CHILDREN INVOLVEMENT ON FAMILY PURCHASE DECISION MAKING

by:
Revina Wintry Jostein

Faculty of Economics and Business,
International Business Administration (IBA) Program
University of Sam Ratulangi Manado
email: revinajostein@yahoo.com

ABSTRACT

Children take big involvement in family decision making process today. There are several factors that make this phenomenon happen, such as media influence. Currently, the development of information and communication technology is so fast, indirectly encourages all parties, including the children to be able to follow the changes. There are two main objectives that will be examined, related with all the stated problems at the previous section, which are to analyze which product category does children involvement of purchase decision making is significant and the key strength of each product category based on the criteria developed in AHP. Theories supporting research are consumer behaviour and decision making. The population is all housewives in Manado with sample of 50 respondents using convenience sampling. The conclusions are (1) the influence of children on family purchase decision making is more likely to suggesting buying product categories followed by deciding brand, and deciding on model; and (2) based on three product categories that are, electronics, personal care and food, respondents more prefer to food than the other product category.

Keywords: *decision making*

INTRODUCTION

Research Background

All humans are considered as a consumer. This means that they used or consumed based on particular food, clothing, housing, education, and other services. Today consumers are considered as primary key or the success of a company and it is important to understand the behavior of consumers, an important factor in successful marketing and advertising strategies is a correct understanding of consumer behavior (Fail, 2011, cited by Ganjinia, et al., 2013). Family as a consuming and decision making unit is a central phenomenon in marketing and consumer behavior (Commuri and Gentry, 2000, cited by Desai, 2008). Family is the most important buyer organization in the society. Everyone learns their orientation towards religion, politics, economics, ambition, values, and love, from their family. Even if the buyer is no longer in any contact with their family, the family has still great influence on their unconscious behavior (Aghdaie and Renani, 2013). A family member has the authority to make decisions or to be the most powerful one in the family when cultural or social norms designate him/her as the rightful person (Jeevananda and Kumar, 2012).

Family as the smallest unit in society has an important role in economic activity, because basically all humans are consumers. Although as the smallest unit, the family is a big target market for manufacturers. That is because the level of consumption of goods and services within a family or household. In the family too, all purchase decisions are taken. If we look at the condition of a family at 10 or 20 years ago, the role of parents is very dominant in the purchase decision. There are several factors that lead to patterns of parental dominance, for example, in a family consisting of many members of the family making it difficult to talk about what goods to buy, because everyone has a different perspective so it is difficult to find a solution. Therefore, the parents have to take decisions. Or at the time the child is still considered to be too easy or too small to provide any advice or input in purchases activities, or in other words parents oriented.

Nowadays, children take big involvement in family decision making process. There are several factors that make this phenomenon happen, such as media influence. Currently, the development of information and communication technology is so fast, indirectly encourages all parties, including the children to be able to follow the changes. One of the phenomena that we can see today, especially in the city of Manado is the behavior of children who are more likely to imitate the behavior of adults. Especially when there are some children who even still attending primary school has been using handphone is not uncommon even among those who are already using smartphones. Rapid development of information at this time and ease of access to such information, either through print and electronic media that can be accessed not only by parents, but also the children, making them more updated with what is happening today. This has encouraged the children to provide input or advice to parents in the decision-making process. It is inevitable with such rapid development of the current era, is indirectly also change the pattern of parental education on children. Give parents more freedom to children in expressing their opinions. Especially when the majority of one family is only consist of 3-5 family members. Compared with earlier times in one family can consist of 10 family members even more. That's what helped push the freedom of thought parents to provide for their children. In fact it is not uncommon for parents to consult their children in the purchase decision process. Generally, rising effect of children in family buying process in recent years are because of social, economical and technological changes. As a result, despite of the awareness of these changes and the rising role of children in purchase process, yet their effect on families purchasing are not clear.

Research Objective

There are two main objectives which are:
1. To analyze which product category does children involvement of purchase decision making is significant.
2. To analyze the key strength of each product category based on the criteria developed in AHP.

THEORITICAL FRAMEWORK

Theories

Marketing

Kotler and Keller (2009:45) stated that marketing is about identifying and meeting human and social needs. Bovee and Thill (2008:215) said, Marketing is process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create and maintain relationships.

