

CHAPTER 1

INTRODUCTION

1.1 Background

The family is considered as an important decision-making unit with respect to the large quantity of products and services that form part of the everyday life of a household. Therefore, the family should be considered as a decision-making unit, which receives information, going through certain decision-making processes and finally making decision for the whole family. Traditionally, family was defined as two or more persons related by blood, marriage or adoption who resided together (Schiffman et al., 1994).

At first, only husband and wife were described as the family (Davis, 1970). The husband had traditionally been considered as the party who was finally and solely responsible for family decisions. However, the substantial change in the role of women had resulted in the merging of the traditional sex role (Komarovsky and Mirra cited in Green et al., 1975). As quoted in Green et al. (1975), women are increasingly performing tasks traditionally assigned to men, thereby no longer dependent upon men for economic and social support. Here comes the argument whom actually makes the family decision.

For many years, the literatures devoted to family decision-making concentrated on the individual role of decision-makers in the market. Subsequently, consideration was given to decisions made by the family as a group. Even though the family is considered as a group, it is also of interest to determine who is finally responsible for each decision that is made. According to Hempel (1974), in general,

some role specialization did exist with husbands concentrating on the financial-instrument decisions (such as mortgage and life insurance) and wives being involved in the social-expressive decisions (such as neighborhood and style of house). Ferber (1955) and Wolgast (1958) found out that most of the families made joint-decision. However, decision on certain subjects, one member or another was likely to have the greater role. The wife could be more likely to play a dominant role in purchases of home appliance and furniture, while car purchase was primarily attributed to the husband.

The notion that the family should be the main focus of investigation in studying consumer behavior had often been advanced. As only husband and wife were described as the family, either husband or wife or both were interviewed in previous research. In the early part, nearly all of the studies of family decision-making had centered on the husband-wife (Ferber, 1955; Davis, 1971; Hempel, 1974) and ignoring the involvement of children.

With the rapid changes in demographic and household structure, children have become a major consumer market, with tremendously high spending power. McNeal and Yeh (1997) found that some Chinese children as young as four entered the marketplace and made purchases for themselves with their own pocket money. They also found that by the time the children were nine years old, they made an average of two to three independent shopping trips a week, buying a relatively wide range of items including snacks, books, magazines, school supplies, play items, and clothing. This suggests that the previous view of children as having minimal influence in family purchase decision may no longer be appropriate. Nowadays, children have become an important element within consumer markets.

For many years, the influence of children on the family decision-making process had received only limited research attention. While a great deal of attention had been devoted to children as consumers (McNeal and Yeh, 1997), only a few studies had attempted to assess directly the nature and extent of a children's influence on family purchase decisions. Nevertheless, there were few researchers who had found the increased children's impact on their parents' decisions and their general involvement in the family decision-making. Berey and Pollay (1968) found that the child-centeredness of the mother was negatively related to yielding to the child request for cereal purchase. Ward and Wackman (1972) and Aktin (1978) reported that majority of mothers yielded to their children request for cereals. On the other hand, Foxman, Tansuhaj and Ekstrom (1989b) studied the socialization factors affecting the children's influence.

A range of research methods was implemented to explore and understand the children's influence in family decision-making. Atkin (1978) used the "observation method" in 20 standard supermarkets in inner city and suburban areas of Detroit and Lansing, to study the communication between mother and the child for cereal purchase. In order to closely observed yet not contaminated the behavior of the shoppers, the observers stood near the cereal shelves pretending to be the store clerk. The observers recorded the interaction between the mother and the child, and marking whether "conflict" or "unhappiness " had occurred between them.

Belch, Belch and Ceresino (1985) distributed self-administered questionnaires to approximately 300 households in a major metropolitan area. Only families in which the husband, wife and at least one child (at least 13 years of age) were

currently living at home were included in the sample. All respondents were asked to rate their own and other family members' influence in family decision-making.

