

Does Family Life Cycle Matter in Purchase Decisions?

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Abstract--Family life cycle in purchase decision has remained a matter of key interest as it contributes immensely to most business organizations and industries today. This is evident business organizations consider the family to be the most important decision making and consumption unit in the market, this is because their purchase decisions are usually responsible for large sale volumes which help in boosting the revenue of organizations. However these factors age, gender, level of education are attributed to family life cycle variables. Based on the aforementioned, the purpose of this paper was to identify how family life cycle matter in purchase decisions. Survey research design was utilized for this study through a valid questionnaire, on a random sample of 323 participants in selected local government area of Lagos State, Nigeria. The data collected were analyzed and the results revealed the existence of statistically significant and positive relationship between family life cycle and purchase decision ($\beta = 0.234$, $t = 4.573$, $p < 0.05$). The study concluded that purchase decisions of families as an household unit is a critical factor in determining the sales performance of an organization.. The study therefore recommends that all members of the family should also be allowed to take part in the decision making process of a family purchases. Also business organization and industries should take cognizant of customer's social-demographic forces as it greatly influences consumer behavior and are aware that the family as a decision making unit and household unit constitute a major part of the consumer base and sales revenue in the world, most certainly Nigeria.

Keywords—Family, Purchase decision, Consumer, Customers, Life cycle

I. INTRODUCTION

The behaviour of consumers in making purchase decisions has often proven to be an inquisitive case for business organizations. This is as a result of the highly unpredictable state of consumer's behaviour causing difficulty for business organizations to infer purchase decisions in specific market segments. Purchase decisions or preferences of consumers are affected by the environment and the conditions in which they live and as such, these factors are fashioned by the family background and the stage of life of the consumer [1].

Business organizations consider the family to be the most important decision making and consumption unit in the market. The purchase decisions of family account for large sale volumes which help in boosting the revenue of organizations. The socio-demographic variables that determine the life-cycle of a family are age, gender, level of education, marital status, income level, number of children, employment status, amongst others. Every household in the family lifecycle represents individuals with differing traits, personalities, needs and wants. As such, it becomes pertinent for organisations to understand the composition of household unit. From a business perspective, families are often referred to as households however, not all households are families. A household could also consist of just a single individual or a collection of unrelated individuals such as work peers or flat mates [2]. The family as a decision making unit is considered to be quite unique in its behavior as various dynamics within the family system influences how the purchase decisions [3].

Globally, families as households are responsible for 40% of the consumer base of fast moving consumer goods (FMCG's) products [4]. In Africa, research have shown that family as households are responsible for 23% of the sales revenue of fast moving consumer goods (FMCG's) companies [5]. This statistics implies that the family as a consumption unit contributes a significant percentage of the consumer base of fast moving consumer goods (FMCG's) in the world and most certainly Nigeria. The contribution of the family to purchase decision is a

progression of stages through which many families pass, starting with bachelorhood, moving on to marriage, then to family growth, to family contraction, and ending with the dissolution of the basic unit [6]. Age has played a considerable role in consumer motivation as consumers have different choices because of their age. Also, as they advance in age, their need, choices and preferences also changes [7]. Moreover, several products and services which is often seen to be individually consumed, are usually influenced by the family.

Despite the significance of family life cycle variables to fast moving consumer goods (FMCG's), [8] stated that FMCG's are threatened with the inability to track, analyze and determine the trends of family households purchase behavior. Overtime, organizations have always sought to know the important variables responsible for purchase decisions which necessitated the need for this study. There is a paucity of studies that identify the relationship between family life cycle and the purchase decisions of consumers of fast moving consumer goods (FMCG's) in Nigeria. This paper aims to solve the aforesaid problems by evaluating the relationship between family life cycle and the purchase decisions of consumers of fast moving consumer goods (FMCG's) in Nigeria.

