

DOES THE CHILD'S INFLUENCE ON FAMILY PURCHASING DECISIONS DEPEND ON FAMILY DEMOGRAPHIC FACTORS?

Urandelger Gantulga, Ph.D, Business School, National University of Mongolia

Munkhbayasgalan Ganbold, Ph.D, National University of Commerce and Business

Ugtakhjargal Baldangombo, MBA, Business School, National University of Mongolia

Abstract

The influence of children on family purchase decisions depends on a number of parameters and situations. Although the family is a relatively small subset of society, its demand and consumption play a significant role in the consumer market. Therefore, it is imperative that researchers understand family purchasing behavior and the various causal factors. Each family member plays a unique role in family purchasing decisions. In particular, children's influence on family purchasing decisions has become an exciting and fascinating subject. This kind of research began in the 1960s. However, with social developments over the past decades and the rapid integration of digitalization into the family lifestyle, children's role and involvement in family purchasing decisions have become much higher than in the past.

The study intends to identify the influence of children on family purchasing decisions in Mongolia and the factors that characterize it. According to our survey of families living in Ulaanbaatar, children have a strong influence on family purchases, which is also highly dependent on family demographic factors such as income, education, structure and size. In other words, our study is based on family demographics and does not include child demographics.

Keyword: Children, family, purchase decisions, Mongolia.

Хураангуй

Гэр бүлийн худалдан авах шийдвэр дэх хүүхдийн нөлөө нь тухайлсан нөхцөл байдал болон тодорхой хүчин зүйлсээс хамаарч байдаг. Гэр бүл нь нийгмийн хамгийн жижиг нэгж хэдий ч гэр бүлийн эрэлт, хэрэглээ нь хэрэглэгчийн зах зээлд томоохон байр суурь эзэлдэг. Тиймд судлаачид гэр бүлийн худалдан авах зан төлөв, шийдвэр гаргалт, түүнд нөлөөлөх хүчин зүйлсийг олон талаас нь сонирхон судалдаг бөгөөд өнөөг хүртэл ач холбогдол бүхий сэдэв хэвээр байсаар байна. Мөн гэр бүлийн худалдан авах шийдвэр гаргалтанд гэр бүлийн гишүүд тодорхой үүрэг, оролцоотой бөгөөд ялангуяа хүүхэд үүнд хэрхэн нөлөөлж буй нь ихэд сонирхол татах болов. Хүүхдийн нөлөөллийг гэр бүлийн худалдан авах шийдвэртэй холбож авч үзсэн судалгааг 1960 –аад оноос хийж эхэлжээ. Нийгэм хөгжихийн хэрээр, амьдралын хэв маягт дижиталчлал хүч түрэн орж ирснээр гэр бүлийн худалдан авах шийдвэр гаргалтанд хүүхдийн үүрэг, оролцоо өмнө үеэс эрс нэмэгдсэн байна.

Энэхүү судалгааны зорилго нь Монгол гэр бүлийн худалдан авах шийдвэр дэх хүүхдийн нөлөөлөл болон түүнд хамаарах хүчин зүйлсийг судлахад оршино. Улаанбаатар хотод оршин суудаг гэр бүлүүдийг хамруулсан судалгаагаар гэр бүлийн худалдан авалтанд хүүхэд хүчтэй нөлөөлөх бөгөөд энэ нь гэр бүлийн хүн ам зүйн хүчин зүйлс болох орлого, гэр бүлийн бүтэц, ам бүлийн тоо, эцэг эхийн боловсрол зэргээс хамаардаг байна. Бид энэхүү судалгаандаа гэр бүлийн худалдан авах шийдвэр дэх хүүхдийн нөлөөллийг эцэг эхийнх нь хүн ам зүйн үзүүлэлттэй холбон авч үзлээ.

