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Theoretical modeling of influence of children on family purchase decision making

Adya Sharma\textsuperscript{a*}, Vandana Sonwaney\textsuperscript{b}

\textsuperscript{a}Symbiosis Institute of international Business (SIIB) & \textsuperscript{b}Symbiosis Institute of Operations Management (SIOM), Nasik
Symbiosis International University (SIU), Pune, India

Abstract

Children traditionally were not considered important consumer segment. However, with changing economic, social and demographic scenario, the situation has undergone a change. Substantial research has found that children have influence in family purchase decisions. McNeal (1987) categorized children as three markets in one: they are current market that spends money on their desires, they are a future market for most goods and services and they are markets of influential that cause billions of dollars of purchase among their parents. A study by Nickelodeon (2013) states that power of kids influence over purchasing decisions has increased significantly over the years and decision making among families is collaborative. McNeal (1998) reported that children’s indirect purchase through influencing parents decisions soared from USD 5 billion in 1960s to USD 188 billion in 1997. Today children are not passive users but influential buyers and are socialized in this role from an early age. The topic gains special relevance from Indian context due to various reasons. The influence of children in decision making is still an unexplored topic in India. The study specially gains relevance as India has witnessed huge cultural, social and economic changes in the past decade. With compounded annual growth rate of 5.36\% predicted for average household disposable income between 2005-2025 (McKinsey Global Institute, 2007) the financial position of families is much stronger. As per Census 2010 of India, demographically India is a young nation with 30\% of the population below the age group of 15 years. According to consumer socialization theory family, peers, media are important socialization agents. Also according to research, child’s influence is effected by product category, age of child, family communication pattern (Ahuja and Stinson, 1993, Caruana and Vassallo, 2003, Haynes et al, 1993; Ozgen, 2003). The model integrates these two different areas of research to develop a conceptual model to explore the relation of influence of children with respect to different factors. The model introduces the concept of “parent’s re-socialization”.

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* Corresponding author. Tel.: +91-20-22934314
E-mail address: adya.sharma@siib.ac.in
1. Introduction

Some may say that children are just children - laughing, crying, playing, juggling between home, school, classes, tuition etc. They are now viewed as three markets in one: they are current market that spends money on their desires, they are a future market for most goods and services, they are also a market of influential who cause many billions of dollars of purchases among their parents (Mc Neal, 1987)

India has witnessed social, cultural and economic changes in the last decade. The personal disposable income has risen by 6.57% between 1993-94 and 2003-04 (Annualized growth rate between 1993-94 and 2003-04) (Laveesh Bhandari, 2009). Compound annual growth rate of 5.3% is predicted for average Household disposable income between 2005-2025 (McKinsey Global Institute, 2007). As per Census of India, 2010, children under 15 years of age constitute 30% of our population. Not only that the large base of its age pyramid shows that for many years Indian population will continue to have a large number of young population. Children are influential buyers who are socialized into this role from an early age. Though research has been done in the West on socialization of children, the research in India is still lacking on the topic (Kaur and Singh, 2006).

McKinsey Global Institute (2007) has predicted that India will become the World’s 5th largest Consumer Market by 2025. This study intends to investigate how the Indian child influences the purchase decision making of the family and its relation specifically to family communication and family demographics. The structure of the paper is as follows: first we discuss the theoretical background for our premise, next we define and discuss how family communication and family demographics affect the influence of child in purchase decision making. We then propose a model integrating the factors that result in re-socialisation of parents. Finally practical implications of the proposed model in marketing and areas for further research in this field will be discussed. We think that a systematic exploration of this field has tremendous implications for marketers for value creation and value delivery to consumers.

2. Consumer Socialization

Research on children as consumers had started way back in 1960s but it was only in 1970s that it gained visibility in the marketing world. Ward (1974) gave one of the first definitions of Consumer Socialization of children as “processes by which young people acquire skills, knowledge and attitudes relevant to their functioning as consumers in the market place”. Over the years two major classes of influence have been identified for socialization process: cognitive factors and environmental factors (Haynes et al, 1993). The cognitive factors are usually age related and environmental factors include agents like family, mass media and peers.

Many models have attempted to explain the changes in children from the dimension of age. Children were found to be extremely self centered in Pre operational stage (2-7 years) but were found to use symbols in a logical way in Concrete operational stage (7-11 years) (Ginsburg et al, 1988) Children who are 12 years and above have been defined as Strategic processors who can employ storage and retrieval strategies (Deborah, 1981).

Ward et al (1977) identified that family directly influences the general cognitive skills, indirectly impacts the development of consumer skills and motivates children to apply general cognitive abilities in areas of Consumer Behaviour. Family was reinforced as a major influence for consumer socialization in many studies (Dotson and Hyatt, 2005; Ghazali, 2011; Coley, 1988; Carlson, Grossbart and Tripp, 1990).

