CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

The consumer movement in India is as old as trade and commerce. In Kautilya’s Arthashastra there are references to the concept of consumer protection against exploitation by trade and industry, short weighment and measures, adulteration, and punishment for these offences. Consumer behavior is defined as “the dynamic interaction of affect and cognition, behavior and environmental events by which human beings conduct the exchange aspects of their lives” [1]. It is the study of when, why, how, and where people do or do not buy products. It blends elements from psychology, sociology, social anthropology and economics. It studies characteristics of individual consumers such as demographics and behavioral variables in an attempt to understand people's wants. It also tries to assess influence on consumer from groups such as family, friends, reference groups, and society in general. Theoretical models of consumer’s decision making have evolved from the economic paradigm of 1940s, through the irrational consumer of 1950s and 1960s, to the information processor of 1970s, up to the 1980s cognitive miser [2].

Family as a consuming and decision making unit is a central phenomenon in marketing and consumer behavior [3]. All family members play different roles in the process of buying any product or service. These roles are those of initiator, influencer, gatekeeper and decision-maker [4]. How a family makes consumer decision is very different from individual decision making and is more complex [5]. Earlier, studies had only focused on husband and wife’s role where child’s role was ignored [6]. Children have come to constitute a very important consumer group; and it starts when they are very young [7] [8]. Children are the new segment [9]. Kids today are customers, buyers, spenders, shoppers and consumers [7]. In this study, the focus is on children as an influencing agent, because previous studies show that children attain increasing influence on family buying of various kinds of products [10] [11] [12] [13] [14] [15] [16].
Berry and Pollay [17] were the first to make an attempt to understand children’s role in marketing, where children constituted an important, separate market segment for the marketers. It is seen that children not only influence family purchase decision but they also insist their parents to purchase the products they desire [18]. A Child’s influence differs depending on product category and decision-making stage. Age and gender of a child also have a major impact on decision stage and product category. The role that children play in family decision-making has directed researchers to study the influence of children. Several researchers have also demonstrated how children have been socialized to act as consumers [18]. Family (parents and siblings), peers, and media are the main socializing agents for children wherein family type, parental style and patterns of communication also play important roles. However, most of the studies are based on western context and there are very few studies focusing on Asia, particularly India due to which this research was undertaken. Moreover, India is having good proportion of its population in the working age group. India has more than 50% of its population below the age of 25. This makes the study very much required and impactful.

1.2 NEED FOR THE STUDY

Children are recognized as a primary market with their own spending power. This has created a significant kids market. In line with the development of their importance as consumers, there are other changes: today children’s evolvement as consumers is rapid and as one popular term describes this as “Kids grow up young” [19]. Marketers promote products with adult appeals to kids who are growing up earlier [20]. When kids are very young, they are interested in toys and related goods. But soon, toys are replaced by other more adult products as they endeavor to act as small adults. These changes make children look like size-small adults in their clothing and in their consumer behavior in general [21].

1.2.1 Indian Context

Indian society vastly differs from the west in terms of family composition, family type and structure, norms, values, and behavior, it is important to understand children’s influence in purchase decision making in families in Indian context [22]. The buying power of children in India is different compared to the western countries but still they play a key role in Indian families [18]. Children influence family as well as individual purchase decisions. For this
reason, detailed study should be done on children’s influence in family purchase decision in India [18].