Түлхүүр үг: Хүүхэд, гэр бүл, гэр бүлийн худалдан авах шийдвэр гаргалт, Монгол

1. INTRODUCTION

Children have a strong influence on their parents' purchasing decisions, regardless of who intends to use the product. A research in some Asian countries (Rachagan 2004) for example indicates

that more than 50 percent of all parents declared that their children play a significant role in their purchasing decisions.

In Mongolia, the influence of children plays a

major role in family purchases. Reasons for this influence include:

- 1) With the accelerated pace socio-economic development, the standard of living and life expectancy also increases, delaying the age of marriage and childbirth and the rising number of parents who are more mature and financially stable. Consequently, parents tend to give their children more possessions and more allowance in purchasing, as well as the right to choose goods.
- 2) As the fertility rate decreases, parents have fewer children compared to former years, and children have more influence on family purchasing decisions.
- 3) From the statistics in Mongolia, there are approximately 70% of the households with both parents working. Cross-national studies also show that children are more likely to be involved and more empowered to contribute to the family buying decisions in a double income family.
- 4) Single parents make up about 10% of the households in the country⁴⁸, and children from this type of family are more likely to participate in family purchases than their peers.
- 5) Almost 35% of the population is under the age of 18 in Mongolia⁴⁹. While serving as the target audience for the primary market for children's products and services, they are the major influence of family purchases as well as potential future markets.

A number of questions have been asked to identify the influences of children on family purchase decisions and to examine what factors play an important role in children's influence.

The key question this study mainly focuses is:

- Does the child's influence on family purchasing decisions depend on the family and the child's demographics?

These impacts suggest that today's marketers are required to study and pay attention to children's participation and involvement in family purchases.

⁴⁸ National Statistic Office. Mongolian Statistical Information Service. Available at: https://1212.mn/tables.aspx?TBL_ID=DT_NSO_0300_071V3

⁴⁹ National Statistics Office. Mongolian Statistical Information Service. Available at: https://1212.mn/tables.aspx?TBL_ID=DT_NSO_0300_071V3

Moreover, in-depth awareness should be built on how children represent current and potential target markets, and are significant influences on family purchasing decisions. As a result, decision-makers can develop child-focused marketing strategies and implement well-planned campaigns accordingly.

2. THEORETICAL BACKGROUND

The influence of children on family purchasing became a focus in the 1960s. McNeal (1964) reports that as children get mature, they tend to be independent in the purchasing process, while parents give them more power to participate in family purchasing decisions.

Mangleburg (1992) investigated the effects of family structure, family hierarchy, and parenting style on children's influence in family consumption decisions. In her view, some social factors are fundamental to children's involvement in the household, including 1) transparency between parent and children, 2) children's household responsibilities, 3) parents' ability to work as a team in child-rearing, 4) parental strictness, and 5) parental nurturance.

North J and Kotze (2001) stated that it is a challenging task to research children, especially if marketers and researchers want to know and understand what is happening to children's black boxes. Compared to the previous generation, today's children have much more comprehensive knowledge and access to information; this means that they analyze and make decisions based on information from many resources.

A family includes individuals who belong to various social groups, and children learn and develop as consumers due to their family's influence. Children go through five stages to become independent consumers (McNeal, 1999).

- *First stage:* Accompanying parents and observing when making purchases;
- *Second stage:* Accompanying parents and requesting; Children show their request by pointing, talking and gesturing. This usually begins at the age of two.
- *Third stage:* Participate in purchasing choices with parental consent
- *Fourth stage:* Making independent purchases under parental supervision

- *Fifth stage: Making independent purchases without parental supervision*

Each member of the family has different roles in purchasing, depending on the type of product. Scholar Sheth (1971) identifies five different roles of family members in household purchasing, which is still the basis of studying family purchasing decisions theory. These five roles are:

1) The information gatherer (Gatekeeper) who obtains and evaluates information from diverse sources; 2) Influencer who establishes the decision criteria by which products are compared (price, quality, or design etc.); 3) The decision-maker, who decides which brand or product to purchase; 4) The buyer or implementer of purchasing; 5) The consumer, who uses the product or service and evaluates it, giving some feedback for repurchase or not, regarding the satisfaction with chosen goods.

