2.1 INTRODUCTION

The family life cycle is a biological concept in the sense that it looks at the stages through which individuals and families pass in moving from womb to tomb. However, in human society, these stages take on a social meaning which is far more significant than the original biological meaning. In each generation, the cycle is clear and predictable. A new generation marries, has children who pass through infancy, childhood and early school years. The children reach adolescence and become more or less autonomous adults and then they leave the nest.

At the same time, the husband and wife have to adjust their social roles and life-styles to the various stages of growth and development of the children while they are aging and maturing. At each stage, the individual is as a creature of society has an image of proper role and appropriate patterns of behavior.

The family life cycle concept segments the families on the basis of demographic variables, and ignores the psychographic variables (families’ interest and opinions) of family members. Family life cycle is also related to the spare time and the available income, education and so on. A marketer has to take these elements into consideration. The stages at which families find themselves, affect the nature of the goods and services required, their wants and consumption patterns, as well as the volume of consumption on specific products.
2.2 MEANING OF FAMILY

The term “family” refers to the basic sociological unit. The term has been used to denote two or more people staying together and related to each other by blood or marriage. The composition, size and structure (in terms of roles and statuses) has undergone a change across time and culture. There have been large families including grandparents, parents, children, uncles, aunts and cousins (all staying together as a joint family); and small families which comprise just parents with their children (nuclear family). Roles and statuses have also changed, with both men and women taking active part in making purchase decisions, and women playing roles which were earlier reserved for men and vice versa. Thus, the family as a social unit has varied in composition and structure, as well as the roles played by family members.

It is noteworthy that from a marketer’s perspective while, families have been referred to as households, not all households are families. A household may also refer to a house that has just a single individual, or it might include individuals who are not related to each other such as friends, roommates, or work peers. Nevertheless so far as consumer behavior is concerned, families and households are treated as synonymous (Loudon and Della, 2002).

Today, there are three kinds of families, viz., the married couple, the nuclear family and the extended family. The married couple family comprises the husband and the wife, generally representative of couples who have recently got married and are yet to start a family. The nuclear family comprises husband, wife and their children. The extended family includes the nuclear family with grandparents or uncles and aunts.
2.3 THE FAMILY LIFE CYCLE

The family life cycle has been defined as a series of stages through which most families’ progress, with varying characteristics across varies stages; these characteristics relate to marital status, size of the family, the age profile of the family members (focusing on the age of the oldest and/or youngest child), the employment status of the head of household, the income level and the disposable income at hand. The amount of disposable income is usually inferred from the stage in the family life cycle.

FAMILY LIFE CYCLE STAGES

The concept of household or family life cycle is important for marketers in segmenting the market. In 1966, William Wells and George Gubar proposed nine stages to describe the family life cycle.

The following life cycle stages are typical of families:

1. The bachelor stage: young, single person under age of 35 years. Incomes are generally low since they have started careers, but they may have few financial burdens and sufficient discretionary income.

2. Newly married: young couples, no children. If both spouses are employed, they will have high level of discretionary income.

3. Full nest-1: young married couples with youngest child under 6 years of age. There would be greater squeezes on income because of increased on childcare. However, if they are members of a joint family, the level of discretionary income is likely to be high.
4. **Full nest-II**: from 6 years to 12 years of age. Better financial position because income of both parents rising. Children spend more hours outside their parents influence.

5. **Full nest-3**: older married couples with dependent teenage children living at home. Financial position of family continues to improve. There are increasing costs of college education for children.

6. **Empty nest-1**: older married couples with no children living with them, parents still employed. Reduced expenses result in greater savings and highest discretionary income.

7. **Empty nest-2**: older married couples with no children living with them and parents retired. Drop in income and couple relies on savings and fixed income from retirement benefits.

8. **Solitary Survivor**: The widow(er) is still working and no children are living with them.

9. **Solitary survivor (Retired)**: The widow(er) is retired and no children are living with them.

**2.4 PURCHASE DECISION PROCESS**

The thought process that consumers go through to arrive at their decisions is known as the consumer decision process. Consumers decisions are concerned mainly with how, when, how much, from where, questions concerned with the purchase of a product / service / ideas. Consumer realizes that if he wants to make a purchase, he
goes through a series of steps mainly like problem recognition, information, search, evaluation of alternatives, decision on alternatives and assessment.

