues and thus plan their marketing programmes or strategies accordingly.

Bhattacharya Sisir Kumar\textsuperscript{26} has pointed out that in order to prove successful in marketing strategies, it is important on the part of the marketers to be abreast of

\textsuperscript{24}Wilkie William, Consumer Behaviour, John Willy and Sons, INN, pp 3-4.
\textsuperscript{25}Nair Suja R., Consumer Behaviour in Indian Perspective, Himalaya Publishing House, 2006.
\textsuperscript{26}Bhattacharya Sisir Kumar, Marketing Management, National Publishing House, New Delhi, 2004, p 189.
consumer behaviour which encompasses attitudes, intentions and desires of consumers. The marketer who successfully exploits these aspects of consumer behaviour will be able to expand the sales of his or her products.

According to a paper written in Marketing Mastermind, March 2007, technology, innovation and speed turn out to be a marketer’s constant companion in gratifying the novelty seeking Indian, a pre-requisite for the introduction of new brands, new products and new shopping formats. National Council of Applied Economic Research (NCAER), projects that by 2013, the aspiring class will be the largest component of the Indian consumption pyramid, at 124 million, outnumbering those at the top.

Gofman Alex in his article in DNA, states that consumers might not be able to explain what they want and need but they will easily choose the winning offer if they see the options. He further states that asking consumers their preferences directly will not work. Instead show them, use their mind and the outcome will be fruitful—what works and does not work for them will automatically be clear.

Pathiyan Priyan observes that many consumers are trying to give their children the kind of things that they never had access to when they were kids. This cuts across many strata of society. Splurging usually stems from either the need to flaunt their wealth to overcome low self-esteem or the pressure they face from society and their kids. The parents read or hear about a must-have item or a must-do activity and feel that if they don’t indulge, they will be outdone by other parents.

According to a study conducted by JWT (Advertising and Marketing Research Firm), most Indian consumers have high disposable income, heightened personal confidence, attitude to look at life with courage, symbolise their influence over

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others, partner their goal-oriented nature, reflect and reward their highly competitive spirit and make them feel more intelligent than others. Therefore products should complement, partner and further the rediscovery of a high level of self-worth.

With a billion plus consumers,\textsuperscript{31} India is one of the largest; most varied and stratified markets in the world today. It is young, with rising incomes and purchasing power, and has only just begun its consumption journey. Every marketer would want a piece of what may arguably be the largest untapped market in the world. From Kellogg to Coke, Honda to Electrolux, it was a market which rebelled against conventional perceptions of emerging markets, says Rama Bijapurkar.

2.3 Review of literature regarding children as consumers

Hawkins, Best and Coney\textsuperscript{32} have observed China’s policy of limiting families to one child. They state that this has produced a strong focus on the child. In fact too much of attention has led to them being called ‘little emperors’. Due to which whatever is bought is either for their consumption or with their permission. They have become a force to reckon. Being the only child, the parents too are going overboard in meeting their demands.

Ramaswamy and Namakumari\textsuperscript{33} categorically state that today’s children are more adventurous. They value material comforts and physical well-being more, they seek novelties, and they love variety and are quick in adapting fashions. They are a blend of western and Indian lifestyles and their tastes and preferences can be influenced easily. They are aware of a lot of things, due to media intervention or

\textsuperscript{31}Bijapurkar Rama, We are like that only, Penguin Books India, Oct. 2007.
\textsuperscript{33}Ramaswamy Namakumari, \textit{et al}, \textit{op cit}. 
their own experiences. They too accompany their parents to the best of places for
dining, vacations and entertainment, and hence will not settle for anything less.

Sabnavis Madhukar\textsuperscript{34} comments on children as consumers by pointing out that
exposure and economic status has changed the attitude of upper middle-class
consumers. They live in ever-changing world of multiple choices, the legacy
which is being passed on to the young children, which in turn poses a new
challenge to marketers and advertisers. They even know which advertisements to
ignore, which to watch, which speak the truth and are annoyed if they are taken for
a ride. The last thing they like is to be considered as dumb and immature.

‘Conspicuous Consumption and Pampering of one’s senses with products and
services-things once considered luxury are now a necessity’. Similarly, dual
incomes and single child have resulted in people spending a high amount on
children. Since both the parents are working the guilt of not spending enough time
with them also leads to extravagant spending. These children too are hooked on to
lifestyle products, in turn making them an observant and well-informed consumer
and also an influence, observes Mr. Sharma Saurabh.\textsuperscript{35}

Agarwal\textsuperscript{36} in his study points out that tweenagers (8-14 years) are becoming a
significant and distinct market segment. Marketers are now compelled to design
their products to suit this age group. Urban children are emerging as a sizeable
market segment as they receive Rs. 500 crore a year as pocket money. The study
was conducted by ‘Pathfinders’ (A Market Research Agency), based on interviews
of 4400 children, belonging to urban households.

Assael Henry\textsuperscript{37} has classified 18.8 million, 8 to 12 year olds as current consumers
and also potential future consumers. The combination of parent’s expenditure plus
their own money makes pre-teens an area of opportunity for many product
categories. Preteens are also called as Net Generation, given their skills with

\textsuperscript{34}Sabnavis Madhukar, Consumer Behaviour-Implications for Marketing Strategies, The ICFAI
University Press, p 121.
\textsuperscript{35}Sharma Saurabh, Understanding the Urban Consumer, The ICFAI University Press, p 143.
\textsuperscript{37}Assael Henry, \textit{op cit}, p 590.
internet and new technologies. As a result, Apple introduced Macintosh for the whole family called ‘Performa’. Polaroid introduced its ‘Cool Cam’, instant Camera to this group with a sticker price of less than $ 40 and expected more purchases by preteens.

