

# Impact of Family Life Cycles on Consumer Buying Behavior in Indian Context

Nishchal Khetan

Pursuing B. Com (Hons), Anil Surendra Modi School of Commerce

**Abstract:** Consumer buying behavior is a complex process and there are varieties of factors that affect consumer buying decision. One of the factors is Family life cycle. Needs, attitudes and preferences of a customer change with time. This is a very interesting concept as customers with similar demographics may have different needs and demand as they belong to different stages of life. The researcher in this paper has tried to study the concept and draw a general conclusion by suggesting some important factors that the marketers should keep in mind while identifying the need and demands of their present and potential customers.

**Keywords:** Consumer buying behavior, Demographic factors, Family life cycle, Segmentation

## 1. Introduction

Consumer choices and preferences are affected by the environment and the conditions in which he live. Basically, these factors are created by the family background and the stage of life a person is going through. In India the family tradition is of utmost importance and a marketer has to critically analyze how different family lifecycle affects the attitude and the preferences of the consumers. The family lifecycle is one of the social stratification techniques commonly used for analyzing data and has particularly important contributions to make in market segmentation. The concept originated in the sociology literature and is used to analyze the general buying pattern and demand for specific products. It can also be used for identifying key points in actual decision-making which families make while purchasing the product.

The model was devised by Wells and Gubar in 1966 where they divided the history of the family into nine stages. These stages are multi-dimensional as it takes into account the age, income and the children position. It can be used to predict the behavior of the consumers to some extent and the marketers can identify these and integrate it into their marketing strategy of the product. It eases down the demographic segmentation of the market.

**Table 1.1**

Family code	Stage	Characteristics
1.	Bachelor	Young single people not living with parents.
2.	Newly Married	Young married couple with no children.
3.	Full Nest 1	Young married couple with child under 6 years of age.
4.	Full Nest 2	Young married couple with child 6 or over years of age.
5.	Full Nest 3	Older married couple with dependent children living with them.
6.	Empty Nest 1	Older married couple in employment with no children living with them.
7.	Empty Nest 2	Older married retired couple with no children living with them.
8.	Solitary Survivor in labour force	Divorcee or widower working but no children living with them.

9.	Solitary Survivor retired	Divorcee or widower retired but no children living with them.
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Marketer has to see whether these lifecycles are relevant in the current context where the changes in demographic profile of the society, marriage, divorce, births and deaths are taking at a faster pace. These family life cycles also provide the basis for market segmentation and helps the marketer to target the market accordingly. The family life cycle helps to identify the consumer buying pattern by establishing a relationship between consumption expenditure and the life cycles for a particular product. For example, services like insurance will have a positive relation as person will spend more on these services as and when he moves along the life cycles. This model acts as a remedy to some extent to the consumer black box which is unpredictable and is the biggest task of all marketing professionals.

## 2. Literature Review

Many researchers have conducted studies on the buying pattern of the consumers in different family life cycles for different generic products. There are various studies conducted in India and abroad.

Rich & Jain (1968) found significant differences in shopping behavior of different social classes. Ambani (1978) in their study found that social class is a factor of consumer behavior. Dogra & Chouhan (1979) in their study found that social class play an important role in purchase decision of a television.

A study by Prem Kumar (2016) on buying behavior of consumers related to life insurance policy conducted in Chennai city revealed that about 35.00 per cent of life insurance policy holders belong to the family life cycle of Bachelor Type followed by Full Nest-I (32.00 per cent), Newly Married (13.80 per cent), Full Nest-II (5.20 per cent), Full Nest-III (3.60 per cent), Empty Nest-I (3.40 per cent), Empty Nest-II (3.00 per cent), Solitary Survivor in labour force (2.40 per cent) and Solitary Survivor (Retired) (1.60 per cent). It reveals that the most of life insurance policy holders belong to the family life cycle of bachelor type.