A child can play any of these roles in the family-it depends on the type of product, service, and the relationships between family members as well as family attitudes and authority structure. However, researchers Shoham and Dalakas (2005) state that children tend to have more influence in the first two stages (problem recognition and information search) of the family buying decision process. Although Kaur and Singh (2006) noted that family buying decisions are generally decided by the husband and wife jointly, they are significantly influenced by children who request a specific product.

Previous research on the effects of socio-economic variables such as household income on children's influence has been mixed. Depending on household income, children's role and influence differ in the family purchase decision-making process. For instance, Beatty and Talpade (1994) found that children's influence increases in dual-income and high-income families. A child tends to have more influence on the family's purchase decision if the family's income level is high.

Ferreira Pedro et al. (2008) also showed that children whose parents have a high income are most likely to have a strong influence on family decision-making than low-income families. Tinson et al. (2005) found that children's influence on family purchasing decisions differs depending

on the product type and found that children were more likely to be involved in purchasing products for themselves than shared products used by all family members.

Based on the above theoretical background, we hypothesize as follows:

H1: Children from high-income families have more influence on their family decision making.

Parents who have a higher education may engage in family shopping to socialize their children and prepare them for future purchases. Therefore, children of parents from low or high education backgrounds have an equivalent influence and responsibility in the family decision-making process. To date, plenty of research has been done in this field. For instance, a study from Slama and Taschian (1985) showed that parents' education is more positively related to the purchase involvement of children.

Therefore, we would expect:

H2: Children from high educated families have more influence on their family decision making.

The changes in the family structure have been found to increase children's decision-making status (Flurry, 2007). Foxman et al. (1989) reveal that children's influence on family purchasing decisions depends on family structure. Moreover, Taylor, Moore and Glynn (1984; 1985) found that children in a single-parent household had the most significant influence, as their parents were often younger and had higher income levels or higher educational levels. Taylor, Moore, and Glynn (1985) found children from single-parent families are much more likely to buy food products on their own and influence brand choices more than children from the other family structures. An increase in working women and delayed childbearing has resulted in mothers tending to have more money to spend on their children (McNeal 1992). Therefore, they involve their children more in their purchases and give them the power to make choices and decisions.

In view of this and the above it is expected that:

H3: Children from single-parent families have more influence on their family decision making.

The smaller the number of children in a family, the more likely it is that parents will involve them in family purchasing decisions and assign certain power and responsibilities. In this regard, Heyer’s study (Heyer 1997, Hanny Suwandinata 2011) reveals that “Family size determines the role and influence of children, and children from large families are less likely to make purchasing decisions”. Also, some researchers (Adya Sharma et al. 2014) have found that families with fewer children spend more time with their children and are more likely to involve them in family purchasing decisions than families with many children.

This leads to the following hypothesis:

H4: Children from small size families have more influence on their family decision.

In today’s world of competition and social and environmental change, marketers are increasingly focused on their customers. Understanding customer purchasing behavior is critical to an organization’s marketing strategies and tactics.

Researchers Wut and Chou (2009) also suggest that children influence family purchasing decisions as follows:

- by choosing products and services for themselves and encouraging their parents to make purchases.
- by buying products they like with their own pocket money,
- by expressing their opinion about products for family use.
- by influencing their parents’ decision making and product choice.

These factors suggest that children have a significant role in family purchasing decisions in many different ways.

3. RESEARCH METHODOLOGY AND RESULTS

3.1 Sampling

The present study is based on primary data that have been collected through questionnaires. The target population in this study is the family with children in Ulaanbaatar, Mongolia. Data were coded and analyzed by using the SPSS 24. The data were ruled out if the participants indicated an inappropriate age or incomplete information. Therefore, the target population of this study were parents with children who lived in Ulaanbaatar.