Another socialization agent identified was media, more specifically television (Ward 1974, Butter et al, 1981, Uusitalo and Takala, 1993) Children are being exposed to adult oriented information and appear adept at processing that information though parents may think that they are sieving all the information reaching the children. (Hyatt, 2000) Onslaught of internet in the last two decades has redefined the word media and made information more accessible to parents and children. Again role of family was important to the extent of controlling the exposure of children to media. (Bakir, Rose and Shoham, 2005).

Peer group influence, another socialization agent was found to have sensitivity highest by older age group. Also peer group influence was directly related to conspicuousness of the product (Bachmann and John, 1993; Mandrik et al, 2005) Peer group influence may be dominating in the early stages of consumer decisions but was found to decline towards actual purchase suggesting that parents may mediate the effect of peer influence (Moschis and Mitchell, 1986).

Most of the research in the past has focused on the role of age and influence of family, media and peer in consumer socialization of children. Importance of adopting a reciprocal view of how parents and children may
learn from each other in the socialization process has been highlighted in recent research (Ekstrom et al., 1987). It was proposed that preadolescent children are not only in a learner role vis-à-vis their parents and may have a stronger influence in household decision making at an earlier stage (Dotson and Hyatt, 2000). Social power theory has also highlighted that children are well aware of their influence. Need for development of children’s model of influence has been highlighted (Easterling, Miller and Weinberg, 1995).

With the world becoming a global village the results of consumer socialization of children have also been tried in other cultures (Ward et al., 1977; Rose, 1999; Brusdal, 2007). Much of the research on consumer socialization has been done in North America and Europe but it is the universality of research findings that should be examined (Cram, 1999). According to Burgess and Steenkamp (2006) there is a need for a marketing renaissance, the existing body of research suffers from the limitation of having been conducted in high income countries. So it is urgent to research emerging markets in order to advance marketing science and practice. They also call attention to the possibility that success in emergent markets may be crucial to the future of many global companies.

3. Conceptual model for influence of child on family purchase decision and its relation to family variables

Children have so much power that their families are becoming child led (Cowell, 2001). Children are deeply in family purchases be it groceries or new cars (Neuborne, 1999). Child consumers in Turkey were found to purchase by themselves, make price comparisons, give importance to brand and considered television advertising when making purchase decisions (Ozgen, 2003). Ekstrom et al. proposed that children who are more involved in family decisions will experience greater satisfaction with decision outcome (Ekstrom et al., 1987). Marketing research is increasingly feeling the need to understand the influence of children on various family decisions. The focus of the proposed model is how children influence family purchase decisions and how the end result is also re-socialization of parents. The model conceptualizes the influence of children only in relation to family variables and then integrates it with traditional consumer socialization model to explain both socialization and re-socialization.

3.1. Parents demographics

a) Type of family

Role of family as one of the most important socialization agents for children has been emphasized time and again. Parents were found to rely on their children as an agent of socialization in terms of family purchase when a parent does not have a spouse to share experiences with (Watne, Lobo and Brennan, 2011). A study conducted in India found that parents who resort to co-viewing, explaining and teaching children about television advertisements could help them to regulate their buying response within family norms (Kapoor and Verma, 2005). Another research shows that children who spend less time with parents experience less rational social influence and more commercial and irrational influence in the consumer socialization process (Dotson and Hyatt, 2005). Family culturally and traditionally has always played an important role in the life of individuals in India. Joint families are more prevalent in Indian Sub-continent. No study yet has ascertained the effect of nuclear/joint families on socialization. Joint families are defined as families where along with parents and children, other family members also stay together. Nuclear families in the past decade have increased in India and joint families have decreased. However at the same time, extended families or family where parents/parent-in-laws also stay with the members (parents and children) have increased.

<table>
<thead>
<tr>
<th>Sector</th>
<th>1999-00</th>
<th>2004-05</th>
<th>2007-08</th>
</tr>
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<tr>
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<td>35155526</td>
<td>38364613</td>
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</tr>
<tr>
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<tr>
<td>Total</td>
<td>51353019</td>
<td>56953830</td>
<td>61657850</td>
</tr>
</tbody>
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(Source: The Indicus Consumer Handbook, Laveesh Bhandari, Pearson Education)
For our study purposes extended families are being labelled as joint families as they are a smaller version of traditional joint family. In a nuclear family a child experiences socialization earlier than a child in a joint family. This is because in a nuclear family possibility of parents to leave the child at home alone is less while in a joint family possibility of leaving the child at home with grandparents is more. This increases the exposure of child in nuclear family to consumerism much earlier than a child in a joint family. Also in a nuclear family as number of family members is less, the interaction between the members is more. It is assumed that this allows the children a greater share in decision making.