Consumers can have problems related to all five facets of decision making viz. whether, what, where, when and how to purchase. Internal determinants like needs, perceptions and motives have the most direct effect on problem recognition and the environmental variables are less directly involved in this process.

The consumer search process i.e., the mental and physical activities undertaken by consumers to provide information on recognized problems involves the identification of alternative products or brands, specific stores prices, terms of sale, and services. Both internal (based on experience of the consumer) and external (outside information source) search will be made by the consumer before making a purchase decision. Before making a final decision he will also search for alternative solutions to a particular problem. Therefore a consumer decision making also involves evaluation of the alternative decisions i.e., the activity of identifying alternative solutions to a problem and determining the relative merits of each. Consumer decision is the outcome of the evaluation i.e., the mental process of choosing the most desirable alternative.

Consumer decision process also involves post purchase assessment. It can be defined as the consumer’s perceptions of the outcome of the purchase process. The result of the purchasing can be either satisfaction (when the purchases do not conform to the buyer’s expectations) or dissatisfaction (when the purchases do not conform to the buyers expectation). The consumer will store the information and experiences obtained by him with the purchase and try to recall the information with entering into
another purchase. This consumer decision making is a continual process as, the end of one purchase decision is the beginning of another.

2.5 STAGES IN CONSUMER DECISION PROCESS

Engel, Kollet and Minard (1997) developed a model, which considers consumer behavior as a decision process concerning five activities/stages, which occur over time. They are:

i) Need Recognition:

Everyone has unsatisfied needs and wants that create tension or discomfort. Some needs can be satisfied by acquiring and consuming goods and services. Thus, the process of deciding what to buy begins when a need, which can be satisfied through consumption, becomes strong enough to motivate a person. Mahatoo (1985) states that when the consumer becomes aware of a discrepancy between the existing state and a desired state, need is aroused. The existing state is the total situation of a consumer: the current needs, attitudes, and motives; the desired state is the situation after the kinds of changes the consumer wishes. The existing state and the desired state are the functions of the consumer's motivation, personality, and past experience of cultural and social influences and of past marketing stimuli.

Evans and Berman (1984) define a stimulus as a cue intended to motivate a person to act. It may be social, commercial, noncommercial or an inner drive. Need recognition signifies a person's readiness to act. Becoming aware of a need does not guarantee that the decision making process will continue. Only if the problem is important to the consumer and he or she believes that a solution is available will it continue (Baker 2000). Kotler (2003) suggests that, by gathering information from a number of consumers, marketers can identify the most frequent stimuli that spark an
interest in a product category. They can then develop marketing strategies that trigger consumer interest.

ii) Information Search:

After recognizing a consumption related need, a consumer may or may not search for additional information. That decision depends on the strength of the drive, prior knowledge or experience with the product and the value of more information relative to the cost of obtaining it. The consumer usually searches his or her memory before seeking external sources of information regarding a given need. Past experience is considered as an internal source of information. The greater the relevant past experience, lesser the external information the consumer is likely to need to reach a decision. Many consumer decisions are based on a combination of past experience (internal sources) and marketing and non-commercial information (external sources). Baker (2000) states that, if there is a sufficiently high level of involvement or engagement with the problem, the consumers are likely to engage in complex and extensive information search and if the involvement level is low, they are likely to use very simple or limited information search.

Kotler (2003) points out that through gathering information, the consumer learns about competing brands and their features. There may be plenty of brands (total set) available to the consumer in a product category. But, the consumer knows only some of these brands (awareness set). Among these brands, some brands will meet the consumer's initial buying criteria (consideration set). As the consumer gathers more information, only a few will remain as strong contenders (choice set). All the brands in the choice set might be acceptable. The consumer makes a final choice from this
set. The marketers must identify the consumer's information sources, evaluate their relative importance and they have to evolve marketing strategies accordingly.

**iii) Evaluation of Alternatives**

Once a choice set (otherwise called as evoked set) has been identified, the consumer evaluates them before making a decision. The evaluation involves establishing some criteria against which each alternative is compared. The criteria that consumers use in the evaluation result from their past experience and feelings toward various brands as well as the opinions of family members, friends etc. (Stanton, Etzel and Walker 1994). The product related attributes such as the quality, durability, price, design features etc., influence the buying decisions of a consumer. One way to begin narrowing down the choices in the evoked set is to pick a product attribute and then exclude all products in the set that don't possess that attribute (Lamb Hair and McDaniel 1992). Finally, the choice which possesses all the required product related attributes can be selected.