LITERATURE REVIEW

In recent times, marketing professionals, researchers and analysts have begun to pay attention on the relationship between family life cycle and the purchase decisions of family. The family has often been identified as the most important decision making and consumption unit [8]. The family is believed to have the largest influence and prime target for most marketing organisations in recent years. An average family consists of the father, the mother and the children. Although, it is not uncommon to have extended families that consist of various nuclear families especially in African settings. Many studies carried in the past on family purchase behavior has shown that the family life cycle has some level of influence on the family decision making for a wide array of products [9].

The family lifecycle has been described as patterns found among families as they marry, have children, leave home, lose a spouse, and retire [10]. The family life cycle concept illustrate the distinct facet that a family ameliorate through from formation to retirement with each phase bringing with it ascribable purchasing behavior. There are 9(nine) types of stages in family life cycle; bachelor, newly married, full nest I, full nest II, full nest III, empty nest I, empty nest II, solitary survivor, retired solitary survivor [11].

Family purchase decisions are composed of a series of decisions, and every members of the family may play different roles at different stages. The major person making the buying decisions in a family does not necessarily have expertise, and he/she can influence one or more of the decision making stages in varying roles and with varying impact. [12] posits that the age of the parents also determines who makes the buying decisions as studies have shown that the younger parent tends to defer to the older parent to take the buying decisions. Also, as the children grow older in age, there is an increased level of trust from the parents which enables the children to partake in the buying decision process [13]. [14] posits that age is the most frequently used demographic variable in market segmentation. In life cycle, age seem to be easily recognizable groups with considerable role in consumer purchase decision [15].

[1] found that consumer buying behaviour in terms of purchase decisions helps to understand the psychology of families in the family life cycle. The discourse further revealed that families in different age groups transits from one product to another in order to meet the changing requirements of their family. The study of [16] revealed that purchase decision is a function of relationships within families and as such, the decision to purchase an item is based on different groups within the family. [17] investigated the role of husband and/or wife in the buying decision of food and personal hygiene products. The position of the study further indicated that husband and wife share the responsibility in buying the products.[18],[19] stated that children have significant influence at the buying decision process stages. Children of different age groups have significant influences in initiating the family purchase although; they have lesser influence on the final decision making.[20] states that, age and life-cycle has potential impact on the purchase decision of family. The family life cycle of the individual influences his values, lifestyles and buying behaviour. Also, [21] posits that a person's economic situation greatly affects product choice and the decision to purchase a particular product.

II. METHODOLOGY

The survey research design was used for this study to solicit information from respondents with the aid of a self-structured questionnaire. Residents of Alimosho Local Government Area which is the largest local government area in Lagos State, Nigeria form the population of the study. According to National Bureau of Statistics (2015), the total number of residents in Alimosho (LGA) is one million, five hundred and forty-eight thousand, five hundred and thirty-three (1,548,533). The Raosoft sampling calculator was used to derive a sample size of three hundred and twenty-three (323). Simple random sampling method was employed to ensure that each element in the population were given chance of been selected. Copies of questionnaire were subjected to the validity and reliability test of the instrument. The tested research instruments were above the threshold of the Kaiser Meyer Olkin (KMO) and Cronbach alpha. Regression analysis was used to analyse the data collected using the statistical package for science solution.

III. DATA PRESENTATION, ANALYSIS AND FINDINGS

Quantitative descriptive method was used to collect and analyse data. The 301 retrieved copies of the questionnaire administered were subjected to data treatment to test for linearity, homoscedascity, multi-collinearity. Data were analysed using the linear regression analysis to test effect of family life cycle on purchase decision as presented in the Table below.

Regression analysis of results

Summary of Linear Regression Analysis for effect of Family Decision on Purchase Decisions

Summary of Linear Regression Analysis for Effect of Family Decision on Purchase Decisions						
Model	V a r i a b l e s	B	S i g	T	R	R ²
1	(C o n s t a n t)	2 . 8 5 0	0 . 0 0 1	1 0 . 4 9 0	0.234	0.057
	Family Life Cycle	0.234	0.005	4.573		
1. D e p e n d e n t V a r i a b l e : P u r c h a s e D e c i s i o n s						

Source: Spss Output

Interpretation

To test the hypothesis, linear regression analysis was used. The resulting regression coefficients have been used to interpret the direction and magnitude of the relationship. The beta coefficients show the responsiveness of the dependent variable as a result of unit change in each of the independent variable (Family Life Cycle). The error term ϵ captures the variation that cannot be explain by the model. The data for family life cycle was generated by adding all the data on age, gender and level of education together of all items while that of purchase decisions was generate by adding scores for all the substance for the variable.