Proposition 1(a) The type of family (nuclear /joint) affects the socialization of children and also affects the influence of children in family purchase making.

3.2. Mothers employment status

Prominent role of mother in Consumer Socialization of children has been central in many studies. The influence of mothers interaction on Consumer Socialization of children was highlighted and mothers classified as per common traits (Carlson and Grossbart, 1988; Neeley and Coffey, 2007) Fathers role appeared to be very less than mother in family communication pattern. Mothers concept oriented communication was positively linked to children’s use of utilitarian, social, conspicuous decision making styles while mothers socio oriented communication was positively linked to children’s use of undesirable decision making style and negatively to children’s influence in family purchase decisions (Lim, Lee and Tomuik, 2009). Another study reported that mother’s materialism level and communication style alone could reliably predict child’s level of materialism and intergenerational influence was mainly from mothers to daughters (Flouri, 1999, Mandrik et al, 2005).

Mother’s employment status was also defined as an important factor for socialization of children. Children of full time employed mothers shopped for their clothing more often than children of mothers with part time/ no employment (Haynes et al, 1993). At the same time studies show that working mothers have a feeling of guilt of not been able to spend enough time with children. They try to compensate for it by giving and spending money on them. Also mother’s absence has increased the number of decisions taken by children. This has increased the influence of children on purchase making decisions.

The Indian woman too in the last two decades has become economically more independent and more aware of her individuality. Women are doing paid work at younger age than previously. The peak work participation rate for urban Indian women has shifted from 40-44 years in 1993-94 to 35-39 years in 2004-05. There also has been an overall decline in casual employment and general increase in regular work and self-employment (Chandrashekhar and Ghosh, 2007) Household responsibilities have shifted as the number of households where both partners are working is rising. Mothers are spending less time with children. Overridden by guilt over protracted absence, fatigue and work pressure, the parent centered family has changed its orbit and has become child centered (Sud, 2007). Parents who believe that they do not spend enough time with their children feel guilty and try to compensate for it by giving and spending more money for their children (Isin and Alkibay, 2011). Thus we feel that children of working mothers will have more influence in the purchase decision making.

Proposition 1b: Mothers employment status affects the socialization of children and simultaneously also affects the influence of children on purchase making decisions

3.3. Socio Economic Status

Socio economic status of a family affects the influence of family on children. Thus adolescents from higher socio economic status were found to socialize faster ( Moschis and Churchill, 1978) As these children socialize faster, their knowledge about market increases and this in turn allows them to influence their parents. The influence of children on family purchase decisions from higher socio economic families has been found to be more intensive than the influence of children from lower socio economic family (Haynes et al, 1993, Tansijah et al, 1991).

Proposition 1c: Socio economic status of family affects the socialization of children. At the same time socio economic status of the family also affects the influence of children on family.
3.4) Family Communication

Moschis (1985) conceptualized the family communication process and confirmed that family communication plays an important role in socialization. Using socio oriented and concept oriented as two dimensions of family communication four types of families were defined: Laissez faire (low socio orientation, low concept orientation), Protective (high socio orientation, low concept orientation), Plurastic (high concept orientation, low socio orientation) and Consensual (high socio orientation, high concept orientation) (McLeod and Chaffee, 1972). This has been the basis of many studies which have identified the role of family communication on socialization of children. Further studies on the effect of family communication on consumer socialization have shown that children from Plurastic families seem to be the most competent consumers and those from Laissez faire appear to be the least competent (Moschis et al., 1986). The difference between different family patterns was reiterated in another study which highlighted that Plurastic encourage Consumer learning without emphasizing monitoring and control of consumption behavior and Protectives and Laissez faire deemphasize concept message (Carlson et al., 1990).

Parental communication has been successful in predicting child’s socialization. However, effect of parental communication in Child’s perceived influence is still unexplored. Children also employ various strategies to influence the decision making. Thus when they feel they deserve to have their way they utilize negative influence attempts and use positive influence attempts when they feel parent has a right to tell them. (Williams and Burns, 2000; Marshall et al., 2007). Study also showed that Childs perceived influence was generally highest for Plurastic and Consensual parents (Bakir et al., 2006). It is felt that influence of children is also conditioned by this communication matrix. Children with parents that have higher level of concept orientation will exert greater influence than children of parents with higher level of socio orientation. Parents with concept oriented communication consult their children and value their opinion (Carlson et al., 1990). Further children from Plurastic families will have highest level of perceived influence of children and children from Protective family will have least level of influence of children on purchase decision making.

Proposition 2: Family communication pattern affects the socialization of children and simultaneously affects the influence of children on family purchase decision making.