Chunawalla\textsuperscript{38} comments on the fact that children, who remain at home after school hours while their parents are at job, are especially targeted by marketers. Due to this they turn out to be well-informed consumers and also influence parental decisions. Since their age is impressionable, their consumption pattern spills into their adulthood. This in turn develops their brand preferences and shopping habits. These reasons have made children as consumers very important, as they are also perceived as future customers.

Blackwell Roger, Miniard Paul and Engel James\textsuperscript{39} have revealed that consumer behaviour is learned as a child. Family communication about purchases and consumer behaviour is the key to children’s socialization process. Children who buy Pepsi when they are young are likely to buy Pepsi when they are older. It is noticed that they are more loyal to brands they learnt to buy as children. Even girls after getting married prefer those brands which they have used in their parent’s house.

According to a recent research report from Nielson,\textsuperscript{40} a greater access to pocket money and a bigger say in purchase decisions has resulted in children being more informative and demanding. The need for novelty has them clamouring for new products and promotions. Thus the challenge for all marketers lie in ensuring that they are a preferred brand, and are in top-of-the-mind recall at all times.

Dobhal Shailesh\textsuperscript{41} states that nearly a third of the country’s population is under the age of 14 years are not lost on the marketers. The pre-teens (0-12) category market is estimated in excess of Rs. 7500 crores. For big businesses like ITC, Godrej,

\textsuperscript{39}Blackwell Roger D., et al, op cit, p 373.
\textsuperscript{40}No Kidding, Cover Story, USP Age, Vol. III, Issue No. 7, May 2006, p 27.
Reebok, Hindustan Unilever, checking into this kid market means entry into high growth area. In fact, India’s young demographic profile is its global calling card, and the country seems oblivious to it.

According to the cover story of The Week, the economic boom and rise in purchasing power have resulted in even the adults wanting flashy accessories, cars and flashier address. Learning from them, the tweenagers now want a lifestyle and loads of style. They want to explore and experiment with everything simply because they have the purchasing power. Their contentment levels may have gone up, but then, so has the drive to achieve that level.

In a study conducted by psychologists, tweens preferred burgers, fries, chicken nuggets, milk or carrots with a McDonalds label to identical food in plain white wrappers. The likelihood that they preferred the labelled foods increased with the number of television sets in the home as well as the frequency of visits to McDonalds.

Nair-Ghaswalla Amrita observes that, children are the most vulnerable and easy to abuse mentally. Their mind is like a sponge, taking in everything from the surroundings. Therefore the variety and number of products targeted directly at young people has increased incredibly, from toys, clothes, music, magazines, television channels, entertainment and interactive media. These consumers want to buy everything, do not care what it costs, and is less than four feet tall. And they are growing faster than most adults in terms of consumerism.

Kukday Kavita notices that earlier there were media products for babies, preschoolers and tweens, but today, suddenly the market is exploding with a host of new and elaborate electronics for children. There are gadgets ranging from pen top computers, like Leapfrog’s FLY, to handheld game systems like the maths tutors

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42 Honey, I Spoilt the Kids, Cover Story, The Week, June 3, 2007, Volume 25, No. 27.
44 Nair-Ghaswalla Amruta, op cit, p 23.
from Mattel. These gadgets make smart use of technology to get children hooked on to learning language, maths and even business.

American Author Packard Vance calls these tweens, ‘hidden persuaders’. He further adds that the power equation at home has changed today. Gone are the days of teddy bears, board games, and dolls. In fact this has given way to PC’S, Game boys, PS II and III, and iPods, which are becoming essential accessories. Even birthday gifts are no longer innocent cards, chocolates and board games, but it is power play again. Gifts comprise of Computer Games, PS II or III DVD’s, Music VCD’s or DVD’s or branded t-shirts, shoes or accessories.

Call it the curse of the information age or blame it on the society, that’s in the grip of a consumer tsunami, the first victim of this disturbing trend is childhood. Rather than discouraging this trend, parents are fuelling it further by providing more than necessary to these tweens. From manicures to hair styling, today’s tweens encouraged by parents, are obsessed with looking good. The desire to look good is so strong that the brat pack is not willing to let time run its own course. This is a dangerous trend, making them adults long before their time, says Gupta Malini and Pai Aditi.

Gilbert David in his study, states that initially parents are responsible for a child’s consumer behaviour, as he grows up, he himself becomes a dominant force in certain purchasing decisions. Families where both parents are working are increasing which means less time spent with children. Parents may overcome their guilt of not providing enough attention to their children, by spending more money on them or giving them extra pocket money.

Roy Subhadip in his study states that children are becoming increasingly important as consumers because of their purchasing power and increasing influence on the purchasing decisions of their parents. Today, successful

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marketing strategy aimed towards children depends upon how effectively the marketers use the 5C’s—cajole, characterize, combine, contrive, and convince.

McNeal James comments on the fact that children are turned into consumers at a very early age in our society through the desires and encouragement of the parents, who provide them with necessary financial support. This means that children have both money and the willingness to spend it. Hence producers of candy, gum, soft drinks, toys to video games, PC’s to the latest iPods and cars are targeting the tweens.