The result disclosed that family life cycle ($\beta = 2.850$, $t = 10.490$, $p < 0.05$) effect on purchase decisions is significant and positive. The R value of 0.234 supports this result and also indicates that family life cycle has a positive effect on purchase decisions. The $R^2 = 0.057$ is an indication of about 5.7% variation in purchase decisions which can be accounted for by family life cycle. The remaining 94.3% changes noticed can be accounted for by other variables not captured in this model. The regression model is thus expressed as:

$$PD = 2.850 + 0.234FL + \epsilon_i$$

Where:

FL= Family Life Cycle

PD= Purchase Decisions

From regression model, it can be seen that when purchase decisions is held at constant zero, family life cycle would be 2.850 implying that notwithstanding the family life cycle, there will still be a level of the purchase decisions as shown by the positive and constant value. The results of the simple regression analysis indicate that when family life cycle is improved by one unit, purchase decisions will be positively affected by an increase of 0.234 units. This result suggests that family life cycle is an important determinant of the purchase decisions of family household units. The result which also shows a high level of statistical significance led to the researcher rejecting of the null hypothesis which states that the combined effects of family life cycle variables have no significant influence on purchase decision.

The hypothesis set out to determine the combined effects of family life cycle variables on purchase decision. The findings of the linear regression analysis shows that the combined effects of family life cycle variables; age, gender, level of education ($\beta = 0.234$, $t = 10.490$, $P < 0.05$) has a significant influence on purchase decisions of a family. As such, family life cycle has a significant effect on the purchase decisions of the family as a household unit. This finding is in accordance with past researchers like [22] who found that there was a significant effect of family Factor on consumer buying behaviors. Likewise, [23] showed that brand loyalty declines as households shift from the young single stage to the young couple and the young family stage, remains relatively lower through the older family stage, and then increases at the post family and older single stages. Additionally, [24] concluded that there is a significant influence of family member input on purchase decisions. In concurrence, [25] found a significant impact of children on family purchase decision making. This shows that the finding that family life cycle influences purchase decision making is backed up empirically by previous studies on it.

Furthermore, this finding can be explained by the joint decision making theory propounded by Herbert Simon (1948) who explains that all family buying decisions can be dichotomized as autonomous by any one member or joint by all or some members of the family. As such the theory espouses what this study finds that there are intervening variables of family life cycle such as age, gender and age that determine the purchase decisions within a family. However, this finding is contradicted by [26] who found that there is a weak relationship between family life cycle and purchase decisions. Although, majority of the studies on family life cycle and purchase decisions are in tandem with findings of this study. Due to the aforementioned, it can be concluded that there is a significant effect of family life cycle on purchase decision of selected fast moving consumer goods (FMCG's) in Lagos State, Nigeria.

IV. CONCLUSION AND RECOMMENDATIONS

The rationale of this paper was to examine the combined effect of family life cycle variables on purchase decision of fast moving consumer goods (FMCG's) in Lagos State, Nigeria. It is evident that purchase decisions of families as a household unit is a critical factor in determining the purchase decisions and sales performance of an organization. The study therefore concluded that family life cycle has a positive and significant effect on purchase decisions of FMCG's. The study recommends that fast moving consumer goods industry should adopt marketing strategies that would influence the family household unit to purchase their goods or services. In addition, fast moving consumer goods (FMCG) industry should be aware of the socio-demographic factors such as age which plays a major role influencing the family purchase decision. Marketing managers and strategist should also take into cognizance the various stages in the family lifecycle as it greatly influences a variety of consumer behaviors for product or service innovativeness.

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