3.2 Data Collection Procedure

This study was conducted between 1 January and 31 January 2020. A randomly selected sample of 220 Mongolian families participated in this study. A total of 220 questionnaires were distributed, and 178 were returned. 42 questionnaires were not fully answered and were thus excluded from the analysis. Table 1 shows the frequencies and percentages of study sample characteristics. Thus, a total of 178 samples, constituting 81% returned ratio, were applied in this study.

Table 1. Response rate

Descriptions	Number and percentage
Sample size	220
Surveys returned	178
Raw response rate	81%
Incomplete questionnaires	42
Percent number unusable	19%
Net number usable	178

Of the total sample, 65.7% were women, 29.8% aged between 20 and 30 years, 62.9% aged between 31 and 50 years, and 7.3% were over 50 years of age. Out of 178 participants, 131 parents (73.6%) are dual parents (husband and wife), and 47 parents (26.4%) are single parents (Table 2). The participants were asked to respond to the survey questionnaires based on their family purchase decision. The survey involves only one respondent from each family. The respondent can be the father or mother who is responsible for the family buying decision. If the family has more than a child between 1-18 ages, they were allowed to think about only one child when responding to the questionnaire.

Table 2. Respondents Characteristics

Variable	Data	Number	Percentage
Gender	Female	117	65.7
	Male	61	34.3
Age	20-30	53	29.8
	31-40	68	38.2
	41-50	44	24.7
	51-60	13	7.3
	Single parent	47	26.4
Marital Status	Married	131	73.6
	Less than 1 million	44	24.7
Monthly household income	1-2million	63	35.4
	2-3 million	39	21.9
	3-4 million	22	12.4
	More than 4 million	10	5.6
	Elementary school	12	6.7
Education	High school	31	17.4
	Graduate	135	75.8

3.3 Measurement

There are 25 items used to measure two constructs. All items were measured on a five-point Likert scale (1= strongly disagree and 5= strongly agree).

4. RESULTS

4.1 Data Analysis and Procedure

The data collected through a self-administered survey was entered into the SPSS sheet and analyzed using Statistical Package for Social Sciences 24.0 (SPSS).

It was the structural equation model (SEM) that was mainly adopted to test the hypotheses. In order to avoid an incorrect decision, the level of significance is determined. A high level of significant value in this study is determined by $p \leq 0.05$ (5%). A correlation with a significance level of $p \leq 0.05$ is considered significant.

An independent sample t-test was used to evaluate the influence of the education of parents and on a child’s influence on family buying decisions.

Table 3. Relationship between parent education and family purchase decision influenced by children

	Education	N	Mean	Standard Deviation	F	Sig
Family decisions are significantly influenced by children	Low	43	2.1395	1.4071	0.040	0.002**
	High	135	2.9556	1.4906		
Children tend to impact more on family purchase decision	Low	43	2.1628	1.3615	0.118	0.003**
	High	135	2.9407	1.5050		

In Table 3, the relationship between the variables can be found. Among those relationships, there are significant correlations. The dependent variable in this paper on family buying decision influenced by children has a strong and statistically significant positive correlation with parent education (0.002**) and (0.003**). This

result supports hypothesis 1 (H1), which states that children from highly educated families have more influence on their family decision making.

For assessing the influence of family income on the family buying decisions One Way ANOVA test was applied.

Table 4. Relationship between household income and family purchase decision influenced by children

	Household income	N	Mean	Standard Deviation	F	Sig
Family decisions are significantly influenced by children	Less than 1 million	44	2.7273	1.61912	2.732	.045*
	1-2million	63	2.4921	1.40130		
	2-3 million	39	2.6923	1.37943		
	More than 3million	32	3.4063	1.58337		
Children tend to impact more on family purchase decision	Less than 1 million	44	2.5909	1.54496	1.824	.145
	1-2million	63	2.5714	1.48882		
	2-3 million	39	2.7949	1.37992		
	More than 3 million	32	3.2813	1.57058		

*Income by Mongolian currency- tugrik

Table 4 states the statistical differences in the relationship of a child’s influence and family buying decisions due to household income, as F value=2.732 (p=.045*). This result suggests

that household income has an impact on the relationship. Therefore, hypothesis H2 is partially supported.