1.2.2 Tweens

The reviewed literature also showed gap in studies related to young children. The group “tweens” referred to is about 8 to 12 years old and are neither children nor teens; they are ‘tweens’ which is a term derived from ‘between’ children and teens. What characterizes this group is that they are seen as different from past generations: Children have grown up faster, are more connected, more direct and more informed. They have more personal power, more money, more influence and attention than any other generation before them [19]. Because of the fast changes in children’s development, age boundaries change and the tween group may soon include children aged 4 to 12 years. This indicates that ‘childhood has shrunk’ [9]. As children reach adulthood, they turn into a future market [7] [8]. It is a widely held belief that child lifestyle behavior is likely to become adult lifestyle behavior. So, by influencing preferences effectively in childhood, these preferences may continue in adulthood and become firm preferences. Children and tweens are not only important as individual consumers but also as an influencing market directing parents’ spending towards their own wants and needs [7] [8] – or as the advertising industry says: children have ‘pesterpower’ [9]. Especially tweens are interesting in a family context as they do not generally spend much money by themselves but in many instances they have a large say in their family’s decision-making. This influence goes in both directions: from parents to children as well as from children to parents [13]. This influencing power of children is refereed as pester power.

1.2.3 Changing environment

Family structures and communication pattern have changed over the last 50 years; parents and children attend many individual activities including work, school and various other activities, furthermore mothers are working outside their homes. This reduces the time families spend together, and it influences family decision-making. Busy parents often have a bad conscious. The family’s communication pattern has become more open and democratic. Parents pay more attention to their children and their opinions with the consequence that children today decide more and have more influence on family buying process. Children have become ‘Dream children’ and ‘Trophy children’ holding a special status in the family [9] [23]. In line with the fast changes that young consumers undergo, new behavioral patterns arise, such as
children being influencers and participators in family decision-making; and new media (e.g. digital and interactive) enter the market, and children adopt these fast [9] [24]. Mobile phone and internet promotion are the new tools in advertising business. This requires that marketers adjust their endeavors to reach this segment of young consumers.

1.2.4 Importance of children for marketers

The interest in children as consumers and the family as a consumer unit started among academic researchers and marketers in 1970s [25] [26] [27]. Since then this interest has been growing, and research areas have flourished in the fields of, for instance, consumer behavior and marketing directed at children and families. Today, new areas continue to appear on scene and more interdisciplinary research contributes new perspectives. Also, marketers have become increasingly interested in children as consumers; this has an impact on the ever-increasing volume of advertisements targeted at children. Typically, the marketers’ interest lies more in boosting profits by focusing on new markets than on social responsibility [28]. Marketers and corporates need to be more conscious and try to engage in healthy marketing thereby exhibiting social responsibility. However, it seems that academia and marketers have each their unique experience in the field of children as consumers, but often fail to share this experience in intensive collaboration, which could have more effective results.

1.3 Objectives of the Study

Past five decades have witnessed a number of studies and researches in the area of family decision making and its dimensions and even today its increasing importance is often discussed and written. One of the primary aspects in this is the phenomenal increase in role and contribution of children in family decisions. Moreover with changing socio-economic environment, this area is still open to lot of research and empirical analysis. With this motivation, an attempt has been made in the present study to recommend a model which identifies the major dimensions of child’s role in family buying process and provide concrete recommendations which will eventually be valuable to organizations to communicate and bond well with the new young and vibrant generation. The specific objectives of this thesis are:

1. To identify and analyze the dimensions of child’s consumer socialization affecting child’s influence in family buying process.
2. To identify and analyze different influence strategies children use to persuade their parents.

3. To identify and analyze different product categories on the basis of child's influence.

4. To examine child’s influence in family buying process stages for different product categories.

5. To investigate and propose a model identifying relationships across socialization agents, influence strategies, buying stages and product categories using structural equation modeling.

1.4 RESEARCH QUESTIONS

Based on the objectives set for study, a set of research questions was formulated. These questions are nothing but translation of objectives into questions, so as to gather the required data from respondents. The study was done in six sections.

Section I: Analyzing the dimensions of child’s consumer socialization.

Question 1: How do children gain consumer knowledge about products and markets?

Question 2: Does child’s consumer socialization vary across the demographic characteristics?

Section II: Analyzing various influence strategies used by children.

Question 1: How do children influence their parents for buying products and services?

Question 2: Does child’s use of influence strategies vary across the demographic characteristics?

Question 3: Does child and parents perceive alike regarding the use of influence strategies?

Question 4: How much child’s consumer socialization explains the use of influence strategies?