2.4 Review of literature regarding children as consumers in India

According to recently released Disney’s Kid sense 2007 survey, 63 percent kids are discussing products that span not only in kiddie categories (clothes, bicycles) but go across the spectrum (DVD players, mobile phones, cars, and holidays). Moreover 21 percent parents turn to their tween for information while buying high priced items and 46 percent are certain that their child’s opinion is based on research. While 99 percent of the children between 8-14 years get their information from Television, 55 percent scan the newspapers for information, and 71 percent kids admit to being biased towards a branded high-end item.


Swahney Anubha, op cit, p 19.
Chart 2.2
Tweens decide what parents buy


Kumar Meenakshi\(^{52}\) in her article, categorically states that ‘The New Age Indian Kid’ is tecnosavvy, worldly-wise, opinionated and success oriented. They are comfortable talking about designer clothes line, articulate about brand preferences, is a new genre consultant on home consumption, loves watching television, is aware of insurance policies and makes it a point to get his pocket money. Today, ‘they are a salient member of the family and not a silent member any longer.’

Gone are the days\(^{53}\) when kids would be satisfied with a bar of chocolate while shopping, today, they have a say in everything. Parents too involve their children in whatever decisions they take. Kids are aware because they watch Television and surf the net, states Pasricha Pallavi. She further observes that since the kids drive the sales at home, they are used a lot in advertisements, as they are cute and add an emotional appeal.

Leading Psychiatrist, Shetty Harish\(^{54}\) is of the opinion that, today’s children belong to an era of pleasure and not an era of struggle like their parents. Kids

\(^{52}\)Kumar Meenakshi, No Kidding, This Child Makes the Decisions Here, Sunday, Times of India, Mumbai, June 18, 2006, p 12.
\(^{53}\)Pasricha Pallavi, ibid, p 1.
\(^{54}\)Sarkar Priyanka, Show Me the Money Honey, Sunday Times of India, 15th June, 2008, p 20.
today have parents, who felt deprived while growing up and hence they splurge on their kids. At the same time today’s kids feel being frugal is being stupid and hence they are caught in the web of materialism. Moreover mass bombardments of advertisements and mass media are corrupting the values of children at an early age, and smart marketers know that the current generation of parents find it impossible to say ‘no’ to their children.

O&M’s (leading advertising agency), Sagar Mahabaleshwar is of the opinion that today’s children have a deeper perception and understanding, greater knowledge of the world than those of a generation ago, purely due to media and its infiltration. As electronic media provides instant information, each new generation is media savvy than the previous. In fact, there is no fear of the unknown-this generation is not only getting older but also bolder.

According to Mumbai Mirror Bureau, big banks too are betting on the little brats. ICICI has introduced the ‘Young Star Account’ where debit cards are handed over to children aged 7 to 18 years. Though parents will have control as they will be paying the bills, the spending/withdrawal limits will be Rs. 2500/- which means that banks too do not want to be left behind and want to jump the bandwagon of influencing the kids to buy. They are, in fact, contributing to kid’s consumerism.

Joshi Priyanka has emphasized on the role of kids as ‘active consultants’. According to a research report by Disney’s kid sense, conducted by Indian Market Research Bureau (IMRB) International, children play the role of ‘information providers’ for high end products such as mobile phones. Almost 56 percent of children in India claim that their parents frequently follow their choice when buying mobile hand-sets, while 76 percent exhibit high involvement in mobile phone preferences. Indian techno-savvy children demand a lot from their machines.

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too, right from gaming to surfing the internet, from watching and downloading movies to streaming videos and music.

Times have really changed, says Vaidyanathan,\(^5^8\) consulting child specialist, Mumbai, these days, many well-to-do parents in metros tend to splurge a lot as they have high disposable incomes and usually a single child or maybe two, whom they want to give the best. It starts right from before the kids are born and the availability of so many drool-worthy things in local stores contributes to the parent’s urge to splurge.

Srivastava Abha\(^5^9\) observes that parents are giving too much too soon to children. Fancy phones, expensive cars, a taste for good things in life and the independence to go into the wide world, but without the safety net of basic education, responsibility and the awareness that adult actions can have adult like repercussions as well. Parents are giving too much as they want to prepare them for tomorrow. What they are not realising is that by giving too much, we are robbing them of the opportunity to realise their dreams and reach out for stars.

Swahney Anubha\(^6^0\) reports that, though every child is priceless for his/her parents, bringing them up are the most expensive thing. Brand-conscious, fashion experts, party animals, tech geeks, all rolled into one. Today’s kids are fondly referred as ‘aaj ka bachalog’ are much smarter, demanding, and will not take no for an answer. Board games and other toys have lost their values and they are fast being replaced by laptops, videogames, DVD’s, play station, iPods, and mobile phones. Their birthday parties too are a status symbol- which include a hip venue, a latest theme, impressive decor, multi-cuisine, innovative games, and personalized return gifts which have become the need of the day.

\(^{5^8}\)Pathiyan Priya, op cit, p 22.  
\(^{5^9}\)Srivastava Abha, Too much, too soon? Sunday, Times of India, 26th Nov 2006, p 2.  
\(^{6^0}\)Swahney Anubha, op cit, p 6.
2.5 Review of literature related to pester power and children’s buying behaviour

According to study conducted by Catlin Jenny, pester power is a means of children supplementing their own infinite spending power by commandeering that of their parents or other adults. Children may employ a number of tactics to coerce their parents into buying them what they want. This can unleash impulse spending and more pocket money in order to buy them what they want. Today's kids are more independent, sophisticated and confident than their predecessors and know exactly how to use pester power effectively.