According to the study by Jain and Bhatt (2003) revealed that how different members of the family affect the buying decision of different product. In case of electronic gadgets, children influence more as they are more tech savvy while products related to kids like soaps, powder, milk, and articles for husband like soaps, cosmetics, razor blades are decided by the wife or mother. Sometimes joint decision is made for buying houses, cars, AC etc. Sometimes outside source like peers and friends also influence like in case of college education. At the end the main financier that is the husband and the wife have a significant say. So, roles in buying decision depend upon the age of children, price and use of product.

Patro and Sahu (1991) found that the market for cosmetic product is dominated by the women of 20-30 age (57%) from all income classes. Khan (2004) pointed out limitation in the model that a single family may not exist throughout all the cycles. Second marriage with children from first marriage can also be a case. The modern family lifecycle is more useful and complex which takes into account the working women than the traditional model. Srivastava and Khandai (2002) came to a conclusion that there may be distinction between user and buyer among Indian families. Like the mother can be buyer but a child will be the user.

Murphy and Staples carried out exercise for the United States using 1971 census data. Research Services Ltd use a simplified life cycle structure as the basis for their Sagacity groupings (Research Services Ltd 1987). They define the life cycle into four broad stages (Dependent, Pre-Family, Family and Late) and then redefine some of these stages by income and occupation to produce twelve groups each, covering between 4% and 20% of the population.

There were studies conducted to analyze the behavior of working and homemakers. Bartos (1982) found that homemakers read traditional magazines while job ones read business magazines. Ferber, and Birnbaum (1980) argued that job women have less leisure time and thus buy convenience foods and do less shopping.

Corfman (1991) divided the purchase decisions, after studying the husband-wife influence, into husband dominated, wife dominated, joint, and automatic. Jacobsen and Edmondson (1993) found that the role of men in families in U.S. is changing as their portion of total income is low. They tend to take more interests and involvement in the purchase decisions of the households.

### 3. Objectives of the Study

The objective of the study is: -

- 1) To analyze the buying behavior of the consumers in different life cycles.
- 2) To establish a relationship between consumption expenditure and life cycles.
- 3) To help marketer devise strategies to cater to needs of different life cycles.

- 4) To list down the products that the consumers start buying and stopped buying as they move to next life cycle.

### 4. Research Methodology

Primary data was collected from the population directly. The population consisted of families from India living in different states. Samples size consisted of 32 families from states like Rajasthan, Maharashtra, Gujarat, West Bengal etc. The sampling method was convenience sampling under non probability sampling methods. The sampling size and sampling technique may not represent the behavior of the entire population.

**Table 1.2**

Population	Indian households and families
Sample size	32 families
Sampling method	Convenience sampling (Non-Probability Sampling)
Time of study	January, 2020
Sampling tools	Questionnaire (using google forms)
Organization tools	Bar graphs, line graphs, measure of central tendencies, Microsoft Excel

**Table 1.3:** Table showing sample size

Family lifecycle	No. of families surveyed	Percentage
Bachelor	5	15.63%
Newly married	1	3.13%
Full nest 1	3	9.38%
Full nest 2	2	6.25%
Full nest 3	10	31.25%
Empty nest 1	5	15.63%
Empty nest 2	6	18.75%
Solitary survivor in labour force	0	0.00%
Solitary survivor retired	0	0.00%
Total	32	100.00%

### 5. Data Analysis and Results

#### a) Verification of Objective No.2

The portion of the income spent by the households represent their spending capacity. The average of all the cycles were taken out and the results are as shown in the figure 2.1.

From the figure 2.1 we can see that the expenditure (spending capacity) is increasing till full nest 2 and decline gradually as they move further. This mainly because the members of the family and daily requirement need start increasing and then after the full nest 3 it starts declining.

Thus, it can be established that the consumption expenditure is high till full nest as the needs are more but in empty nest it is declining as the parents alone don't spend much as compared to earlier stages. Also, the needs and requirements of the families decreases causing the expenditure going down.

