

CHAPTER 2

LITERATURE REVIEW

2.1 Introduction

This chapter reviews some of the literatures on studies done on children's influence in decision-making. The first section reviews the family purchase influence studies, which involved only the husband and wife and help to understand their influence pattern if any. The next section reviews how parents perceived their children's influence in the family purchase decision. The third section draws out differences in perception of the children's influence between the parents and the children. It then discusses studies involving children as a decision-maker in the family. Finally, this chapter studies the factors affecting children's influence and seeks relationship between children's pocket money and their influence in family decision-making. Findings and observations on the literature review are the basis of the main objectives in this study.

2.2 Husband-Wife Purchase Influence

Researchers always facing problem trying to understand the role played by each member of the family in purchasing a particular good. Therefore a number of studies was done to seek answers to this problem. A number of studies was carried out by soliciting opinions of one family member regarding purchasing influence possessed by him/her and by other members of the family. Generally, researchers relied upon the wife as a family's sole respondent because of her availability and thus a larger sample could be secured. The question is, whether wives can accurately report who exerts influence in various family decisions.

2.2.1 Disagreement

Studies comparing husband's and wife's opinions within the family revealed that disagreement exists between couple. According to Haberman (1967), spouses were found to disagree about a wide range of subjects, including the amount of family income, who initiates conversation, how much time they spend in conversation and what topic they discuss (cited in Davis, 1971). However, the largest discrepancies between husbands and wives seem to occur on family decision-making mainly in purchasing (Davis, 1970).

Robert Ferber (1955) had conducted a study by simultaneously giving a couple from the same family a questionnaire and asking them various questions separately without referring to each other's answer. The questions were related to subjects such as type and characteristic of durable goods purchased by the family, family economic status, family characteristics (such as size of the family, age, income, and presence or absence of a family budget), and questions pertaining to opinions regarding the influence of the different family members upon purchase decision.

The study was designed to test the reliability of one type of purchasing influence information, namely that obtained by asking a family member to rate the relative influences of each member over the purchase of specific goods. The reliability of the influence was measured by looking at the correspondence between ratings of the respondents and also the consistency of the ratings. It was found that the degree of association in the influence ratings was higher for family with heads at least 50 years of age and two member families (i.e. husband and wife). The ratings were also found to be consistent in the sense that the husbands tend to ascribe greater weight of the wife's influence in purchasing a car than did the wife herself. Overall,

the husband was seen to rate the wife more important than she rated herself. The same observations also hold for the influence ratings given to the husbands. In other words, the wife also tend to rate the husband had greater influence in purchasing a particular good than he did himself. Generally, family members tend to deprecate their own influence relative to the influence ascribed to them by other family members.

Hempel (1974)'s study presented cross-cultural comparisons of husband-wife interaction in specific family decisions. The data were obtained from two surveys conducted during the summers of 1968 and 1971. The first sample involved 206 families from Hartford, Connecticut. The 1971 study included 317 households from Preston-Lancaster area of Northwest England. Hempel (1974) mentioned that, in most instances, the differences between the roles perceived by husbands and wives within the same cultural setting were greater than the differences between cultures for either sex.. This suggests that the accuracy and reliability insights of family purchase decision cannot be solely dependent on the husband or wife alone. It is therefore important to interview both parties to assess the extent of influence of the individual since information from one spouse is not sufficient to tell us who has what influence on any particular decision.

2.2.2 Relative Influence As a Function of Product Category

Although different perceptions of influence exist between husbands and wives, there were evidences showing that generally husbands' and wives' influence varied by product class (Belch et al., 1985). The wives may be more dominant in making decision on some products, while the husbands make more decision on other set of products. The husband tends to have the most influence in decisions regarding

the purchase of a television set (Belch et al., 1985) and a car (Wolgast, 1958; Ferber, 1955; Yavas et al., 1994). Husbands showed the least influence on decisions for breakfast cereals (Belch et al., 1985). Purchase of home appliances was controlled by wives more often than by husbands (Wolgast, 1958).

Similar findings were also obtained by Assael (1987). In his study, the wife demonstrated a relatively high degree of influence on household appliances and household furnishings, and the least influence in the purchase of televisions and automobiles. Ferber (1955) also found that wives exerted a preponderant influence upon the purchase of furniture, cereal, refrigerator, dentifrice and linens and Yavas et al (1994) reported that wife dominated on the purchase of groceries and women's clothing. As for family vacation decision, it was characterized by joint-decisions between husbands and wives where both of them had about the same amount of influence (Assael, 1987).