Sashidhar Ajitha has revealed that children's channels are perceived as indispensible for kids and household brands. Kids channels have come in handy for brands that want to approach kids and their parents in the hope that pester power will work. Be it cars, bike, paints, health drinks, detergents or shampoos, pester power drives home the sales.

Carter Meg in his study has revealed that children greatly influence their parents even when it comes to buying the weekly groceries. According to a study undertaken by the children's channel, fathers spent 13 percent more when shopping with their children and mothers were far more resistant, although they quickly balanced the budget by dropping normal items from the shopping list to make room for unusual products bought at a child's request.

The confederation of Indian Industries (CII) is touting India as the largest kid segment market in the world (worth a whopping Rs. 25,000 crore and growing at 25 percent). Kids are the 'new-age' customers and marketers across the world are devising unique ways to tap into their psyche. Sheer pester power of these tweenagers sway their parent's purchase decisions in their favour. Due to their

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pester power, phones, apparel, food and other lifestyle goods to more serious products like cars, insurance, banks, all are clamouring to attract the kid’s attention.

Kapoor Neeru\textsuperscript{65} observes that when getting things from parents become difficult, children resort to demanding, manipulating, nagging, and screaming. Sometimes they also resort to reasoning, sweet talk or even bargaining and negotiating for things in return to do something. In order to get what they want, they also create a scene in a mall or a big shop and often throw tantrums in front of guests. The end result is that, parents give in to their children’s demands, which many times would be for unnecessary things.

According to a study undertaken by Cook Dan,\textsuperscript{66} the real question haunting us today is, ‘whether kids are using products or products are using kids?’ The growing influence of children on their parents has become the targeting point for advertising campaigns. Children in their early childhood become more demanding and are influencing family purchase decisions. Children or to be precise, media massaged images of children now routinely and aggressively hawk almost any kind of product, from car tyres to vacations to refrigerators to apple juice, as advertisers make use of both ‘cute appeal’ and ‘safety fears’.

2.6 Review of literature related to peer pressure and children’s buying behaviour

Many studies\textsuperscript{67} have shown pervasive group influence on purchasing behaviour. Because of fear of ridicule, or expulsion from the group, tweenagers respond to coercive power. At this age, kids want to emulate another’s behaviour in order to be like him or at least appear like him. Peer pressure influences children’s buying behaviour more than anything, particularly at this age.

\textsuperscript{65}Kapoor Neeru, TV Advertisements and Consumer Responses-Children’s Buying Behaviour, A Mittal Publication.
\textsuperscript{66}Cook Dan, Department of Advertising, University of Illinois, Children’s market for the marketers, The ICFAI University Press, pp166-173.
\textsuperscript{67}Assael Henry, \textit{op cit.}
Catlin Jenny\textsuperscript{68} observes that the new trend is that the tweenagers don’t want to be spotted buying ‘uncool’ food and drink products for the lunch box. Nowadays money is power to children and will have a bearing on how they are perceived by their peers in a world in which image is everything. Due to this, there is tendency for children’s tastes to change more rapidly than it once did, making them grow out of themes quickly. This puts greater onus on the manufacturer to come up with suitable theme that will grab and keep the attention of this fickle audience.

The cover story\textsuperscript{69} of USP Age has identified the ‘alpha pup’ as a kid, who is deemed by his peers to be the coolest in their school, neighbourhood or town. Today marketers are spending enough energy and resources to study this alpha pup, because the peer group is a determining factor in children’s lives and the leaders of such peer groups have immense influence and power.

Sinha Amitkumar\textsuperscript{70} reports that peer pressures play an important role in influencing the children’s buying behaviour. It is noticed that the tweens emulate the preferences of those whom they tend to look up to. Their behaviour, brand choices, spending pattern, choices related to music, games all show their desperate need to belong to a group. Hence the marketers are concentrating on these peer leaders who in turn will influence the subordinates.

Panigrahi Ipsitaa and Roy Bhavya\textsuperscript{71} have indicated that identity is the big question at the end of the day. The pressure of getting along with one’s peers is so high, that a majority of tweens blindfoldedly follow their peers in order to gain support and confidence. To fit into the system, one has to be a part of it, and that’s what draws everybody into a vicious circle. This vicious circle is difficult to break and hence following it, remains the only option.

\textsuperscript{68} Catlin Jenny, \textit{op cit}, p 48.
\textsuperscript{69} Cover Story, \textit{op cit}, p 23.
\textsuperscript{71} Panigrahi Ipsitaa, Bhavya Roy, Longing to Belong, Education Times, Times of India, Monday, June 30\textsuperscript{th}, 2008.
2.7 Review of literature related to brand consciousness and children’s buying behaviour

Vincent Nithila\textsuperscript{72} found that children today are extremely aware of the various brands in the market and are conscious of the products they use and consume. They pick and choose carefully according to their needs, style and preferences. Brands have a personality and speak for the user. They enhance the perceived utility and desirability of a product. Hence a child’s insistence for branded products is likely to have more effect on a parent, than advertising. Looking cool is the new mantra. Tweenagers are not leaving any stone unturned to be cool. They are aware of brands and have fixed ideas and notions about products and will not compromise, once they set their eyes on them, be it shoe, t-shirts or watches.