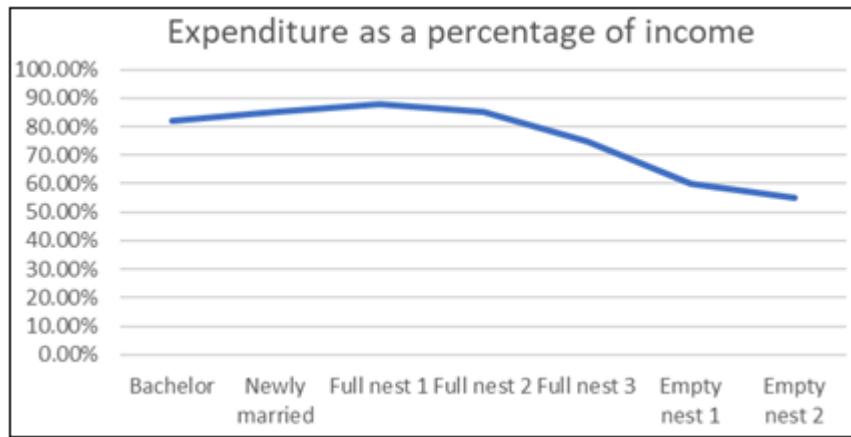


Figure 2.1

Source: Primary Data

**b) Verification Objective No. 3 and No.1**

The research then stressed upon which product does the family expenditure has increased over the years, shopping products or convenience products.

Shopping products are purchased less frequently & careful comparison is made by the customer on the price, quality, sustainability & style. Examples are Clothing, furniture, cars, electronics appliances etc.

Convenience products are purchased immediately & frequently with little efforts and comparison. Examples are detergents, soaps, newspapers, and daily use items.

From the survey it was found that the expenditure of 60% of the bachelors (3 out of 5) has increased more on convenience products than the shopping products. The newly married expenditure has increased more on shopping product. 66% of full nest 1 spending have increased on convenience products while all the families in the full nest 2 category spent majority on convenience products over the years. In the full nest 3 category 80% of the family's expenditure has increased on the shopping products with 60% and 100% of the empty nest 1 and empty nest 2 respectively having the same behavior as of that of full nest 3.

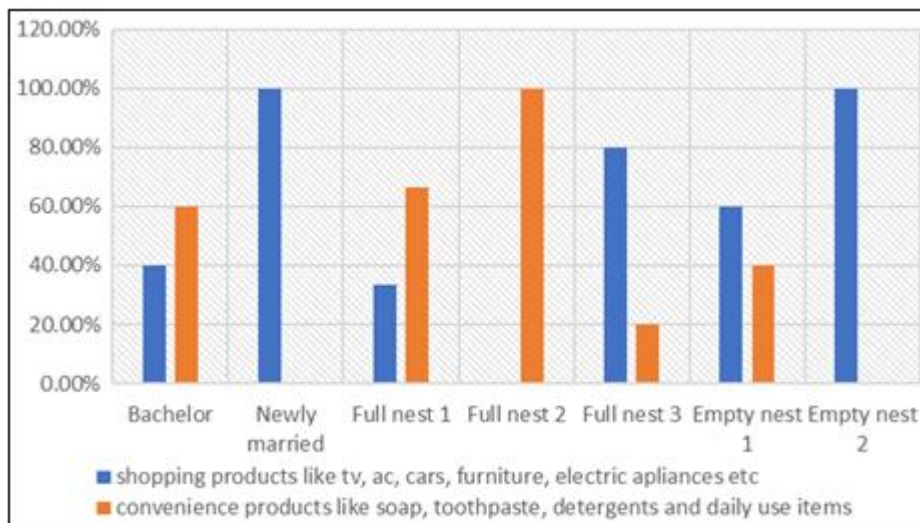


Figure 2.2

Source: Primary Data

From the results it is inferred that the families in the earlier stages that is bachelor to full nest 2 spent more on convenience products owing to their low financial conditions and increasing members in the family that is the child whereas after full nest 3 there is a complete u turn where families start spending majorly on the shopping products as and when their financial status gets improved and strengthened.