Consumer Behavior

Schiffman and Kanuk (2007:37) stated the term consumer behavior is defined as the behavior consumer of consumer display in searching for, purchasing, using, evaluating, and disposing of products and services that they expect will satisfy their needs. According to Griffin and Ebert (2006:283), consumer behavior is the study of the decision process by which people buy and consume product. The behavior of buyer is important things that influence the buying decision process.

Decision Making

Solomon (2011:362) said that consumer decision making is a central part of consumer behavior, but the way we evaluate and choose products (and the amount of thought they put into these choices) varies widely, depending on such dimensions as the degree of novelty or risk related to the decision. According to Solomon, (2011:333), there are five stages of consumer decision making process that is problem recognition, information search, evaluation of alternatives, product choice, and outcomes.

Previous Research

Martensen and Gronholdt (2008) examines parents' perception of their children's (5-13-year-olds) participation in and general influence on the family decision making process when purchasing in 14 different product categories, which is indicated that children exercise quite strong influence on the family decision making processes, particularly for products relevant to them (like cereal, juice, soft drinks, and mobile phones).

Ganjinia et al. (2013) investigate the influence of children in family purchasing decision making in chain stores and found that some of the factors have special influence on the demand or acceptance of family. Ali et al. (2012) examined the impact of demographic factors/variables like gender and age of children and parental profession on children in Delhi (India) ad found that children especially boys in the age group of 14-16 years have more influence than the girls in the same age group. Jeevananda and Kumar (2012) focused on the children influence in parents buying decision and revealed that the children get money on different occasions for their personal use and additionally they mostly influence their parents while buying many products which are used by them. Fathollah et al. (2013) investigated the role of children in family purchasing process and revealed that all the variables of research affect on family purchase process. Thomson et al. (2007) identified opportunity to develop knowledge surrounding the important role that children play within family purchasing by including them as direct research respondents and the findings addressed a specific and important aspect of the data, namely the influence behaviour adopted by children during high-involvement family purchase decisions.
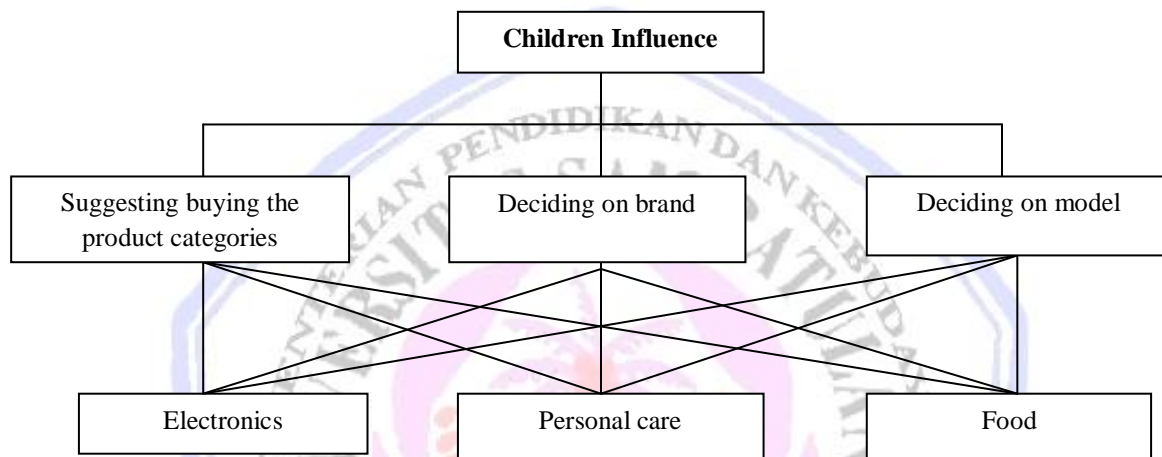

Figure 1. Conceptual Framework

RESEARCH METHOD

Type of Research
This research uses relational type of research where it will investigate the influence of children on family purchase decision making.

Place and Time of Research
The study was conducted in Manado between July – August 2013. This study has been made to know the involvement of children in family purchase decision making process.

Population and Sample
Population is an identifiable group of elements (for example, people, products, organizations) of interest to the researcher and pertinent to the information problem" (Hair, et al., 2010:131). Population is the entire group of people, events, or things that are researcher desires to investigate (Sekaran and Bougie, 2009). The population in this research is all housewives in Manado.