According to a study conducted and published in the August issue of the Journal Archives of Paediatrics and Adolescent Medicine,\textsuperscript{73} familiarity with the brand, through McDonald’s toys in their homes or family dinners out, also influenced their food preferences. In developing food preferences, children combine the experience of a restaurant or the taste of a food with information picked up from Advertisements, the sensations reinforce each other. Out of 63 children studied, only two had never been to McDonald’s.

Luthria Aanchal and Lobo Desiree\textsuperscript{74} state that today, reputed gyms like 360 degree, Talwalkar’s, too are tailoring workout regimes to suit the youngsters. Today’s kids want to look cool among their peers and hence love to visit the gym regularly. Here too, brand of the gyms matter. Children prefer to go to branded gyms, also to gain affinity among their peers.

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\textsuperscript{73}Chelsea Martinez, Familiar Labels influence Children’s food preferences, Hindustan Times, Tuesday, Sept. 24\textsuperscript{th}, 2007, p 15.
\hfill
\textsuperscript{74}Aanchal Luthria, Desiree Lobo, Kids get hotter this summer, Bombay Times, Times of India, Sat. 19th, 2008, p 5.
Jain Rajat, Managing Director, Walt Disney India, states that the potential for consumer products from toon companies is huge. The market size for kids stuff runs into hundreds of crores of rupees. Companies, especially kid-related, are looking for merchandising from cartoon companies as the design and the use of cartoon characters is a popular way to promote a product or even a whole company. Popular cartoon characters like Power Puff girls, Dexter, Jetix have become a brand in itself and sell like hot cakes.

Kaur Karanjeet, in his article believes that Spiderman as a character cuts across psychographic, demographic and even geographic profiles. Spiderman has many different shades that of a hero, a protector, human, a romantic, and a big icon for kids. Different aspects of his personality appeal to different brands. At last count, Spiderman III had a tie-up with HDFC Standard Life, CEAT, Yamaha, and Travel guru, Radio City, Baskin & Robbins, Rediff.com, Sony Ericsson and Pidilite Rangeela.

2.8 Review of literature regarding pocket money and children’s buying behaviour

A recent article published that children receive hefty amount as parent choose to spend a part of their income on children questioning them. School children have different spending habits and tastes compared to their counterparts 10 years ago. Presently, kids spend 73 percent of the pocket money on sweets and chocolates and drinks. They also see an annual increment of 24 percent.

Leading children’s channel Cartoon Network covered 3000 Indian Kids - between 7-14 years across 14 cities. The survey titled ‘New Generations’ found that the average pocket money dispersed in Indian households translated to a grand total of Rs. 478 crores annually.

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75 No Child’s Play, Business India, November 7-20, 2005, p 104.
77 Kids Pocket Money Rises Six Times in 10 years, Mumbai Mirror, Saturday, April 19, 2008, p 20.
Chart 2.3
Buying power

Source: Chart prepared from data inputs by Cartoon Network Survey titled ‘New Generations’.

Chart 2.4

Spending Preferences of Children
If the kids are given Rs. 5000, their spending preferences would be as

- 46% for clothes
- 17% for mobile phone
- 15% for games/console
- 14% for bicycle
- 8% for others

Mumbai mirror dated 19\textsuperscript{th} April, 2008 carried an interesting survey. About 1000 children were asked to assume that they had been given Rs. 5000 to spend, and were asked to give their shopping preferences. Interestingly, 17 percent preferred to buy a bicycle followed by 15 percent wanting to buy a mobile phone, 14 percent wanted games for their PS II/III, and 8 percent of whom were preferably girls seemed to be interested in apparels.

2.9 Review of literature on impact of middle class explosion on buying decisions of children

A report by Economic Research Group at McKinsey Global Institute (MGI)\textsuperscript{79} states that, ‘when we factor in population growth, there are 431 million fewer deprived Indians today than there would have been and the poverty rate remains stuck at its earlier level. Thus making India’s reforms the most effective anti-poverty programme in its history.’ With Purchasing Power Parity (PPP) used as bench mark, India’s total consumption already stands at $8.2 trillion, making it even larger than the current US consumption of $7.8 trillion. The point here is, can any marketers afford to miss this one?

Ramaswamy and Namakumari\textsuperscript{80} are of the view that, for business organisations the change is both-a boon and a bane. The change in Indian consumers is clearly visible through the paradigm shift in tastes, preferences and habits. According to Centre for Monitoring Indian Economy (CMIE), the consumption pattern of Indian households has undergone a significant change. In fact, the emergence and growth of middle class has been the most significant development in the country’s marketing scenario in the last decade. The size of middle class is now placed around 300 million. India’s middle class now exceeds the total population of the United Nations.

\textsuperscript{79}Emerging Consumer Behaviour Groups, the young and the restless, www.3isite.com
\textsuperscript{80}Ramaswamy V.S., et al, op cit.
Chart 2.5

Total aggregate household disposable income


Indian Rupees, Billion, 2000.

Chart 2.6

Aggregate household disposable income


*Household Disposable Income in Multiples of Rs. 2000.
Predictably, it is not the basic consumables, but lifestyle products and services that are becoming important. The growing economy has put unprecedented money power in the hands of the youth. With the advent of consumerism, the role of the ‘New Age Urban Indian’ as a consumer is gaining great importance. Material possession, especially ‘status symbols’ are contributing to the social and personal identity of young India. Yesterday’s luxuries are fast becoming today’s necessities. Convenience goods and ready-to-eat foods are now popular, modern gadgets like microwaves and dishwashers have already gained entry into households, states Srivastava and Khandai Sujata. They further state that this class is oriented towards ‘money for value’. They want the best that is available in the world and not just India. This segment wants high-end popular or mildly premium products. Therefore, the market in the new millennium promises to be economically more multi-layered, culturally distinctive and complex, and geographically heterogeneous than it was in pre-liberalization.