Section III: Analyzing distinct product classification based on child’s influence.

Question 1: What are the product categories for which a child has the maximum influence?
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Question 2: Does child’s influence for different product categories vary across the demographic characteristics?

Question 3: Does child and parents perceive alike regarding the child’s influence for different product categories?

Question 4: How much child’s uses of influence strategies explain child’s influence for product categories?

Section IV: Analyzing children’s influence in family buying process stages and sub-decisions.

Question 1: Does child’s influence for buying stages and sub-decisions vary across the demographic characteristics?

Question 2: Does child and parents perceive alike regarding child’s influence in buying process stages?

Question 3: How much child’s use of influence strategies explains child’s influence in buying process stages?

Question 4: How much child’s influence in buying process stages explains child’s influence for different product categories?

Section V: Consumer profiling based on child’s socialization, influence strategies, child’s influence in buying stages and product categories.

Section VI: Propose a model identifying relationships between socialization agents, influence strategies, buying stages and product categories.

1.5 RESEARCH METHODOLOGY

The research aimed to analyze the dimensions of child’s role in family buying process and produces a model for understanding the factors influencing a child’s role. For this, a conceptual model of research was offered which incorporated child’s socialization dimensions, the influence strategies used by child, child’s influence level for different product categories and child’s influence level in the family buying process stages. Family buying is a
complex process, but largely follows a three step process: Initiation stage, Search & evaluation stage and Final buying stage. A child’s role may differ for every stage for different products. To understand the level of child’s influence in every stage for every product category, it is important to understand the varied strategies which children use to persuade their parents. The first step to understand children’s participation in family buying process had to be their consumer socialization. There are few prominent dimensions of child’s consumer socialization in India which may helped in understanding child’s use of influence strategies. Some of these strategies are quite effective and can explain the child’s influence for different products at every stage of family buying process. Therefore, the model shown in Figure 1.1 was designed keeping in mind the complex nature of studying children in a family environment.

Adapting Moschis and Churchill's [29] terminology, the model could be roughly divided into three parts: antecedents, processes, and outcomes (see Figure 1.1). Antecedents included child’s consumer socialization. Processes comprised of child’s pester power by using many influence strategies and child’s influence in buying stages. Outcome contained child's influence in the purchase of different products and services. The model studied how the child is socialized and how this level consumer socialization impacted the use of various influence strategies by child. Then the model progressed by finding out the relationship of influence
strategies with buying stages and with different product categories. And lastly, model analyzed the relationship between buying stages and different products.

A systematic and organized methodology was obtained for the descriptive study. First and foremost, based on in-depth discussions and exhaustive literature review, the objectives of study were chalked out. The inadequacies of the available literature were overcome by developing measures on the basis of a systematic approach that involved focus group discussions, in-depth interviews and pilot study. Four focus group discussions were conducted with children and their parents separately to gain insight into Indian family’s buying process and children’s role. Based on the past literature and the focus group discussions with children and parents, constructs for measuring child’s influence level were conceptualized in different sections. In order to reflect family decision-making process accurately and to identify factors that have an impact on this process, questionnaires aimed to investigate family decision-making process were constructed. Two separate questionnaires were intricately designed to tap not only the demographic variables including age, gender, birth-order, siblings, child’s socialization, influence strategies but also about the family buying process stages for different products.

For testing the reliability of the research instrument convenience sampling was used. For the main study, random sampling and cluster sampling were used. Here a cluster sample consisted of 10 schools from National Capital Region (NCR) of India. From each of these ten schools, four classes were randomly selected, from class student clusters were randomly selected, each cluster contained around 10 students. A total of 400 set of questionnaires were sent to these 10 schools. Out of the 374 responses received, only 350 questionnaires were found to be fully filled, the rest 24 were discarded due to incomplete information. While collecting data one child-parent dyad were considered as a sample unit. Only those families in which husband, wife and at least one child were living together during the data-gathering period were included in study. Statistical Package for the Social Sciences (SPSS) version 17.0 and Analysis of Moment Structures (AMOS) version 21.0 were religiously used for statistical analysis.