In summary, distribution of responsibility in family decision-making process is based on relative competence and areas of expertise among the adults. The results also suggest that wives are more involved in the decision-making to at least a moderate degree for all products, while the husbands' decisions are more specialized. The husband exhibiting strong influence for some products such as properties and cars, but very little on other things like household goods and groceries.

2.2.3 Demographic Factors

Differences as to who makes the decisions within a family can be determined by different variables. Even though husbands tend to dominate decisions for certain product categories and wives with others, there is likely to be variation in the degree of dominance within each family. Assael (1987) mentioned that in some families, the husbands might be more dominant regardless of the product being considered; in others the wives might be more dominant. It had been shown that demographic and socio-economic characteristics affected one family purchasing power. In the American families, economic decisions were commonly made jointly by the husbands and the wives (Wolgast, 1958).

Husband and wife were more likely to make joint-decision if the wife was working. Other factors that affected the tendency of joint-decision included the wife's occupation status, income, education level, age and duration of marriage. The higher her job status, income and education level, the more likely a couple would make a joint-decision (Martinez et al., 1999). Yavas et al.'s (1994) report also showed a significant relationship between wife's education and family purchase decision roles. In most cases the proportion of joint-decisions increased with an increase in the wife's education level. Even in the case of automobiles purchasing, this pattern was persistent. Wolgast (1958) reported an interesting finding where age actually had a more marked and more general effect on decision-making patterns. With increasing age and perhaps increase in duration of marriage, joint-decision was reported to decline.

Webster (1994) investigated the effects of Hispanic ethnic identification on marital roles in the purchase decision process. Ethnic identification is a process to determine the ethnic identity, using indicators such as language use, country of origin, religion and social interaction. Significant differences were found among the Hispanic ethnic identification groups in most of the decision stages for a variety of product categories such as automobiles, major appliances and furniture. The findings also revealed a significant positive relationship between ethnic identification and husband dominance in decision-making.

Whyte (1978) mentioned that extended families which consist of a number of adults of each gender (male and female), lead to a fairly rigid sexual division of labor. If one could not perform his or her role, there would be another person (same sex) in the family that could take charge of the work. However, in nuclear families, spouses were more interdependent of each other. Thus, the wife's role in a nuclear family was more critical to the well being of the entire family, including the husband. This greater centrality might result in greater decision-making influence (cited in Yavas et al., 1994).

Husband-wife influence also varied with respect to specific decision areas and stages of the decision-making process (Schiffman et al., 1994; Assael, 1987). One spouse may initiate a decision, another may dominate in gathering information, and both may make the final decision. Besides that, husbands may be more influential in determining how much to spend whereas wives may be more influential in determining what item or brand to buy.

2.3 Parent's Perception of Children's Purchase Influence

Most studies looked at how a father or a mother or both parents generally perceived their children's influence in family purchase decisions. McNeal and Yeh (1997) analyzed Chinese children's influence on the spending behavior of their parents. The parents were given a predetermined list of 25 items commonly purchased by Chinese households and asked to estimate to what extent, if any, their children decide in the purchase of the items. The results revealed that children's influence was very high for purchased of candy, clothing, fruits, toys, and video games, that is, products we might normally associate with children as major consumers. Their influence was relatively low for meat, seafood, and vegetables; that is, products for which we might expect the head of the household to be the chief decision-maker. There was a statistically significant decline in purchase requests for five products as the children got older, that is bakery items, gum, ice cream, milk, and toys, and a statistically significant increase in requests for toothpaste and toothbrush.

Ward and Wackman (1972) conducted survey examining the influence of family structure on children's purchase influence attempts and parental yielding. The study was done by sending out self-administered questionnaires to mothers of 5-12 year old children in Boston metropolitan area. Mothers were asked to indicate the frequency of their child's purchase influence attempts for 22 products. The findings suggested that children's influence attempts may decrease somewhat with their age, depending on the type of product, but mothers' yielding to requests increased with the child's age (Ahuja et al., 1993), reflecting a perceived increases competence of older children in making judgement about purchase decisions.

Limitations of the above studies of children's consumer behavior pattern are the fact that all of the information was obtained from parents rather than children. Is it valid to measure children's influence by just looking at the parent's perceptions? Is the information sufficient enough to understand the children's influence in family purchase decision? These are the few areas that require further analyses.