Sharma Saurabh is of the opinion that, apart from Television, there are self-styled guru’s, lifestyle gods, page three operators, party hoppers, who are promptly raising the aspiration bar higher all the time, giving us a new chase to embark upon every fortnight. Analysing higher spending is important from the point of view of finding out which product categories have witnessed higher levels of spending.

Agarwal states that the middle class serves as the real demand base and they have the maximum consumption. Approximately 50 percent of Indian population belongs to the middle class. This class is very particular to maintain a standard of living that is benefitting his class consciousness.

The Indian middle class exhibits the following characteristics:

- Strong Family Ties.
- A Credit Purchase Class.

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81 Sharma Saurabh, *op cit*, pp 143-144.
83 Sharma Saurabh, *op cit*, p 145.
84 Agarwal P. K., *op cit*.
- A Security Seeking Class.
- Prestige Conscious.

Table 2.1
Growing Product-Demand

<table>
<thead>
<tr>
<th>Product</th>
<th>1 year growth (in %)</th>
<th>5 years growth (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cars &amp; utility vehicles</td>
<td>11</td>
<td>16</td>
</tr>
<tr>
<td>Colour Television</td>
<td>12</td>
<td>12</td>
</tr>
<tr>
<td>Paints</td>
<td>11</td>
<td>14</td>
</tr>
<tr>
<td>Two-wheelers</td>
<td>11</td>
<td>11.5</td>
</tr>
<tr>
<td>Washing Machines</td>
<td>05</td>
<td>07</td>
</tr>
</tbody>
</table>

Note: All growth rates are for demand as on 9th May, 2007.  
Source: CRISIL Research.

Seshasayee\textsuperscript{85} has confidently stated that, India has been on a world trip-all pervading, ubiquitous, appropriately qualified to be in the global race. The key lies in strategizing for the future, designing the rules for the game-away from the confines of the current market, industry and customer requirements, towards defining the market space for dominating the future market. Power of youth gives the energy and the conviction to change and challenge the existing. Power of knowledge enables tapping of huge potential market through creative abilities. India has transitioned from a state managed economy to a market managed economy and steady income growth and liberalization has increased the amount of disposable income in the hands of the consumers. The growth of the urban middle class, which demands value for money, has led to a lot of changes on the retail front.

Table 2.2  
Changing market structure in India

<table>
<thead>
<tr>
<th>Socio-Eco classification (annual HH income)</th>
<th>Household millions (% of population)</th>
<th>1995-96</th>
<th>2001-02</th>
<th>2006-07</th>
</tr>
</thead>
<tbody>
<tr>
<td>Very rich (&gt; Rs 3,60,001)</td>
<td></td>
<td>1.2</td>
<td>0.8</td>
<td>2.6</td>
</tr>
<tr>
<td>Consuming class (Rs 80,001-60,000)</td>
<td></td>
<td>32.5</td>
<td>20.1</td>
<td>46.4</td>
</tr>
<tr>
<td>Climbers (Rs 40,001-80,000)</td>
<td></td>
<td>54.1</td>
<td>33.7</td>
<td>74.4</td>
</tr>
<tr>
<td>Aspirants (Rs 28,001-40,000)</td>
<td></td>
<td>44.0</td>
<td>27.4</td>
<td>33.1</td>
</tr>
<tr>
<td>Destitute (&lt; Rs 28,000)</td>
<td></td>
<td>33.0</td>
<td>20.5</td>
<td>24.1</td>
</tr>
</tbody>
</table>


The expenditure of Indian households on health services, education, domestic appliances and food have undergone a substantial change. The share of food in the total private consumption expenditure has fallen from 51.3 percent in 1993-94 to 40 percent in 2001-02. This is a significant change as the distribution of the consumption expenditure between food and non-food items reflect the economic well-being of a population. A considerable improvement in the economic health of consumers is leading to them expecting better services and good quality of products, irrespective of price. Price no longer is the major influencing factor in decision-making. Consumers are shifting from necessity based products to lifestyle based products. Going out for dinner, vacation at foreign destinations, week-end shopping is a common feature in many of the households in India, today. This phenomenon is more rampant in metro cities like Mumbai, delhi, Calcutta, chennal etc due to the opportunities available due to improvement in infrastructure, and coming up of innumerable malls. Table 2.3 given below, is a comparison of the changes in the expenditure pattern, over the years.

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86 Anbalagan M. & Gunasekaran V., Retail Consumers Market In India-the Next Big Leap, Indian Journal of Marketing, March 27, pp 27-29.
Table 2.3
Comparison of the changes in the expenditure pattern, over the years

<table>
<thead>
<tr>
<th>Items</th>
<th>Share in total private final consumption expenditure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food</td>
<td>51.96</td>
</tr>
<tr>
<td>Clothing and footwear</td>
<td>5.73</td>
</tr>
<tr>
<td>Furniture and appliances</td>
<td>3.10</td>
</tr>
<tr>
<td>Medical and healthcare</td>
<td>3.52</td>
</tr>
<tr>
<td>Recreation, education &amp; culture service</td>
<td>3.09</td>
</tr>
</tbody>
</table>

Expenditure figures in %

The past few years have also seen a large increase in the number of youth who are beginning to earn early. This is largely due to the growth in opportunities for the urban youth in the business process outsourcing industry and the software industry. Most of the people working in these areas earn salaries ranging from Rs. 8000/- to Rs. 25,000/- per month. The increase in double income households has also led to a change in the spending patterns across urban India. This figure is expected to increase to as much as 35 percent by the year 2010. The discretionary spending power in the hands of this group makes a very big impact on the ability to spend. Their level of aspirations is also different from that of older generation.