Sample is a randomly selected group of people or objects from the overall membership pool of a target population. (Hair, et al., 2010:130) According to Sekaran and Bougie (2009) Sample is a subset or subgroup of the population.The sample of this research is housewife in Manado, as many as 50 respondents. The sampling design is convenience sampling that is considered as the best way of getting some basic information quickly and efficient. Convenience sampling is a method of nonprobability sampling where the samples are drawn on the basis of the convenience of the researcher or interviewer. (Hair, et al., 2010:133)

Data Collection Method
        For this current research, there are two types of data that are used to make a appropriate result, which are: (1) primary data is data structures of variables that have been specifically collected and assembled for the current research problem or opportunity situation (Hair, et al., 2010:26) and (2) secondary data is data collected for some purpose other than the problem at hand taken from books, journals, and relevant literature from library and internet.

Operational Definition and Measurement of Research Variables

Operational Definition of Research Variables
−   Electronics the science and technology concerned with the development, behaviour, and applications of electronic devices and circuits.
−   Personal Care includes: assistance with dressing, feeding, washing and toileting, as well as advice, encouragement and emotional and psychological support.
−   Food is any substance containing nutrients, such as carbohydrates, proteins, and fats that can be ingested by a living organism and metabolized into energy and body.

Those research variables will be measured using the fundamental scale of absolute numbers as table below:

Table 1. The Fundamental Scale of Absolute Numbers

Intensity of Importance	Definition
1	Equal importance
3	Moderate importance
5	Strong importance
7	Very strong or demonstrated importance
9	Extreme importance
2,4,6,8	For compromise between the above values
Reciprocals of above	If activity i has one of the above nonzero numbers assigned to it when compared with activity j, then j has the reciprocal value when compared with *i*.

Source: T. L. Saaty (2008)

Data Analysis Method

Analytical Hierarchy Process Analysis Model
        Analytical Hierarchy Process (AHP) is a decision making technique for managing problems that involve the consideration of multiple criteria simultaneously" (Saaty, 1980). According to Taylor III (2010:431), Analytical Hierarchy Process (AHP) is a method for ranking decision alternatives and selecting the best one when the decision maker has multiple objectives, or criteria, on which to base the decision.

RESULT AND DISCUSSION

Result

Analytical Hierarchy Process
        In Analytical Hierarchy Process (AHP), the decision maker determines how well each alternative scores on a criterion using pairwise comparisons. In pairwise comparisons, the decision maker compares two or more alternatives according to one criterion and indicates a preference.

Table 2. Criteria Preference Matrix

Site	Criterion		
	Electronics	**Personal Care**	**Food**
Suggesting Buying Product Categories	0.4220	0.3171	0.3898
Deciding on Brand	0.3216	0.3633	0.3618
Deciding on Model	0.2527	0.3196	0.2484

Source: Process Data, 2013

Table 2, shows the average of criteria preference matrix for each category. First category is Electronics, second category is Personal care and the third category is Food.

Table 3. Averages of Overall Performance

Overall Criteria Weight			
Children involvement	Suggesting buying product categories	Deciding on brand	Deciding on model
Averages	0.3929	0.3477	0.2582

Source: Process Data, 2013

Table 3, shows the averages of overall performance ranking of each product category that based on the scores developed by AHP method positioned suggesting buying product categories (0.3929) in the first place, Deciding on brand (0.3477) in the second place, and Deciding on model (0.2582) in the third. After establishing the overall ranking for each category of children involvement through Analytical Hierarchy Process (AHP), it is needed to indicate the degree of consistency of AHP result. However, a Consistency Index (CI) can be measured the degree of inconsistency in the pairwise comparisons. The degree of consistency in this research is CI/RI = 0.0892. In general degree of consistency is satisfactory if CI/RI < 0.10, but if CI/RI > 0.10, then there are probably serious inconsistencies, and the AHP result may not be meaningful. Because the degree of consistency in this research is 0.0892, so it means the degree of consistency in this research is satisfactory.

Discussion

Child is a market with great potential and continues to grow. In purchasing process child have potential as a secondary consumer that can affect parents to buy the products they like. Along with the times that continues to grow, change parental behavior that adapts to the times, encouraging parents to be more democratic, by involving children in the decision-making process. Nowadays modern educated parents so consider spending for children are no longer a cost but an investment. It is also due to the great number of children in the family currently consists of only one to three children only. Education pattern that is applied by the parents helped encourage the child's behavior to provide input or influence over their parents in the decision-making process. See the scale of the role of children in the decision making process, would to encourage the producers to include elements of children's in promoting their products. Based on the results of research conducted to 50 housewives in the city of Manado by providing three different types of statements for comparison. It is to know the terms of which child planners in the decision to buy a product in a family.