It was surveyed that whether the families in different lifecycles the frequency of purchase of speciality products

and whether they have started purchasing the same. Speciality products are those consumer products that have brand identification or unique characteristics and an important group of customers are happy to purchase these products. Examples are branded clothes, branded accessories etc. In the bachelor stage all the families purchase the speciality products but 60% purchase at less frequency than the others. In the newly married category, the family purchase this kind of products in less frequency. In full nest 1, 66% of the families

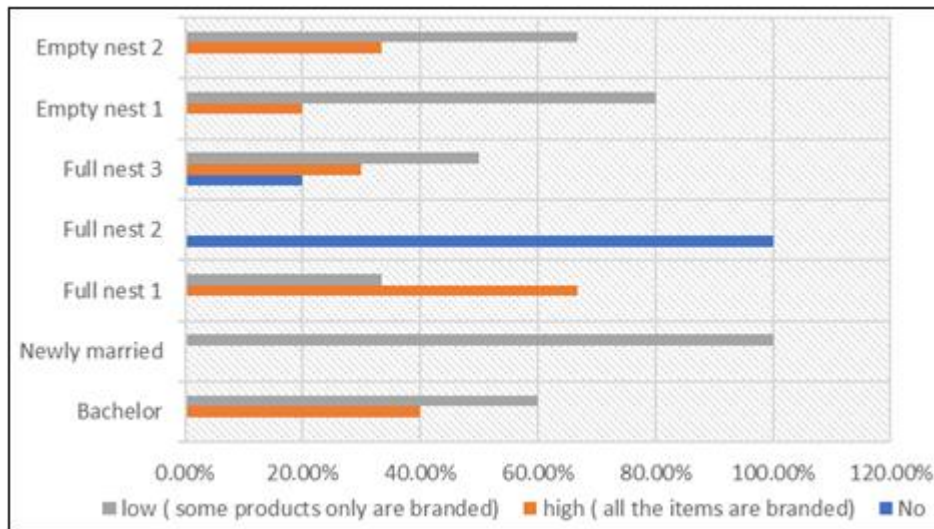


Figure 2.3

Source: Primary Data

purchase at a high rate while in full nest 2 no family purchase these products. In full nest 3, 50% purchase at low rate whereas 20% don't even purchase this kind of product. In empty nest 1 and empty nest 2 majority purchase branded speciality products.

It can be inferred that all families purchase these products but at a low frequency whereas some purchase at a high rate to suit their needs. It depends on the income and family needs of the consumers.

It was then surveyed upon the product on which families in different family life cycle spent major portion of their income. 4 categories of products defined are:

- 1) Food and clothing which include all food items and clothing items.
- 2) Grocery which include daily use items like soaps, detergents, lotions etc.
- 3) Education which include fees of institutions, books, stationery etc.

- 4) Entertainment which include movie, outings, vacations etc.

The 40% families in bachelor stage spend major portion on the necessities like food and clothing, groceries each whereas 20% spend on entertainment. The newly married spend on food and clothing. In full nest 1, 66% spend major portion on food and clothing and remaining 34% spend on grocery. In full nest 2, 50% families spend major portion on both entertainment and grocery. In full nest 3, 33% of families spend on food and clothing and education each while other 23% and 11% spend majorly entertainment and grocery respectively. In empty nest 1, 40% spend majorly on entertainment and grocery while remaining 20% on food and clothing. In empty nest 2, 50% spend major portion of their income on grocery while 17% and 33% on entertainment and food and clothing respectively.

