

# **Social factors influencing buying- (Reference group, family, roles and status)**

## **1. FAMILY- The Role of Family in Influencing Buying Decision**

### **What is family?**

Family is defined as a **group of people related by blood, marriage or adoption** living together in a household.

- Nuclear family - a couple one or more children
- Extended or joint family- the nuclear family with at least one grandparent living within the household.

### **Features of family**

- Family decision making is a joint decision making process
- Family is a social institution under the influence of which people tend to give way to tastes and preferences of other family members at the cost of their own choices.
- family provides emotional support to its members

A consumer's family is one of the most significant social factors because a family helps shape an individual's attitudes and behaviors. Values traditions and beliefs and preferences are transmitted from parents to children inherently.

- Family is considered as one of the most important buying organisation in the society and members constitute the most influential primary reference group.

Families influence purchases in many ways. The influence of parents is significant because from them the children develop an orientation towards political and religious beliefs, lifestyle choices, self worth, love respect etc.

- In every family elders, husband-wife, children have varying degrees of influence on purchase decisions which is a matter of interest for the marketers.
- A decision maker for a purchase can be a husband, wife, or even a child, and sometimes decisions are made in collaboration. One way to understand the family's impact on consumer behavior is to identify the decision maker for a purchase.
- Often, the decision maker changes based on the type of purchase or the size of the purchase. Some products are children dominant, some are wife dominant while some may be husband dominant. A new refrigerator, for example, is likely to be a joint decision, while a week's groceries might be selected by a single member of the family.
- A spouse and children, however, can exert an even more significant force on a consumer's purchases. Interaction between spouses and the number and ages of children play a particularly powerful role in buying behaviors.

## **2. Age and Stage in Life Cycle of a Family (FLC)**

- A person undergoes various transformations as he goes through various stages in his life.
- Change in tastes and preferences, food habits, clothes, lifestyle and recreation are often age related.

The family life cycle is a progression of stages through which many families pass and are given below as:

1. The bachelor stage—young and single.
2. The newly married couples—young, no children.
3. Parenthood -
  - Full nest 1—young, married, with child
  - Full nest 2—older, married, with children.
  - Full nest 3—older, married, with dependent children.
4. Post Parenthood - Empty nest—older, married, with no children living with them.
5. Dissolution- Solitary survivor—older, single, retired people.

### **1. Bachelorhood**

This is the first FLC stage and consists of young singles who have established households apart from their parents. Young singles may live alone, with their nuclear families, or with friends, or they may co-habitate with partners.

- A wide range of disposable income is spent on furniture, rent, food, and other living expenses in this stage .
- Although earnings tend to be relatively low, these consumers usually don't have many financial obligations and don't feel the need to save for their futures or retirement.
- Many of them find themselves spending as much as they make on cars, furnishings for first residences away from home, fashions, recreation, alcoholic beverages, food away from home, vacations, and other products and services involved in the dating game.

### **2. Newly married couples:**

Newly married couples without children are usually better off financially than they were when they were single, since they often have two incomes available to spend on one household. -

- These families tend to spend a substantial amount of their income on cars, clothing, vacations( expensive tour packages), life style products (modular kitchen furnishingsand interior) and other leisure activities.
- They also have the highest purchase rate and highest average purchases of durable good (particularly furniture and appliances) and appear to be more susceptible to advertising.
- **Companies that can target them are ( Godrej Interio, Makemytrip, magicbricks.com, carloan & home loan cos.)**

### **3. Parenthood stage- this stage is considered to be around 20 years long.**

Because of the long duration this stage can be divided into shorter phases. Throughout these phases the interrelationship of family members and the structure of the family gradually changes.

#### **a. Full Nest I:**

With the arrival of the first child, parents being to change their roles in the family, and decide if one parent will stay to care for the child or if they will both work and buy daycare services - - it usually leads to a decline in family disposable income and a change in how the family spends its income.

- In this stage, families are likely to move into their first home;purchases furniture and furnishings for the child and purchase new items such as baby food, cough medicine, vitamins, toys.
- ( **Companies that can target them are Huggies, Lactogen, Johnson's, Firstcry.com, etc**)

#### **b. Full Nest II**

**In this stage, the youngest child has reached school age**, the employed spouse's income has improved, and the other spouse often returns to part-or full-time work outside the home. Consequently, the family's financial position usually improves,but the family finds itself consuming more and in larger quantities. A lot of income is spent on their education

- **Consumption patterns continue to be heavily influenced by the children**, since the family tends to buy large-sized packages of food bicycles, music lessons, clothing, sports equipment, and a computer.
- Companies that target them are Horlicks, complan, Maggie, Biscuit & Confectionary Cos., )

#### **c. Full Nest III ( Children High School Phase)**

- As the family grows older their financial position usually continues to improve because the primary wage earner's income rises
- The family typically replaces some worn pieces of furniture,purchases another automobiles, buys some luxury appliances,and spends money on dental services

(braces) and education .Families also spend more on computers and electronic gadgets for children

- Depending on where children go to college and how many are seeking higher education, the financial position of the family may be tighter than other instances

## **6. Post Parenthood- *Empty nest***

This stage is marked by Older married couples with no children living with them.

Financial position stabilizes and there is no expense on children. The couple is free to enjoy their own pursuits and spend on luxury or self-improvement items and medical care.

The empty nest stage signifies for many parents almost a rebirth, a time for doing things they could not do while they managing the education and other growing up expenses of their children.

People also join adult communities lighter laughter clubs, senior citizen clubs, or religious groups like ISCKON

**Companies that can target them are - travel cos (pilgrimage and religious packages), new automobiles, online medicine cos.( Netmeds), health drink cos.**

## **7. Dissolution- *Solitary survivor***

This stage is marked by Older and Retired people living alone after the death of a partner. Life becomes lonely and income may reduce due to retirement. This again changes the consumption pattern and living style of old people.

- When the survivor is in good health and has adequate savings then it is easier to adjust.
- Medical bills may go up for the ailing ones.

### 3. Roles and Status

A person plays various roles in many groups throughout life; he has to play different roles in family, professional organisation, club, in the society etc.

- A role consists of the activities that a person is expected to perform
- A person is a son, father and husband at home, in a professional organisation he may be someone's boss or may be reporting to his supervisor
- Each role carries a Status in the society
- A vice president will have more status than a sales manager and a manager will have more status than an executive
- The idea is that people choose products and services that reflect and communicate their roles and status in the society
- **Therefore the marketers must be aware of the status symbol potential of products and should try to associate products and brands with specific role and status**
- **Eg: A company vice president will drive a luxury car and wear expensive suits.** An executive will drive a two-wheeler or inexpensive car.