2.4 Different Perceptions Between Parents and Children

The existence of different perception of family members' influence had been proofed in husband-wife relationship (Ferber, 1955). However, the number of studies which actually involve the children as respondents to measure their perception of the family members' influence are rather limited. Previous studies mostly focused on how parents perceived their children's influence in the family purchase decision (Ward and Wackman, 1972; Ahuja and Stinson, 1993). However, it may not be valid to measure children's influence in an aggregate manner when a family has more than one child. Furthermore, the responses of parents may not give an adequate representation of the child's influence on the family decision process. There is the possibility that parents may overestimate or underestimate the influence of the child, just as they may overestimate or underestimate the influence of a spouse (Ferber, 1955).

Belch et al. (1985) examined the influence of not only the husband and wife, but also the teenage child, for various sub-decision areas and across different stages of the family decision-making process. They considered the responses of the teenage child, as well as those of the parents, in assessing family member influence. By measuring the perception of teenage children, in addition to those of parents, it is possible to assess not only the extent of agreement among the family members

concerning their influence, but also to examine differences in perceptions that may exist regarding the influence of various family members.

Analysis of variance tests were used to determine whether there were significant differences in perceptions regarding the relative influence of the three family members. For all products, separate ANOVA were run with the influence score given by the husband, wife and child for each family member representing the dependent measure. The comparison of the relative influence scores of the family members revealed that disagreement among the family members arose primarily from the children's perception of the father's influence and their own influence. The children tend to attribute higher level of influence for the father than did the mothers or fathers themselves. The children also tend to indicate more influence to themselves than did either parent. The responses of the mothers and the fathers showed a fairly equal balance of modesty and vanity. The mothers and fathers were basically in agreement in regard to their perceptions of influence in the decision-making (Belch et al., 1985).

Foxman, Tansuhaj and Ekstrom (1989a) carried out a similar research to study the family members' perceptions of adolescent influence in family decision-making. Unlike Belch et al. (1985) where the three respondents rated their own and other family members' influence, Foxman et al. (1989a) used a simple approach by focusing only on the child's influence as perceived by mother, father and the child him/herself.

As a conclusion, Foxman et al. (1989a) emphasized that children tend to rate themselves as having more influence than their parents have especially in purchasing toothpaste for themselves. Mothers and fathers both believed that parents had a little

more influence or at least an equal say in the purchase. As for child's clothing, respondents showed less disagreement. All indicated that children had more say in purchasing their own clothes. In summary, Foxman's finding is in line with Belch's which had indicated that family members disagreed on the amount of influence adolescents had in the family purchase processes. Both parents' perceptions were in more agreement with each other's perception regarding the child's influence than either of their perceptions were with the child's own perception of his/her influence.

Foxman et al. (1989a) also studied the relationship between the divergence measure and the family structure. Their findings revealed that the age of father had a strong inverse effect on divergence which means the older the father, the more agreement was observed in family members' influence perceptions. Mothers' work hours outside the home and number of children in the family were both directly related to divergence in influence perceptions, the larger the family and the more time mothers spent working outside the home, the greater the divergence in family influence perceptions.

2.5 Children's Purchase Influence

According to McNeal and Ji (1999), although Chinese parents were viewed by their children as much less important than television as a new product information source, they do play a major role in assisting their children to grow as consumers, by providing them with information about certain new products, principally school related items and personal care products. In addition, previous research by McNeal and Yeh (1997) demonstrated that Chinese children had great influence on their parents' spending. They played an important role in the family purchase decision for a wide range of products, and in many cases may be the sole decision-maker.

Children take part in family decision in three different ways. Firstly, children are influenced by other family members; secondly, children act as autonomous decision-makers and, finally, children influence the decisions of other family members (Assael, 1981).

Similar to that of husband-wife's influence in family purchase decision, children's influence varies sharply by product categories. In the extensive study of mothers of 5 to 12 years olds, Ward and Wackman (1972) found that child's influence attempts on parental yielding occurred across a broad range of products. However, children's influence in family purchase decisions has been generally examined in a restricted context, focusing mostly on products that are used primarily by the child. This is due to the fact that children's influence varied by product in a logical way where they tend to report more influence for products that were less expensive and for their personal use (clothes), and least influence in decision regarding the purchase of products not for themselves (Foxman et al., 1989a; Foxman et al., 1989b; Belch et al., 1985). In their studies, the child's input was greatest for products he/she was most involved with and/or affected directly, like breakfast cereal and vacation decisions, as expected.

Atkin (1978) observed the parent-child dyad in a natural supermarket setting at the cereal shelves to assess which party initiates the selection episode, how the other party responds, the content and the tone of communication, and occurrence of unpleasant consequences such as arguments or unhappiness. He concluded that the child played the dominant role in family cereal selection in the supermarket either by asking for a brand or choosing one, upon parental invitation.