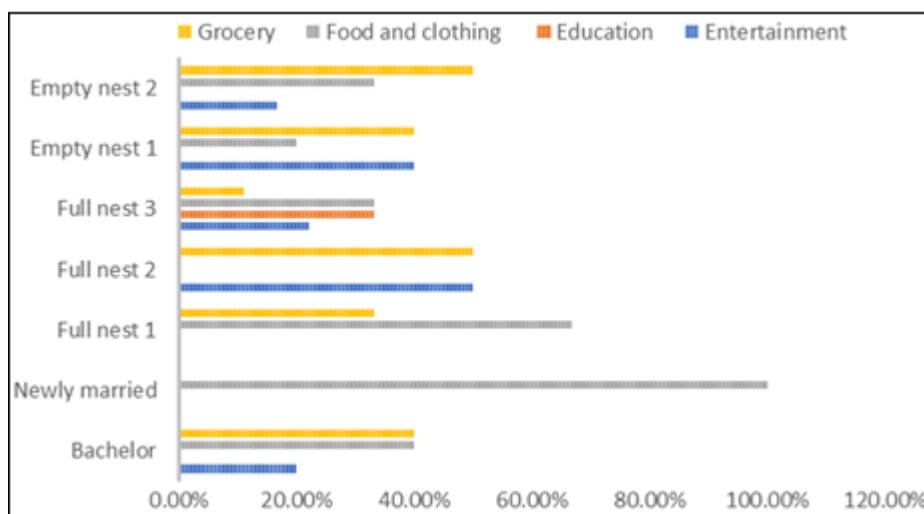


Figure 2.4

Source: primary data

We can see a trend in food and clothing and entertainment that it first increased and then gradually declined. Education

was a major portion for full nest 3 where children are in college.



It was surveyed whether families in different family life cycle spend their income to pursue their hobbies like

trekking, rafting, dream destinations etc. The results are shown in figure 2.5.

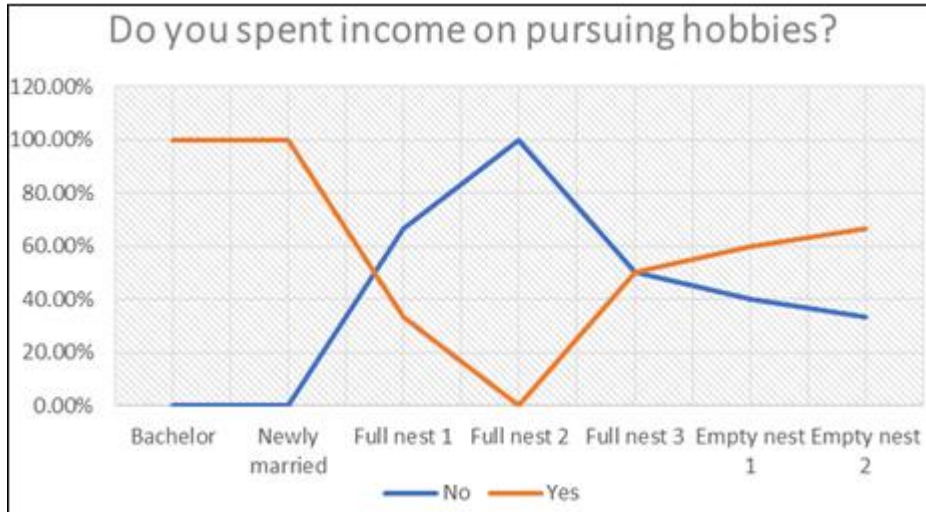


Figure 2.5

Source: Primary Data

The bachelor stage is passionate and they pursue hobbies as they have few financial burdens. The newly married also depict the same behaviour. In full nest 1, 67% said yes while other 33% said no. In full nest 2, all families said yes while in full nest 3, 50% said yes and other 50% said no. In empty nest 1, 40% said no and 60% said yes while in empty nest 2, 33% said no and 67% said yes. The inference drawn is that in bachelor, newly married and after full nest 3 the families give time to themselves and involve in activities to follow their hobbies and passion. The empty nest said yes as their financial position is very good whereas bachelor and newly married have few financial burdens on them. The full nest stage has less interest on pursuing hobbies as they have other major expenditure to look after owing to their relatively lower financial position than the empty nest. It was surveyed to find out the key factor that families in different stages use forevaluating the product while making a buying decision. The factors were quality, price, popularity and availability. The results are given in figure 2.6 and table 1.4.

Table 1.4

Family lifecycle	Popularity	Quality	Availability	Price
Bachelor	20.00%	20.00 %	0.00%	60.00%
Newly married	0.00%	100.00%	0.00%	0.00%
Full nest 1	0.00%	0.00%	66.67%	33.33%
Full nest 2	0.00%	50.00%	50.00%	0.00%
Full nest 3	30.00%	50.00%	10.00%	10.00%
Empty nest 1	0.00%	80.00%	20.00%	0.00%
Empty nest 2	0.00%	66.67%	16.67%	16.67%

Source: Primary Data

The bachelor stage is more concerned about the price owing to their low financial position while the newly married preferred quality over anything. The full nest 1 are majorly concerned about the availability of the product as they have a child under 6 years of age which would require greater care and will be concerned that all products are available to her easily or nearby. The full nest 2 are concerned about the quality and availability while in full nest 3 the quality and the popularity are supreme. In empty nest quality is the most famous factor.