In other words, this study aims to find out what kind of children involvement on family decision making process. There are three statements presented to the respondents are, Suggesting buying product categories, Deciding on brand and model. The method used in this study is Analytical Hierarchy Process that is by providing a comparison of each statement. Three statements are compared based on three categories of products are, Electronics, Personal care and Food. Suggesting buying product categories is the highest rank for averages of Electronic criterion toward Deciding on brand and Deciding on model with significant differences. The averages of product category Personal care, which is dominated by Deciding on brand follow by Deciding on model and the last Suggesting buying product categories with no significant differences. Pairwise comparisons within criteria are aimed to determine the relative importance or weight of the criteria, that is, rank the criteria

from most important to least important. The most important criteria that respondent choice is Food followed by product category Electronics and the last is Personal care.

Analytic Hierarchy Process (AHP) is one of Multi Criteria decision making method, it is a method to derive ratio scales from paired comparisons. The input can be obtained from actual measurement such as price, weight etc., or from subjective opinion such as satisfaction feelings and preference. Suggesting buying product categories is the highest rank for averages of Electronic criterion toward Deciding on brand and Deciding on model with significant differences.

Table 4. Normalized Matrix with Row Averages for Product Categories Personal Care

Site	Personal Care			Row Average
	Suggesting Buying Product Categories	Deciding on Brand	Deciding on Model	
Suggesting Buying Product Categories	0.2823	0.3505	0.3185	0.3171
Deciding on Brand	0.3957	0.3204	0.3739	0.3633
Deciding on Model	0.3220	0.3292	0.3076	0.3196

Source: Data Processed, 2013.

Table 4, describes the averages of product category Personal care, which is dominated by Deciding on brand follow by Deciding on model and the last Suggesting buying product categories with no significant differences.

Table 5. Normalized Matrix with Row Averages for Product Categories Food

Site	Food			Row Average
	Suggesting Buying Product Categories	Deciding on Brand	Deciding on Model	
Suggesting Buying Product Categories	0.3824	0.4308	0.3562	0.3898
Deciding on Brand	0.3595	0.3194	0.4065	0.3618
Deciding on Model	0.2580	0.2498	0.2373	0.2484

Source: Data Processed, 2013.

Table 5, explain the averages of product category Food, which Suggesting buying product categories is the highest rank, follow by Deciding on brand with no significant differences. The last is deciding on model, with significant differences compare with the other involvement.   Pairwise comparisons within criteria are aimed to determine the relative importance or weight of the criteria, that is, rank the criteria from most important to least important. Figure 4.6 clarifies the averages of overall ranking for criteria. The most important criteria that respondent choice is Food (0.5297), follow by product category Electronics (0.3551) and the last is Personal care (0.1153). The averages of overall performance ranking of each product category clearly, based on the scores developed by AHP, suggesting buying product categories (0.3929) should be selected as the most involvement that children give to their parents, with Deciding on brand (0.3477) in the second place and Deciding on model (0.2582) in the third.

The Analytical Hierarchy Process (AHP) is a mean of weighting or prioritizing impacts through a systematic representation of a problem. Through pairwise comparisons, the relative importance, or weights, of different factors can be measured, tradeoffs between objectives are explicitly considered in these pairwise comparisons.

The pairwise comparison process imposes rigor that is missing when directly assign the weights to a number of impact, because possible inconsistencies in the judgments can be calculated and reexamined. One foundation of the AHP is the observation that human decision making is not always consistent. Consistency suffers when the criteria being compared is subjective in nature. The AHP provides a standard by which the degree of consistency can be measured.   The consistency index, CI, is computed using the following formula:

$$CI = \frac{\lambda\, max\, -\, n}{n-1}$$

Where:
n = the number of items being compared
λmax = maximum score from engine vector.

Calculation for consistency index:

$$CI = \frac{3.1035 - 3}{3 - 1} = 0.0518$$

The consistency index of this research based on 50 respondent is CI = O.0518, if CI = 0 then it would be a perfectly consistent. Because CI > 0, then it not perfectly consistent. The next step is to calculate the degree of inconsistency is determined by comparing the CI to a Random Index (RI), which is the consistency index of a randomly generated pairwise comparison matrix. The RI value depending on the number of items being compared. In this research used 3 criterions. The degree of consistency in this research is CI/RI = 0.0892. In general degree of consistency is satisfactory if CI/RI < 0.10, but if CI/RI > 0.10, then there are probably serious inconsistencies, and the AHP result may not be meaningful. Because the degree of consistency in this research is 0.0892, so it means the degree of consistency in this research is satisfactory.