Foxman, Tansuhaj and Ekstrom (1989a) delivered questionnaires to four middle schools and high schools, which had agreed to participate in the survey. The teachers administered the questionnaires in their classes and each student was then requested to take two questionnaires home for his/her parents to complete independently. Students were asked to return the questionnaires to school in one week. The child and the parents were asked to rate the children's influence for a limited range of products.

A few studies had also been carried out in China in view of the huge market potential. McNeal and Yeh (1997) studied the development of consumer behavior patterns among Chinese children. They used the same data collection method as Foxman et al. (1989a) where questionnaires were distributed to five schools in Beijing and Tianjin. Children in grades K-5 (between age 4 to 12 years old) were instructed to take the questionnaires home to their parents for completion and returned them to their teachers within a week.

Although children's influence studies had advanced in these areas and the children's participation in family decision-making may also increased, we have little knowledge about the nature or amount of such increase. In addition, majority of the studies done on children's influence in family decision-making are concentrated in the United State (Ward and Wackman, 1972; Ahuja and Stinson, 1993) and rather limited in the developing countries. Therefore, this study will focus in examining the impact of children's influence in the family decision-making in Malaysia. A different data collection technique was applied here.

A survey was actually done by a research company in Malaysia to gather information about children's spending pattern and their purchase influences in family decision-making. All interviews were carried out face-to-face at the respondent's home in Peninsular Malaysia. Multi-stage random probability sampling method was employed to select the respondents (refer Section 3.3: Data Source and Data Collection). As compared to the studies discussed earlier, the survey coverage in this study is wider and the sample is more reflective of the target population. Besides that, this study took a simpler approach by focusing only on the child's influence as perceived by the child and the "marketing housewife".

1.2 Objectives Of The Study

This study will focus on a series of important decisions made in the majority of households in Peninsular Malaysia to examine the impact of children's influence in the family decision-making. As discussed by Belch, Belch and Ceresino (1985), the relative influence of children varied as a function of product class. For example, for product or service categories in which the child was directly involved in consumption or participation, the child was expected to have at least some influence on the purchase decision. Therefore, the first objective of this study is to understand the children's influence on parent's decision in purchasing, holiday destination and restaurant choice.

Children from different social background have different influence pattern. Therefore, the second objective is to find out what are the factors affecting children's influence on parent's decision in purchasing, holiday destinations and restaurant choice.

McNeal and Yeh (1997) studied the consumer behavior patterns among children age 4 to 12 years. They revealed that children have money to spend beginning at age four and their income continues and increases throughout their elementary school years. Hence, our third objective is to understand the children's income and saving pattern.

Studies by Yavas et al. (1994) and Foxman, Tansuhaj and Ekstrom (1989b) revealed that financial resources affected one person influence in family decision-making. Children's personal resources should also affect their relative influence in family purchase. Not only do they have a large amount of their own discretionary income, they also influence a wide variety of minor and major family purchases, from toys to cars. Children resources may include their pocket money received from their parents or grandparents and their earning through employment. In this study, we will only focus on the pocket money as income. Our fourth objective is to study the relationship between children's income and their influence in family purchase decision.

Studies of family decision-making had often found respondents disagreement in their ratings of different family members' influence in purchase decision. Our study provides a more realistic picture of family influence relationships by examining family dyads (child and the "marketing housewife"). The objective is to know whether and how these individuals' purchase related influence perceptions differ, and how a household measure of such divergence can be explored and utilized.

1.3 Outline of The Report

This report is organized as follows. Chapter 1, the introductory chapter reviews the history and progress of the studies done by various researchers about children's influence in family purchase decision. It also includes the discussion on the objective of this study.

Chapter 2 provides a synthesis of the relevant literatures. We explore some of the issues surrounding the children's influence by examining the factors affecting their decision-making.

Chapter 3 describes the methodology of the study which includes data source, data collection method, questionnaire design, description of the data and methods to be used in the analysis.

Chapter 4 and 5 present the results or findings of the study. Finally, Chapter 6 summarizes the results and discusses the main conclusions of the study, the limitations and provides several recommendations for future research.