Table 5. Relationship between marital status and family purchase decision influenced by children

	Marriage	N	Mean	Standard Deviation	F	Sig
Family decisions are significantly influenced by children	Married	131	2.5344	1.38285	7.803	.006**
	Single parents	47	3.3830	1.67531		
Children tend to impact more on family purchase decision	Married	131	2.5344	1.39393	6.628	.011*
	Single parents	47	3.3617	1.64747		

Table 5 states the statistical differences in the relationship of the child’s influence and family buying decisions due to marital status, as F value=7.803 (p=.006**) and F value= 6.628 (p=.011*). Children from single-parent families significantly impact purchase decisions (2.53 vs. 3.38, p=.006,

2.53 vs. 3.36, p=.011, respectively). This result suggests that a parent’s marital status has an impact on the relationship. Therefore, hypothesis H3 is supported.

Table 6. Relationship between family size and family purchase decision influenced by children

	Family size	N	Mean	Standard Deviation	F	Sig
Family decisions are significantly influenced by children	2-3	74	3.0541	1.56057	2.709	.069*
	4	55	2.4545	1.37192		
	More than 5	49	2.6531	1.52139		
Children tend to impact more on family purchase decision	2-3	74	3.0405	1.59999	2.501	.085*
	4	55	2.4727	1.35885		
	More than 5	49	2.6327	1.46762		

Table 6 states the statistical differences in the relationship of the child’s influence and family buying decisions due to family size, as F value=2.709 (p=.069*) and F value= 2.501 (p=.085*). Children from small-sized families

significantly impact purchase decisions (3.05 vs. 2.65, p=.069, 3.04 vs. 2.63, p=.085, respectively). This result suggests that family size has an impact on the relationship. Therefore, hypothesis H6 is supported.

4.2 Findings

	Hypotheses	Results
H1	Children from high-income families have more influence on their family decision making	Partially confirmed
H2	Children from high educated families have more influence on their family decision	Confirmed
H3	Children from single-parent families have more influence on their family decision	Confirmed
H4	Children from small size families have more influence on their family decision	Confirmed

5. CONCLUSION

This paper aims to investigate children’s influences on Mongolian family decision-making in Ulaanbaatar, Mongolia. The target population in this study refer to families with children in Ulaanbaatar. According to the survey results, children strongly influence family purchasing decisions, which are highly correlated with family income, marital status, parental education, family size, and the number of children in the family.

6. LIMITATIONS AND FUTURE RESEARCH

Similar to many studies, this study has several limitations which lead to future studies within this area. One of the circumstances that may have negatively influenced the results is the unsatisfactory number of respondents in the present study. Due to limited time frame, 178 families with children participated in the survey in Ulaanbaatar city, Mongolia. It can be a small sample and poor variability that could reduce correlations between variables explaining these correlations. Therefore, we suggest that the sample size in future research should be increased. No qualitative research was involved in this study.

Future research should compare results in multi-national contexts. The results of this research would most likely vary by country. In addition, there is little research conducted on the impact of children on family purchase decisions in Mongolia. Therefore, the impact of children on Mongolian family purchasing decisions needs to be further explored.

REFERENCE

Adya Sharma, Vandana Sonwaney. (2014). Theoretical modeling of influence of children on family purchase decision making. *Procedia - Social and Behavioral Sciences* 133 (2014) 38–46

Beatty, S. E., Talpade S. (1994). Adolescent influence in family decision making: a replication with extension, *Journal of Consumer Research*: 12(2), 332-341

Foxman, Ellen R., Patriya S. Tansuhaj, and Karin M. Ekstrom (1989), “Family Members’ Perceptions of Adolescents’ Influence in Family Decision Making,” *Journal of Consumer Research* 15 (March), 482-491.