2.10 Review of literature related to development of retailing and fast food giants in India and its impact on buying decisions of children

According to Nair Jitesh, Palakodeti Rajawardhan and Meenakshisundaram, over the years companies like McDonald’s, Coke, Pepsi and Domino’s Pizza have used

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87 www.ibit.com
88 Nair Jitesh, Palakodeti Rajawardhan, Meenakshisundaram Ramalingam, ICFAI, Centre for Management Research, Case Folio, January 2006.
in-school promotions as a part of their marketing strategy. They sold junk food to the school children through the vending machines installed within the school premises. Most schools in the United Nations strike sponsorship deals with such companies and in turn, these schools are required to hold theme days for the sponsors in order to ensure that specified numbers of vending machines are placed in schools. According to a report released by the International Obesity Task Force (IOTF) in April 2004, about 155 million children worldwide were overweight; more than 30 million of these children were classified as obese. Food marketers have become increasingly successful in targeting children through advertisements.

American fast food giants\(^9\) are fast finding out that if they want to tap into huge Indian market, the key is to Indianise the American food and attract the children. McDonalds spends heavily on advertising and also organises concessional trips to their outlets from nearby schools. Since kids play a major role in the family decision-making, this strategy has proved to be of great success.

Shopping malls are strategically located and offer the right kind of ambience and environment for sale of large variety of items, right from clothing to gifts to cosmetics. Over and above that, they create a shopping ambience like open-spaces, air-conditioned shops, swanky lifts, water fountains, wonderful lighting, and food courts. Since this is so impressive, children are often tempted to shop here or if not shop at least play in the video games arcade and eat in the food court, says Gupta Om.\(^{90}\)

The increasing influence\(^91\) of western culture and media on the Indian household has radically altered lifestyles and spending patterns giving rise to new business opportunities. This increased sophistication has resulted in big retail chains coming up in most metros with mini-metros and towns being the next targets. The industry is characterised by low margin and high growth. Companies need to be

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\(^9\)Bajaj Chetan, Srivastava Nidhi, Tuli Rajanish, Retail Management, Oxford University Press, 2008.
\(^90\)Gupta Om, Advertising in India, Trends and Impact, Kalpaz Publications, Delhi, 2006, p 157.
\(^91\)www.in.kpmg.com
dynamic and respond to the ever-changing trends in consumer lifestyle and behaviour. They need to focus on providing value for money and generate loyalty for repeat purchase.

Retail sales amount to $180 billion and account for 10-11 percent of GDP. Indian retail has bright prospects, propelled by fast lifestyle changes taking place in Indian Households. Over the last decade, India’s middle-income and high-income population has grown at a rapid pace of over 10 percent per annum, even as large low-income base has shrunk. Children too are exposed to new and branded products constantly. There is endless quest to purchase newer products and the life is focussed on the imaginary world of the unattainable.

Indian consumers are rapidly evolving and accepting modern formats over whelming. India is on the radar of global retailers and suppliers/brands world-wide are willing to partner with retailers here. Further with large Indian corporate like Piramal’s, Tata’s, Raheja’s, RPG Enterprises, Pantaloons, race to revolutionize the retailing sector, retail as an industry in India is coming alive. Das Abhijit is of the opinion that the quantum of investment is likely to sky-rocket as the inherent attractiveness of the segment lures more and more investors to earn large profits. Investment into the sector is estimated at Indian Rupees 20-25 billion in the next two three years, and over Indian Rupees 180 billion by end of 2010. According to him, the factors contributing to retail growth are -

- Rising Incomes and improvements in infrastructure are enlarging consumer markets and accelerating the convergence of consumer tastes.
- Liberalization of the Indian economy which has led to the opening up of the market for consumer goods has helped MNC companies like Kellogg’s, Nestle etc. to make significant inroads into the vast consumer markets by offering wide choice to consumers.
- Shift in consumer demand to foreign brands like McDonalds, Sony, KFC, Pizza Hut etc.

93 Das Abhijit, Mall Management with case studies, Taxmann Allied Services Pvt. Ltd., pp 7-9.
• The internet revolution is making the Indian consumer more accessible to the growing influences of domestic and foreign retail chains.
• Reach of satellite Television is helping create awareness about global products for local markets.

Blackwell, Miniard and Engel\(^{94}\) suggest that, since the merchandise display is done effectively in malls to awe-struck the consumers, they are compelled to go to the shops and buy. If the adults are so mesmerized, the kids are totally bowled over. Kids use cartoon characters and clowns in colourful gear in its shop front to attract children. Many shops also have kids play area with Lego’s to play, according to different festivals, for example, Christmas, you have the tattoo maker, carol singers, hair braiding and of course the Santa Claus distributing gifts.

According to Gupta Soma Sen,\(^{95}\) the retail brand proposition is intelligently wrapped around a bunch of activities which go beyond core competencies. Shopper’s Stop and Westside regularly organise entertainment gigs. The food chains regularly organise family celebrations, birthday parties, festival festivities right from Holi to Diwali. Thereby such outlets are easily able to integrate themselves into the lifestyles of their customers.