1.6 SIGNIFICANCE OF THE STUDY

Current research focused on the effect of a child in family buying process and relationships across various demographic variables such as child’s age, his birth order, and family structure. The research helps to augment the current traditional buying models by providing scientific
data taken from samples of families of various compositions. This helps marketers who have been trying to explore what affects a family’s buying decision and help them to aim their marketing strategies accordingly.

The new investors have a little different thought of school than their old counterparts; while the older ones were more focused on the Enterprises as consumers, the newer Investors have understood that an individual is your consumer and looking for ways to woo their specific segments of consumer market. Disney, Apple Inc. and McDonald are some of the examples which have been following these thoughts. Today, the Indian tweens’ market has a lot of room for research and is in an early stage unlike many other segments of the markets. Marketers are trying to explore what becomes a hit with the tweens. The current study helps in those areas by studying tweens’ various aspects with relation to their family’s buying power. We made a serious effort to convert some of these facts into data and churn them to make them useful which are of the interest to various marketers, advertisement agencies, product designers, entrepreneurs and the decision takers in the family.

The study has been significant in categorizing goods into specific segments based on the involvement of the children in the buying process. It is an original attempt to allude that goods can be categorized into three segments only based on whether children are interested in getting them home or not. Noisy, Loud & Quite are the three categories we formulated and named and found that children are only interested in Noisy & Loud goods.

The research is of paramount significance to academicians too because the study is to understand Indian families buying process which is different from Western and developed countries on a lot of pragmatic grounds. Families in developing countries like India have different buying power, they are culturally different and their family priorities differ from the Western and developed countries; hence it becomes important to understand children’s influence in the purchase decision making in families in the Indian context [22]. This study is research work to understand all these aspects of Indian families affecting the end buying decision. This is not only significant to academicians as it adds to the existing body of consumer behaviour knowledge but also for the organizations which are battling to effectively communicate with today’s young and growing consumers.
1.7 CONTRIBUTION OF THE STUDY

The current study contributes significantly to the study of consumer behavior. There are many consumer decision making models in theory and they do provide an excellent framework to build a study on family buying process. Children are very important family components and have an ever increasing role in the buying decisions but none of the models had incorporated children’s involvement in the same. This study extends the traditional models from a child’s perspective. Structural Equation Modeling provides a very reliable and verified family buying process in India. In addition to this, current study is one of the very few studies in which the respondents are as young as eight years. Also this may be the first study in India which incorporated a large number of products and services. This helped in getting to know a child’s involvement for varied product categories. The new product classification is an original attempt to classify products based on child’s involvement. The current study could provide a very good base for further extension by including family communication pattern in the process. Also it could be a starting point for studies involving much younger children (less than 8 years). The research is of paramount significance to marketers worldwide as the study helps in understanding Indian families buying process which is different from our western counterparts. The study highlights the importance of parents for Indian kids, making it clear that children and their parents both work together in family buying process. Therefore, marketers must address the needs of both parties for effective marketing. The study indicates that the parents are more likely to be persuaded by the logical and practical arguments rather than the emotional tantrums and aggressive behavior. It is more rational for the marketers to focus on the advantages and usefulness of the products meant for children.

1.8 SCOPE AND LIMITATIONS OF THE STUDY

This research gauges the dynamics of family decision making and examines the factors impacting a child’s role in family buying process based on primary data analysis. Although the study was conducted with immense responsibility, proper planning was done to analyze all aspects, precautions were taken to evolve a systematic study, but the small sample size as compared to the universe and lack of published /unpublished direct literature on Indian children could be some limitations. It is important to note that the study was limited to a sample size of 350 respondents. Data collection from a large sample size would have been very difficult as the study needed that parent of the same child respondent to fill
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questionnaire. Hence, 350 respondents were selected and were considered an ideal number for this dissertation considering the time constraint as well. But this study could be extended to a broader geographical region with more time and resources. Language problem was also faced while collecting data from young children especially with children below 10 years. They were not comfortable using the English language, hence the questions were explained to them in Hindi (Indian language). Although the study has been done with limitations, it is definitely a pointer towards certain marketing trends which could be used as a basis for more extensive research efforts of a similar nature.