Ferreira Pedro C, Pessoa Samuel A and Veloso Fernando A, 2008. The Evolution of International Output Differences (1970-2000): From Factors to Productivity, *The B.E. Journal of Macroeconomics*, De Gruyter, vol. 8(1), pages 1-34, February.

Flurry L (2007). “Children’s Influence in Family Decision-Making: Examining the Impact of the Changing American Family,” *J. Bus. Res.*, 60(4): 322-330.

Kaur, P and Singh, R (2006) “Children In Family Purchase Decision Making In India and the West: A Review”, *Academy of Marketing Science Review*, Vol. 2006 (8), pp. 1-30.

Hanny Suwandinata. (2011).Children “s Influence on the Family Decision-Making Process in Food Buying and Consumption: An Empirical Study of Children” s Influence

- in Jakarta-Indonesia. Doctoral dissertation. Justus Liebig University Giessen, Germany. p47
- National Statistic Office. Mongolian Statistical Information Service.
- McNeal, J.U. (1964). Children As Consumers. Austin: The University of Texas Bureau of Business Research.
- McNeal, J.U. (1999). The kids market : myths and realities. Ithaca, NY:Paramount Market,
- North J and T Kotzéheuns. (2001) Parents and television advertisements as consumer socialisation agents for adolescents: An exploratory study. Journal of Family Ecology and Consumer Sciences, Vol 29, 2001. p91-99 Available at: <https://pdfs.semanticscholar.org/9e3bf0829fecaa3a7d95d00de04360e01991.pdf>
- Mangleburg Tamara F. (1992) A Socialization Model of Children's Perceived Purchase Influence: Family Type, Hierarchy, and Parenting Practices. Virginia Polytechnic Institute and State University, 1992. Available at: https://vtechworks.lib.vt.edu/bitstream/handle/10919/39183/LD5655.V856_1992.M365.pdf?sequence=1&isAllowed=y
- Rachagan SS (2004): The Junk Food Generation. A Multi-country Survey of the Influence of Television Advertisements on Children. Consumers International Asia Pacific Office. Available at: <https://nepc.colorado.edu/publication/the-junk-food-generation-a-multi-country-survey-influence-television-advertisements-child>
- Sheth N.(1971). A Theory of Family Buying Decision. Available at: <https://www.jagsheth.com/consumer-behavior/a-theory-of-family-buying-decisions/>
- Shoham A, Dalakas V.(2005). He said, she said ... they said: parents' and children's assessment of children's influence on family consumption decisions. Journal of Consumer Marketing. Vol.22 (3), pp. 152-1.
- Slama Me, Tahchian A (1985). Selected Socioeconomic and Demographic Characteristics Associated with Purchasing Involvement. Journal of Marketing Vol. 49, Pg. 72-82.
- Taylor, R D, Karen G and Nancy M. (1984), "Family Buying Patterns: A Comparison of Dual-Career and Traditional Families," Marketing in a Dynamic Environment, Atlantic Marketing Association, 145-151.
- Taylor, D., Karen Glynn and Jan C. Taylor (1985). The Influence of Children in the Purchasing Process Used by Families: An Analysis Comparing Children from Three Different Family Structures. Proceedings of the Atlantic Marketing Association.
- Tinson J. and Nancarrow C. (2005) "The Influence of children on purchases: The Development of measures for gender role orientation and shopping savvy," International Journal of Market Research, Vol. 47, No. 1, pp.5-27 Available at: https://www.researchgate.net/publication/235278471_GROWing_up_Tweenagers'_involvement_in_family_decision_making
- Wut Tai-Ming, Chou Ting-Jui (2009). Children's influences on family decision making in Hong Kong. Young Consumers Insight and Ideas for Responsible Marketers · June 2009. Available at: https://www.researchgate.net/publication/244061191_Children's_influences_on_family_decision_making_in_Hong_Kong