CONCLUSIONS AND RECOMENDATION

Conclusions

Result in this research are: (1) the influence of children on family purchase decision making is more likely to suggesting buying product categories followed by deciding brand, and deciding on model. Based on the result in this research, suggesting buying product categories and deciding on brand have no significant differences, compare with deciding on model there are significant differences; and (2) based on three product category that are, electronics, personal care and food, respondents more prefer to Food than the other product category. There are significant differences between this three product categories that is food in first position of product category that respondents choose followed by electronics in second position and the third position is personal care.

Recommendation

There are several constructive recommendations that can be concluded from the overall result in this research, which are listed as follow: (1) because in family children has an important role in the decision-making process, therefore producers should include the child in promoting their products; (2) because of the tendency of children to suggesting buying product categories to their parents in the decision-making process, compare with Deciding on brand and Deciding on model, then it is advisable for manufacturers to be able to show child elements in promoting its products; (3) because children involvement on family purchase decision making in terms of deciding on a brand more higher then deciding on the model, so producers should improve the quality of their products in order to increase the brand image; and (4) because the involvement of children to the family purchase decision making in terms of buying food products, so producers should further enhance the promotion targeted to children. When compared with the electronics and personal care products are very significant differences.

REFERENCES

Aghdaie S. F. A., and Renani E. S. M. 2013. Investigating the role of chlidren in family purchasing process. *Journal of Applied Sciences Research*, 9(1): 124-131.

Ali, A., Mustafa, Z., Batara D. K., Ravichandran, N., & Rehman, S. 2012. Examining the children's in family decision making in Delhi (India). *International Journal of Scientific & Engineering Research,* Volume 3, Issue 2.

Bovee C. L., and Thill J. V. 2008. *Business in Action* 4th ed. Pearson Education. Inc: Singapore, 118-138.

Desai, T., 2008. *Children's influence on family purchase decision in India. Unpublished undergraduate dissertation, University of Nottingham, Nottingham.*

Ganjinia, H., Gilaninia, S., & Maleknejad, E. 2013. Children's influence in family purchase decision making. *Kuwait Chapter of Arabian Journal of Business and Management Review,* Vol. 2, No.7, pp. 76-79.

Griffin, Ricky W, and Ebert, Ronald J. 2006. *Business.* Eighth Edition, Pearson Prentice Hall, Inc.

Hair J. F. Jr., Wolfinbarger M. F., Ortinau D. J., & Bush R. P. 2010. *Essentials of Marketing Research.* 2nd ed. McGraw Hill: New York.

Jeevananda, S, and Kumar, S. 2012. Degree of children influence on parents buying decision process. *European Journal of Business and Management* , Vol 4, No.14, pp. 49-57.

Kotler, Phillip, and Amstrong, Gary. 2006. *Principle of Marketing.* Eleventh Edition, Pearson Education, Inc.

Kotler, P., and Keller K. L. 2009. *Marketing Management.* 13th ed. Pearson Education. Inc: Singapore, 118-138.

Martensen, A., and Gronholdt, L. 2008. Children influence on family decision making. *Innovative Marketing*, Volume 4, Issue 4.

Saaty, T. L. 2008. Decision making with the analytic hierarchy process. *International Journal. Services Sciences,* Volume. 1, No. 1.

Schiffman, Kanuk. 2007. *Consumer Behavior.* Pearson Education International Vol.9

Sekaran, U., and Bougie, R. 2009. *Research Methods for Business, A skill building approach.* Fifth Edition. Wiley.

Solomon, M. R. 2007. *Consumer Behavior.* 9th ed. Pearson Education. Inc: Singapore, 118-138.

Taylor III, B. W. 2010. *Introduction to Management Science.* 10th ed. Pearson Education, Inc.

Teale, M., Dispenza, V., Flynn, J., Currie, D. 2003. *Management Decision Making.* Pearson Education.

Thomson E. S., Laing A. W., & McKee, L. 2007. Family purchase decision making: exploring child influence behavior. *Journal of Consumer Behaviour*, 6: 182-202.