Vice-President, Chief Strategy and Operations Officer, Nik-Nish Retail Ltd., has extensive retail experience across the globe. He is of the opinion that, today’s lifestyle is causing a major paradigm shift in retail business. He further states that, the world is shifting from a mass ‘consumer-oriented’ market to an increasingly individual oriented or niche market. Therefore it is essential to welcome an era of innovative ‘consumer-centric’ retailing.\(^{96}\)

Srivastava\(^{97}\) opines that, various factors including income growth, changing demographic profile and socio-economic environment have played a key role in transforming the Indian consumer’s mindset. There is easier acceptance of luxury

\(^{95}\)Gupta Soma Sen, op cit.
\(^{97}\)Srivastava R. K. Dr., Changing Retail Scene in India, Retail Biz, Sept. 2008, p 22.
and an increased willingness to experiment with mainstream fashion, as there is greater emphasis on ‘looking and feeling good’. Retailing has further fuelled the lifestyle habits from austerity to complete self-indulgence.

Arrival of multiplexes has changed the entire scenario of organised retailing in India, and making a business of approximately Rs. 35,000 to Rs. 50,000 crores. At this rate, one can expect it to grow eight times in the next few years. There would be approximately 330 operational malls with multiplexes in the country by the end of 2009, stands testimony to the fact that retailing is a high growth industry, states Mr. Shroff Shravan, Managing Director, and founder of Shrinagar Cinemas.\(^\text{98}\)

Chopra Sonaal,\(^\text{99}\) CEO, Timezone, elaborates on the importance of promoting malls as a one stop shop for relaxation, entertainment and adventure. She further stresses that most malls are not restricted to retail outlets any more. People visit malls due to extensive food courts, luxurious cinema halls and various entertainment options for people of all age groups, as they ensure that shopping and fun go hand in hand.

Chauhan Pankaj,\(^\text{100}\) Marketing Head, Piramyd Megastore, discusses the essence of retailing of children’s products by emphasizing on the role of merchandisers and marketers of stylish brand or a multi-brand outlet and asking them to create a memorable experience in creating a ground for future frequent visits. He elaborates on the fact that departmental formats should not only have exclusive section for kids but should also be equipped to meet the growing requirements for kid’s shopping.

With organised retailing, the biggest shift is the increased consumption due to availability of wider range of merchandise and greater demand, opines Basu Suranjana.\(^\text{101}\) She also states that India’s large young population and growing economy have prepared the breeding ground for retail boom.

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\(^{100}\) Divekar Ramona, Cover Story, Not a Kid’s Play, Retail Biz, May 2007, p 9.
\(^{101}\) Basu Suranjana, Changing Colours of Indian Consumerism, Retailer, Nov. 2007, p 89.
Sharma Kavita\textsuperscript{102} concentrates on the specialised aspect of retailing, namely quality, service, convenience, satisfaction and assured benefits to lure shoppers into the stores. She also states that over the next two years, India will see several Indian retail businesses attaining a critical mass as growth in the industry picks up momentum driven by two key factors namely availability of quality real estate and consumer preference for shopping in new environments, leading to its influence on buying decisions of consumers.

2.11 Conclusion

The last 15 years has witnessed a major change in market structures. A great number of consumers have noticed a change in their buying and consumption patterns. Marketers are directing their efforts from ‘one time marketing’ to ‘continuous customer relationship’. This has definitely influenced the marketing efforts significantly and at the same time the consumption pattern of consumers too. The effect of socio-economic changes is usually noticed in the urban economies first, which through the pyramid process of social absorption is acknowledged and accepted by consumers in the major cities. Since many new undertakings are being established and multinational companies are entering in different fields of activities, it has brought along with it, increased influx of capital, new technologies and new products. The change in economy has influenced not only selection of industries but has also taken grip on the entire consumer class. The new consumer class has a different lifestyle, different perception of consumption, different attitude as well as changed buying habits.

The middle class explosion has affected the buying decisions of the entire consumer class. This has indirectly affected the upbringing of children in the family. Children are bestowed with expensive gifts, toys and even with products like mobile phones even though they are not required. This easy access to technology and high impact of television and other media have made children

\textsuperscript{102}Dhar Upindhar, Nath V.V., Nair Satish K., Yadav Prabhat Kumar, New Age Marketing-Emerging realities, Excel Books, pp 464-465.
brand conscious and more aware as buyers. Since they have access to technology, parents often seek guidance from their own children. Children as consumers too are fighting their own personal battles. They have peer pressure to cope with, resulting in pester power resulting in increase in pocket money and ‘having too many things too early in life’ syndrome. They have been there, done that, due to which they are bored very easily and keeping them loyal to one product has become a difficult job, for the marketer.

The information given in this chapter is from the newspaper articles, journals, magazines and internet sites. Consumer behaviour and children is a relatively new topic of research, and hence no formal research has been carried out on this topic. Marketing and consumer behaviour as a subject is very dynamic, which changes very fast. Except for Kid sense (Disney), no other company has conducted any systematic and detailed research on this topic. This concept of children’s buying behaviour has been abroad for a while, but in India, it is gaining momentum now. Children and the manner in which they behave are influenced by a number of factors like the impact of middle class explosion; pester power, peer pressure, increase in pocket money, and also the latest development in retailing and international chain of restaurants manifesting the Indian markets.