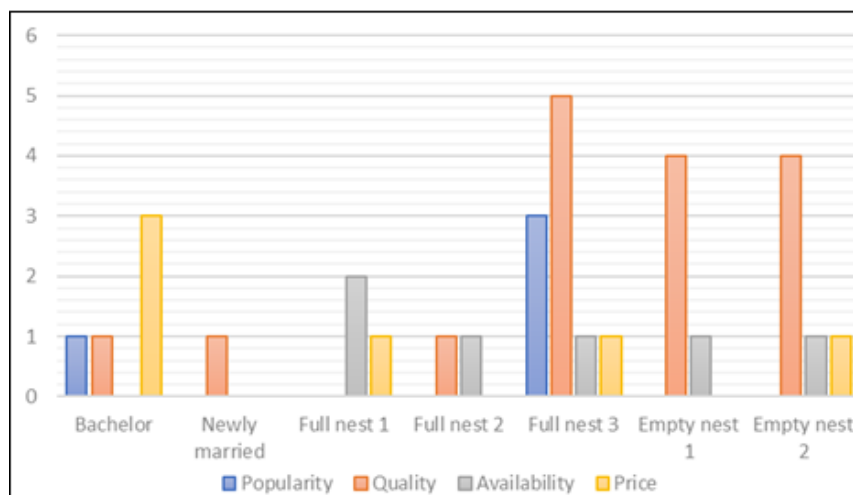


Figure 2.6

Source: Primary Data

The quality factor is more popular in the newly married, full nest 3 and the empty nest stages as they are well off and would prefer quality over quantity. The popularity factor is famous in bachelor and full nest 3 stage as the young generation is prevalent in these stages. The price factor diminishes as the income increases whereas availability is seen only in full nest and empty nest due to child and old age respectively.

**6. Inference**

The analysis will help the marketer to understand and interpret the buying black box of the consumers to some extent. Segmenting the population on the basis of family life cycle and targeting will help the marketer the strategy and the market offering that he is going to create in the target market. Table 1.5 shows the key marketing strategies along with the consumer behavior that each segment depicts.

**Table 1.5**

Family lifecycle	Marketing mix to focus on	Consumer behaviour
Bachelor	Price, Promotion	Few financial burden, recreation oriented, spend more, buy luxuries
Newly married	Product	Financially better off than will be later, focus on quality, spend more on vacations
Full nest 1	Place	Low liquid assets, buying conditioned by young children, focus on availability of product
Full nest 2	Place, Product	Financial position better, buy bicycles, educational items, focus on both quality and availability, spending is high
Full nest 3	Promotion, Product	Financial position still improving, buy durables, leisure items, spending is highest, buy popular brands
Empty nest 1	Product, Promotion	Optimum financial position, buy luxuries, vacations, spending fall, quality and brand value are supreme
Empty nest 2	Product, Place	Income falls as source declines, health/ medical products important, quality standard retained and availability become important

**a) Verification of Objective No.4**

The consumer buying behavior help us to understand the psychology of families in different family life cycle. Thus, families in different family life cycle transit from one product to another in order to meet the changing requirements of the family. The table1.6 shows a list of items made to show which products the families have

stopped buying or are going to buy for the first time as they move through different lifecycle.