**iv) Purchase Decision**

After searching and evaluating, the first outcome will be the decision to purchase or not to purchase the alternative evaluated as most desirable. If the decision is to buy, a series of related decisions must be made regarding the features, where and when to make the actual transaction, how to take delivery or possession, the mode of payment and other issues. So, the decision to make a purchase is really the beginning of an entirely new series of decisions that may be as time consuming and difficult as the initial one. Selecting a source from which to make a purchase is one of the buying decisions (Stanton, Etzel and Walker, 1994). A consumer's decision to modify, postpone or avoid a purchase decision is heavily influenced by perceived risk. The
amount of perceived risk varies with the extent of money at stake, the amount of attribute uncertainty and the amount of consumer's self-confidence. Marketers must understand the factors that provoke a feeling of risk in the consumer and provide information and support to reduce the perceived risk (Kotler, 2003).

v) **Post Purchase Behavior**

A very important stage of the consumer decision process is the impact of current decisions on future purchasing behavior. Actual use of a product will either confirm or disconfirm prior expectations resulting from brand evaluation. Mahatoo (1985) says that three general outcomes are possible. They are,

**Satisfaction**

Satisfaction occurs when a product performs according to expectations. In other words, the brand chosen has served to fulfill the consumer's need and thus, reinforces the response of purchasing that brand. The reinforcement of such a response means that beliefs and attitudes about the brand are positively influenced and the likelihood of repurchase is increased.

a) **Dissatisfaction**

Dissatisfaction occurs in the reverse situation, when the product's performance disconfirms prior expectations. It leads to negative beliefs and attitudes about the brand and repurchase is not likely to occur. A disappointed consumer is not likely to recommend the product to others. The results of satisfaction and dissatisfaction are recorded in long-term memory and become inputs to the internal search stage in later purchases. So, the marketers must be very careful in satisfying the needs and expectations of consumers.
b) **Cognitive Dissonance**

Cognitive Dissonance occurs when the consumer experiences feelings of doubt or psychological discomfort about the choice he/she made. Such a state of tension occurs when two things that the consumer knows about a situation are inconsistent with each other. It is often felt right after the purchase, when the consumer may begin to have second thoughts about the product chosen. Dissonance is more likely to occur in complex decision making; that is, with high involvement purchases. Dissonance-causing information can come from a personal source, from advertising or from experience with the product.

Post purchase evaluation is significant to marketers, because positive evaluations increase the probability of repeat purchases and brand loyalty. Negative or doubtful thoughts increase the probability that different alternatives will be considered next time when the need arises (Husted, Varble and Lowry 1989).

**2.6 DEMOGRAPHIC VARIABLES**

Like psychological and social variables, demographic variables are also considered as the personal buying decision variables (Adcock, Bradfield, Halbord and Barry (1986) defines demography as the study of population (Ross 1998) characteristics. These characteristics describe people - who are there, where they live, and where they are moving. Evans and Berman (1984) state that demographics are easily identifiable and measurable statistics that are used to describe the population. Trends in population size indicate future potential and thus, influence market plans. The size of the population indicates the potential market demand for consumer products and services. Oldroyd (1989) notes that demography is an important demand condition, helping the marketer to predict both size and change in target markets.
Demographic factors have a bearing on the types of product which individuals want, where they shop and how they evaluate possible purchases (Lancaster and Massingham 1998).

Marketers combine demographic, social and psychological data and study consumer decision making in order to understand the consumers better. These dimensions help to explain consumer life styles; the ways the people live. By understanding consumers, a firm is able to determine the most appropriate audience to appeal to and the combination of marketing factors that will satisfy this audience. So, it is imperative for marketers to use demographic data in conjunction with and part of social, psychological and consumer decision-making analyzes. Evans and Berman (1984) claim that a person's demographic background has a strong influence in the life style, or in the way of living adopted.

The demographic information helps to locate a target market whose motives and behavior can then be explained and predicted using psychological or socio-cultural investigation. Demographic information identifies potential for sales and consumption of product although it does not identify why or by whom a particular brand is used. It is also relatively accessible and cost-effective to gather. Further, the demographic variables reveal trends relevant to marketers such as shifts in age and income distributions, etc. They can establish consumer profiles that may present attractive market opportunities. These are the causes why marketers, in growing numbers, are using demographic statistics for developing marketing strategies and programmes.