3.5. Childs demographics

3.5.1. Age of the child

Various models have emphasized the effect of age on consumer socialization of children. Heightened awareness of others perspectives, ability to analyze, do abstract thinking and apply to the world are some characteristics of children above 11/12 years. (Roedder, 1981, 1999) Also with increase in age, influence of children has been found to increase in family purchase (Ahuja and Stinson, 1993). Older children preferred to select more of their clothing for purchase (Haynes et al., 1995). Older children were found to influence family decisions about purchasing furniture and cars (Ozgen, 2003) and older children were more brand and price conscious than younger children for clothes (Shim and Snyder, 1995). While older children were found to make more request for clothes and records, the younger children made more request for food products and were also more likely to specify brands (Scott, 1974; Ozgen, 2003). We propose that older children will have more influence on purchase decisions.

3.5.2. Number of children

Studies show that as number of children in a family increases, attitude of parents becomes more restrictive (Guneyisu and Bilir, 1988). On the other hand, children in smaller families gain consumer capabilities earlier (Shim et al., 1993). This factor will also affect the influence of children on family decisions as children in smaller families would have more communication about consumption and purchase with their parents than do children in families with more children. Also money education at home was linked to the number of children, the more the children, less money education happened (Shim and Snyder, 1995). Families with less number of children will spend more time...
with children and involvement of children in family decisions will be more as compared to families with more children. It is proposed that influence of a child in purchase decisions will be more if he/she belongs to a family with less number of children.

### 3.5.3. Gender

Gender differences and its effect on influence of children on family purchase decisions have been reported in some studies (Lee and Collins, 2000; Moschis and Churchill, 1978) At the same time some other studies have found no correlation with gender (Wang et al, 2007; Chavda et al, 2005) Three females within a family were found to be more influential than three males acting together. Female children had more influence in family decisions than male children. (Lee and Collins, 2000) Gender difference was also highlighted in another study which said that female adolescents are more likely to perform socially desirable consumer behavior than male adolescents. However male adolescents appeared to know more about consumer matters (Moschis and Churchill, 1978).

Girls and boys being treated as equal, we propose that the influence of children would not be effected by gender. Girls and boys in urban India are treated equally now. The opinion of girls is as valued as that of boys and hence we think that gender would not affect the influence. It might only affect the areas of influence.

**Proposition 3:** Age of the child and number of children in a family affects the socialization of children and will also affect the influence of children on purchase decisions.

### 3.5.4. Type of product

Studies have reported that child’s influence on family purchase decisions varies by product characteristics. The importance of the product for the child and knowledge of the child about the product has a effect on his/her influence (Watne et al, 2011). Robert et al (1981) claimed that children have relatively lower influence on purchasing decisions when same are related to finance. Their influence was highest for products that related directly to the child (Foxman et al, 1989; Mangleburg, 1990; Beatty and Talpade, 1994; John, 1999; Watne et al, 2011; Shoham and Dalakas, 2005) Children’s influence was more for snack products (Ahuja and Stinson, 1993) and toys (Bjorklund, 1979). While one study on Indian children suggested that children had more impact on selection of children specific products than products for family use, another contrasted it by highlighting that Indian children have influence in various product categories used not just by children but by family and household (Desai, 2008; Ali and Batra, 2011)

**Proposition 4:** Type of product and purchase decision stage would have a moderating effect on the influence of children on family purchase decisions.

### 3.6. Family Re-socialization process and children socialization process

Socialization has been defined as the process by which people acquire skills, knowledge and attitudes relevant to their functioning as consumers in market place. Family has been found to play a pivotal role in socialization of children. However, the model also traces that now children are influencing the family purchase decisions and in the process parents are once again learning, acquiring skills knowledge and attitudes, only this time from children. The result is re-socialization of parents (Sharma and Sonwaney, 2013). The model proposes children as one of the socialization agents for parents/ family.

**Proposition 5:** Children are one of the socialization agents for re-socialization of parents.

### 3.7. Practical Implications

The importance of child as a consumer has been proved in literature. What also has been highlighted by various researches is the importance to understand influence of children on decisions. This is important for researcher who wants to understand the process and the various factors affecting it, for the marketer who sees a consumer segment in this group and thus needs to understand the factors that influence them and also the policy
makers who need to make sure that learning happens in the correct manner. The model proposes that learning between children and parents is a two way process. Children learn from parents how to become a consumer but the process is two way because children too are teaching the parents how to make/ change their opinions about different products. The research attempts to define re-socialization of parents and children as important socialization agents for parents. The model proposed only looks at the effect of family variables on influence of child on purchase decision making. Future research may also explore the effect of media (internet) and peers on child’s influence in decision making. Access to information now for children is much advanced than before. Information gives them the power to make decisions and influence the decisions. Further the model has been developed based on past research. The model needs to be tested empirically.

Influence of child on family purchase decision and its relation to family variables

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