Gelperowic and Beharrell (1994) mentioned in their study that consumers are increasingly aware of the relationship between their diet and their health over the last decade, and this trend is likely to continue to influence consumers' buying patterns. Unfortunately, young children may not be attracted to healthy food products. Even though the parents may want their children to have a healthy diet, the increasing influence of children in family decision-making for food purchases and the lack of children's awareness of healthy diet could represent a threat to parents' willingness to make their children taking healthy food. As the finding indicated, parents could sometime give in for products which were not considered healthy but which their children requested only because of their attractive packaging, shapes and flavors.

Darian (1998) studied the children's clothing purchase influence. He used the data collection method, which is similar to that of Atkin (1978), i.e. to unobtrusively observed and recorded the behavior of parents and children in retail stores. The study indicated that the parent and the child were engaged in a joint-decision process where the relative influence of each party may shift while in the store. This result is in line with Holdert and Antonides (1997)'s finding who revealed that children's influence was the strongest for child's clothing. Children influence for clothing increased with age (Ward et al., 1972).

McNeal and Yeh (1997) reported that parents usually had their children's like in mind when they made most purchases. Parental purchases are influenced by their perception of children's unstated preferences and/or needs. Children are likely to have at least indirect or passive influence on many family purchase decisions in that their presence and needs may be taken into account by their parents. According to McNeal and Ji (1999), children had "pester power" and influenced their parents'

purchases of products and services. The interests, wants and needs of children are a consideration in many purchase categories.

2.6 Demographic Factors

There were studies that investigated the factors affecting children's influence in the family purchase decision. For example, some researchers studied the relationship between family structure and children's influence in the family purchase decision (Ward and Wackman, 1972; Atkin, 1978; Foxman et al., 1989b; Ahuja and Stinson, 1993, Warwick et al., 1999).

Ward and Wackman (1972) conducted survey examining the influence of family structure on children's purchase influence attempts and parental yielding. They concentrated on three variables: demographics, parent-child interaction and mothers' mass communication behavior.

Besides Ward and Wackman (1972), Ahuja and Stinson (1993) had also carried out a research with the objective to examine the relationships among selected characteristics of single mothers, and the influence the children have in the family decision-making process. They concluded that children's influence in family purchase varied according to the demographic characteristics of the family.

2.6.1 Age

According to Jennifer Gregan-Paxton et al. (1995), age differences in decision-making are attributable. Researchers on children's influence in family purchase decisions had examined children from different age groups. Berey and Pollay (1968) included children ages 8 to 11; Ward and Wackman (1972) focused on children ages 5 to 12; Atkin (1978) observed mothers and their 3 to 12 years old children; Belch et al. (1985) included children 13 and older.

Ward and Wackman (1972) had done an extensive study on 22 products by age of the child. The analysis indicated that children frequently attempted to influence purchase for food products, but these attempts decreased with their age. On the other hand, parental yielding to requests increased with child's age. This is consistent with Atkin's (1978) findings where he concluded that the rate of child initiation was higher for younger rather than older children and the rate of child success in obtaining the desired cereal increased with age. Although parents may receive more purchase influence attempts from young children, they were more likely to act on them as the child grows older. In other words, older children would have more influence in family decision-making than younger children (Ahuja et al., 1993).

2.6.2 Sex Role Differences

Boys and girls tend to differ in predictable ways in personality and the performance of social roles. They tend to differ in the way they play (Pitcher et al., 1983), the food they eat (Kortzinger et al., 1994), the way they interact with people (Shim 1996), and also other differences in sex role during their development. These raise the interest of the marketing researchers to better understand children's sex role differences in their influence towards parents' purchase decision.

However, the studies examining the sex role differences for children's influence study were rather limited. Most researchers only included sex role as part of the children's influence study and some showed surprisingly few differences. Atkin (1978) showed no sex differences in the rate of child initiation. Female children obtained only slightly higher success rates in obtaining the desired cereal. McNeal and Yeh (1997) also concluded that girls and boys had about equal influence in family purchase decision. In a recent study by Beatty and Talpade (1994), they suggested that mothers of females were more likely to agree with their children's estimation of relative influence than mothers of male. They also concluded that females were more likely to have an influence on grocery purchase than male.