On the other side, demographic data do not consider the psychological or the social factors influencing consumers. They do not explain the decision process, which
the consumers undergo when making purchases. Most importantly, demographics do not delve into the reasons as to why consumers make particular decisions.

Demographics are descriptive in nature. Even so, the importance and implications of demographic variables in marketing are obvious.

2.6.1 Important Demographic Variables and their Implications in Marketing Management

The important demographic variables and their implications in marketing management are explained below:

i) Age:

Product needs and interests often vary with the consumer's age. (Schiffman & Kanuk, 2004). Age affects product consumption. The age distribution of the consumer market is important in marketing of some products. Soft drink sales, for instance, depend upon the youth market. An organization that markets its product to a age group must be alert to the changes in the group especially changes in size. Shifts in die size of age groups provide varied marketing opportunities (Husted, Varble and Lowry 1984). Statt (1997) notes that age is the most frequently used demographic variable in market segmentation. One reason for this is that the life cycle has divided by society into what seem to be easily recognizable groups that are clearly differentiated from each other — infants, children, teenagers, young adults and so on. So marketers need to be aware of how the population is changing with respect to age (Stanton, Et7ßl and Walker 1994).
ii) Gender:

Product consumption can be related to a person's gender also. Men and women buy different products and have different needs (Bradly, 1995). They tend to have different attitudinal and behavioral orientations based partly on genetic make up and partly on socialization practices. Gender differentiation has long been applied in clothing, hairstyling, cosmetics and magazines (Kotler 2003). Gender too has been a long-established segmentation variable. In marketing, there is an increasing amount of evidence to suggest that targeting needs to be either male or female in tone, style, wording and design (Statt, 1995).

iii) Marital Status:

Traditionally, the family has been the focus of most marketing efforts and for many products and services. Because, the household continues to be the relevant consuming unit. Marketers are interested in the number and kinds of households that buy and/or own certain products. They are also interested in determining the demographic and media profiles of household decision makers (the persons involved in the actual selection of the product) to develop appropriate marketing strategies. Marketers have discovered the benefits of targeting specific marital status groupings such as singles, divorced individuals, single parents and dual-income married couples etc. (Schiffman and Kanuk 2004).

iv) Education:

Education is a powerful influence on consumer behavior; the level of literacy in specific areas and regions may provide marketers with opportunities to sell sophisticated products and services. Higher education gives entry to the professions; social aspiration and consumption levels are raised (Chisnall, 1994). As the
population of a society gets more educated it become more sophisticated in its buying behavior. Marketers must adjust to that increasing level of consumer sophistication (Barry 1986). With an increasing number of people attaining higher levels of education, marketers can expect to see i) changes in product preferences and ii) buyers with higher incomes and more discriminating tastes (Stanton, Etzel and Walker 1994).

v) Occupation:

Occupation may be a more meaningful criterion than income in segmenting some markets. Truck drivers and auto mechanics may earn as much as young retailing executives or college professors. But, the buying patterns of the first two are likely to be different from the second two because of attitudes and interests (Stanton, Etzel and Walker 1994). Education, occupation and income tend to be closely correlated in almost a cause-effect relationship. High-level occupations that produce high incomes usually require advanced educational training (Schiffman & Kanuk 2004).

vi) Income:

Income has long been an important variable for distinguishing between market segments. Marketers commonly segment market on the basis of income because they feel that it is a strong indicator of the ability (or inability) to pay for a product or a specific model of the product (Schiffman and Kanuk 2004). Measurements of ability to buy include disposable or discretionary income. Disposable personal income is income after taxes and discretionary income is disposable income minus expenditures for necessities. Marketers of luxury products and services such as high-priced cars and cruisers frequently use discretionary income as a measure of the ability to spend. Whether marketers are using disposable, discretionary or some other income to
demonstrate ability to buy, they must pay particular attention and analyze the spending patterns of people in different income levels (Husted, Varble, howry 1984).

Following figure illustrate the consumer decision-making process (Gandhi, 1991). The purchase decision process is shown as follows:

![Diagram of consumer decision-making process]

2.6 CONCLUSION

There are significant differences in family life cycles which affect the behavior of family units and individuals in their activities as purchasers and consumers and these differences can be partially attributable to the placement of a family in the life cycle matrix. Therefore, family life cycle is always strongly influencing the decision making of consumers.