1.9 ORGANIZATION OF THE THESIS

Research presented in this thesis focuses on the significant issue of increasing child’s role in family buying process, its dimensions and relationship with the various constructs. The results obtained are encouraging. The study has been organized in six chapters. A brief outline of the various chapters is as follows:

Chapter 1 is the introduction of thesis. It establishes the foreword about family buying process in India, child’s socialization, influence strategies and factors affecting child’s role in the process of buying any product or service. It also underlines the significance of study and also emphasizes on the need of such a study in Indian environment. The chapter throws light on various research questions that have been addressed in thesis and clearly delineates the objectives. It also highlights the scope and limitations of study conducted.

Chapter 2 is enriched with an exhaustive and comprehensive literature review of the subject. It illustrates about the research work taking place globally with reference to child’s influence in family’s consumer decisions. Literature allows the reader to analyze the gaps in previous researches. Literature on child’s role in the family buying has various dimensions, but few areas are discussed in this study. Firstly, a brief background is provided on family consumption unit, where different types of families and their roles are discussed. Discussion then moves to the importance of children in family purchases, giving a general overview of children’s influence. Demographic variables, product categories and decision stages are explained to provide a deeper insight in their purchase decision making. Literature also illustrates the child’s consumer socializing agents like family, friends, television and internet and highlights the use of various influence strategies by children to influence parents. A
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A separate section has also been allocated to the Indian context of children’s role, where the
Indian family type, values, norms and behaviors are mentioned.

Chapter 3 deals with the overall methodology of research work. Chapter three commences
with the details of pilot study and its findings. It then moves on to the research methodology
of main study. In order to validate the findings of literature review, a survey was conducted
among young children and their parents in India. Two research instruments were developed to
facilitate systematic data collection from the child and parent respondent for study. This
chapter elucidates the instrumentation adopted and the participants chosen for study. It
describes variables that form the skeleton of research questions and vividly explains the
questionnaires designed for data collection. It then hits on the validity of instrument and talks
about the statistical analyses done for each of the research question.

Chapter 4 deals with the detailed findings and analysis of objectives. It begins with
identification of child’s socialization agents. The four agents are analyzed further by
comparing across the personal characteristics of respondents. Second part deals with the
identification of various influence strategies that children use. It then compares the use of
influence strategies across the various personal characteristics and also compares difference
between child and parent responses. It then explains the relation between socialization agents
and influence strategies and shows how socialization agents contribute in predicting the use of
particular influence strategy. Third part analyzes the three product categories through
exploratory factor analysis and then compares them across the personal characteristics of
respondents. It then explains how the use of influence strategies contributes in explaining
child’s influence for three product categories; loud goods, noisy goods and quiet goods. The
last part deals with analyzing child’s influence at different buying process stages and sub-
decisions. It compares these stages across personal characteristics and also compares
difference between child and parent responses. It then explains how the use of influence
strategies contributes in explaining child’s influence in three buying stages; initiation stage,
search & evaluation stage and final buying stage. Lastly, it explains relationship between
child’s influences for three product categories at different buying stages.

Chapter 5 details out the proposed model by using structural equations. Based on the
literature review and detailed analysis of primary data, a structural equation model was
developed and tested. Based on the importance of children in family buying, the aim was to
create a model explaining the relationship between a child’s consumer socialization with his/her use of influence strategies which in turn impact his influence at different buying stages and for different product categories. The model was created and various statistics was applied for model fitting.

Chapter 6 is devoted to conclusions and implications. This chapter also discusses limitations and scope for further research in the area of family buying process and child’s growing importance at every stage of the same.