2.6.3 Parent's Income, Occupation and Educational Level

Foxman et al. (1989b) mentioned in the study that the comparative resources of parents will determine who dominates in family decision. There were evidences that wives' influence in family decisions increased as they worked outside the home and when their financial resources increased relative to that of their husbands (Hempel, 1974; Yavas et al., 1994). In other word, the greater the resources (income, education) of a spouse relative to his/her spouse, the greater is his/her influence in consumer decision-making.

As Ahuja et al. (1993) mentioned in their study, mother's income had positive effects in children's influence. They also found that children would have more influence in the single parent families in which the mother was employed compared to the household in which the mother did not work. However, as the mother's educational level increased and her sex role autonomy increased, children's influence decreased. Better educated single mothers were more confident in their ability to

make the best decisions for their families. Besides, by facing constant time pressures, single mothers may seek less direct input from the children.

Besides the factors discussed earlier, there are other demographic factors affecting children's influences in family purchase decision. Household size had rarely been included in marketing studies but there was support in the sociology literature that the number of children affects the process and outcomes of a family's division of labor decisions regarding household chores (Bocker, 1986). Ahuja et al. (1993) concluded that household size had positive effects on children's influence, however only for snack product. Churchill and Moschis (1979), cited in Foxman et al. (1989b) found a positive but non-significant relationship between birth order and family decision-making.

Besides family characteristics, children's influences were also found to vary by decision stage and decision area. Children had relatively more influence in the initial stage and limited influence for the specific decision areas such as how much to spend and where to buy (Belch et al., 1985; Beatty and Talpade, 1994). A child would have greater influence in family decision-making for product purchase decisions that he/she considered important and about which he/she had a high level of product knowledge (Foxman et al., 1989b). Overall, the product category is the dominant factor in determining where the influence lies.

2.7 Income, Saving And Spending Pattern

Children not only have their own money to spend, but they also have a major voice in the spending behavior of their parents. But do they really have money to spend, and if so, do they spend it, and on what?

McNeal and Yeh (1997) defined children's income into two equally important types. One is money that is given frequently to children for spending that they term as regular income. There are three main sources of regular income. The primary source consists of frequent small gifts of money from parent, which is usually given to children of all ages on an as-needed basis. An allowance, what may be described as periodic distribution of money to children with usually no specific conditions attached, constitutes the second most important source of regular income. Third source of regular income consists of money gifts from others and money earned by doing household chores. The latter is special gift that is given to the children by parents and grandparents during special occasions.

According to McNeal and Yeh (1997) who examined the Chinese children income, saving and spending pattern, Chinese children had money to spend from the age of four and their income increased significantly with age and ranges from 3.2 yuan for 4 year olds to 21.1 yuan for 12 year olds. The mean regular income of boys and girls did not differ significantly.

The progressive nature of income with age suggests an increase intensity of consumer socialization as the child grows older. This may be somewhat the result of increased parental expectations about their children's ability to meet some of their own needs as they grow older, as well as an increased frequency of requests to consume from the child directed to the parents (McNeal et al., 1994).

The pattern of consumer behavior for the children in Hong Kong become increasingly similar to those of in the US, with a strong emphasis on spending, and contrary to the Chinese culture, a declining interest in saving (McNeal et al., 1994). On average, children save about 60% of their income, with rates varying significantly from 51% for 12 year olds to 75% for 4 year olds (McNeal and Yeh, 1997). McNeal et al. (1994) found that the amount saved weekly was significantly higher for the nine and twelve year olds for children in Hong Kong, but other age groups were not found to be significantly different.

According to McNeal and Yeh (1997), Chinese children spend around 40% of their total income. 11 and 12 years old boys spend significantly more than girls. Their findings indicated that food stores were the number one frequented store type by children ages 4-10, while bookstores were number one with children age 10 and over. Toy stores rank second with the young set, while food stores were second in importance with the older children. Stationery stores, where children buy their school supplies, were popular for all school ages and rank third among all children. Street merchants, where children can most conveniently buy almost any product desired, rank fourth among all the children on the basis of patronage. Department stores were the last in rank.

Store visit frequencies did not differ by gender although girls tend to patronize food stores and bookstores slightly more than boys. Children 4-8, allocated significantly more of their money to snacks and play items, while older children, those 9-12, allocated significantly more of their money to books, clothing, and electronics. There were no significant differences in the percentage of spending that boys and girls allocate among the eight categories.

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Children's personal resources should also affect their relative influence in family purchase decisions, with children with greater resources having greater influence. Foxman et al. (1989b) findings supported these idea where adolescents in the employed/high earning category had greater relative influence in product choice decision than children who were not employed and had no earning. However, Beatty and Talpade (1994) research only found a weak relationship between children influence and their financial resources.