**Table 1.6**

Family lifecycle	Items they have stopped buying	Items they want to buy/ going to buy for the first time
Bachelor	Toys, video games, bicycle, education books	Tuxedo, public transportation service, beard trimmer, branded watch, banking services, beverages
Newly married	Ready to eat food items	Furniture, investment programs, insurance schemes, 2 wheeler vehicle, vacations, new home, electronic appliances
Full nest 1	alcohol, tobacco products	baby products, cradle, luxury car, insurance schemes, pram, kindergarden
Full nest 2	baby product, toys, kindergarden	schooling services, books, school water bottles, stationary
Full nest 3	school services and accessories	bicycles, branded teenage clothes, clothing accessories, mobile phones, college education, online streaming services, family car
Empty nest 1	fast food items, alcohol, movies	yoga classes, healthy food items, bp checking machine, social media
Empty nest 2	Transportation services, loan services, cosmetics, perfumes, tuxedo	yoga classes, healthy food items, social services, bp checking machine, social media

**7. Recommendations**

The traditional model is simple and does not include the exceptions and the new dynamics happening in the society. Murphy and staples (1979) suggested a Modernized Family Life cycle model in journal of consumer research (Vol.6). It has 5 main stages with 13 sub categories defined in table 1.7 with acomparative view to the traditional model by Wells and Gubar. The modern model is more updated, complex and dynamic. Murphy has put the first 3 stages under the young stages, 4<sup>th</sup> one under middle- aged stages and the last 5<sup>th</sup> one is under the older stages. This model is more behavior- specific and will further help the marketer to segment the market properly so that no segments are similar and the entire population is taken into account. Also, the behavior of each target group is unique and the products can be modified and presented to satisfy the needs of the different segments. In this way the marketer would be able to position its product effectively in the minds of the potential customers. Although the traditional model is used by many researchers there is a constant need to update the model as the environment is never stable and the same model cannot be applied to all situations in its absolute form.

Table 1.7

Murphy and Staples Model		Wells and Gubar Model	
Stage	Name	Stage	Name
I.	Young single	I	Bachelor stage
II.	Young married without children	II.	Newly Married
III.	Other Young	III.	Full nest I
a.	Young divorced without children		
b.	Young married with children		
	Infant		
	Young (4-12 years old)		
c.	Adolescent		
	Young divorced with children	IV.	Full nest II
	Infant		
IV.	Young (4-12 years old)		
	Adolescent		
	Middle- aged		
a.	Middle- aged married without children		
b.	Middle- aged divorced without children		
c.	Middle aged married with children	V.	Full Nest III
	Young		
	Adolescent		
d.	Middle -aged divorced with children		
	Young		
	Adolescent		
e.	Middle- aged married without dependent children	VI.	Empty Nest I
f.	Middle- aged divorced without dependent children		
V.	Older		
a.	Older married	VII.	Empty Nest II
b.	Older unmarried	VIII.	Solitary survivor in labor force
	Divorced		
	Widowed		
		IX.	Solitary survivor- retired

## 8. Suggestions

After analyzing the consumer behavior of different segments, different products now have to target the market. Some of my suggestions are: -

- The insurance and banking sector should target the bachelors and newly married ones as they are likely to look for more investment and security schemes for their long-term benefits.
- The luxury goods market should target the newly married and full nest stages as their behavior suggests that they prefer quality and popularity over other factors.
- The healthy food items and pharmacy industry should focus on the empty nest stage as they spent major portion of their income on medicines and follow a healthier diet.
- The automobile industry should target the newly married and the bachelor as they are in great need of transportation services and are likely to buy it.
- The baby products and accessories should focus on full nest 1 and should incorporate easy availability of their product in the market to create convenience to the families to access their products.
- The video games, toys, and child play stores focus are on the full nest 1 and full nest 2.
- The tourism industry should focus on the newly married and empty nest as they tend to buy luxury products.

- The FMCG industry main area of concentration should be on the full nest stages as the family's main expenditure is to meet the daily household needs.

## 9. Conclusion

It is important for a marketer to understand different family life cycles as it helps them to devise the needs, buying behavior and devise marketing strategies to provide value proposition to the target market formed after segmenting on the basis of family life cycles. It also provides the marketer a clue about the factors affecting the buying decision of the target markets. In India the model has a potential to be successful if implemented properly because the Indian culture and traditions inculcated in the people give importance to the family. Most of the buying decisions in India are taken by all family members jointly with each playing their own unique role.

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