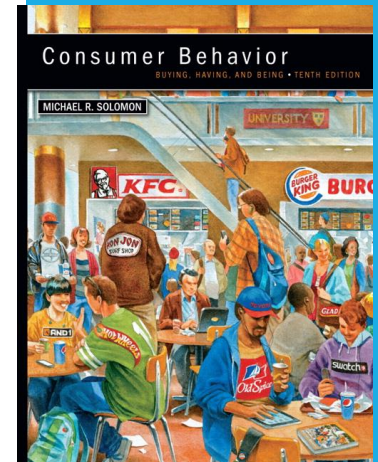


CHAPTER 10

ORGANIZATIONAL AND HOUSEHOLD DECISION MAKING

**CONSUMER
BEHAVIOR, 10e**
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CHAPTER OBJECTIVES

When you finish this chapter, you should understand why:

1. Marketers often need to understand in many cases more than one person decides what to buy
2. Our traditional notions about families are outdated
3. Marketers must understand the household structure and decision making
4. Member play different roles and have different amount of influence
5. Children learn over time what and how to consume

LEARNING OBJECTIVE 1

- More than one person makes many purchasing decisions.
- Collective decision-making
 - Two or more people evaluate, select, or use a product or service.
 - May not both have same interest
- In families, members play several different roles during the decision-making process.



ROLES IN COLLECTIVE DECISION MAKING

Initiator

Gatekeeper

Influencer

Buyer

User

FOR REFLECTION

Assume that you are a car salesman working with a family that is purchasing a new car for their 16 year old daughter.

- List all the people that may be involved in the decision making and their roles

- Initiator
- Gatekeeper
- Influencer
- Buyer
- User



OBJECTIVE 3: OUR TRADITIONAL NOTIONS ABOUT FAMILIES ARE OUTDATED.

- **1950 – 78% of households - Two parent household**
 - Mom and a dad
 - Divorce was not a common thing (societal pressure, carried a stigma)
 - Only 9% of all US homes had only a single occupant
- **Moms were younger**
 - People married at about 22 years old for men and 20 for women
 - About 60% of all married couples owned their home
 - Complete plumbing (bath, shower, flush toilet) only available in 64% of homes
 - Every TV family was portrayed as “perfect”. Any problem could be resolved in a 30 minute episode.
- **Dinner was eaten together, as a family, 7 nights a week**
 - After dinner the family would sit and watch TV – the whole family watched the same show
 - Only one phone in the whole house (party lines)
 - Kids owned a small record player, a transistor radio

WHAT IS A FAMILY?

- Traditional family structure (mom, dad, children) continues to decline
- Many other types of families taking their place
 - Greater emphasis on siblings
 - Close friends
 - Relatives
 - Social support (big brothers and sisters)



WHAT IS A FAMILY?



FAMILY TYPES

1. Intentional families

- Groups of unrelated people who meet regularly for meals and who spend holidays together.

2. The extended family

- Once most common family unit
- Consisted of three generations living together and often included the grandparents, aunts, uncles, and cousins.

3. The nuclear family—

- A mother, father, and one or more children



The U.S. Census Bureau regards any occupied housing unit as a **household**, regardless of the relationships between the people who live there. (one person, 3 roommates, 2 partners, etc)

MARKETERS CHALLENGE

- 51% of American women now live without a spouse
 - Younger women marry later
 - Older women live longer as widows
 - Women delay marriage once divorced
- 5% households consist of unmarried opposite sex partners
 - Living together
 - POSSLQ (persons of opposite sex sharing living quarters)
- Same sex households
 - Marketers targeting as a family unit (gayweddings.com, twobrides.com)



FAMILY SIZE

- Many factors which affect the size of a family.
 - The higher the education of the parents, the fewer children
 - Fertility rate in women waiting to give birth
 - Religious beliefs and the availability of birth control
 - Worldwide, women tend to want smaller families than in past
 - There is a growing trend toward voluntary childlessness



SANDWICH GENERATION



- Sandwich generation: adults who care for their parents as well as their own children
- Boomerang kids: adult children who return to live with their parents
 - Spend less on household items and more on entertainment



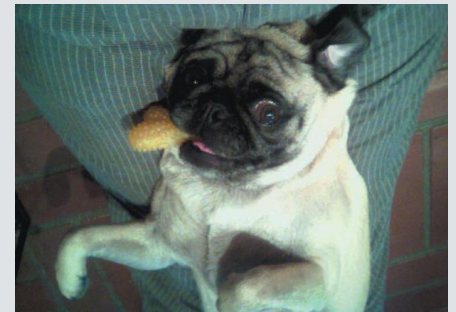
DINKS

- Childless couples, including those who define themselves as voluntarily childless, are an attractive segment for some companies.
- DINKS (dual income, no kids) couples are better educated on average than those with kids are.



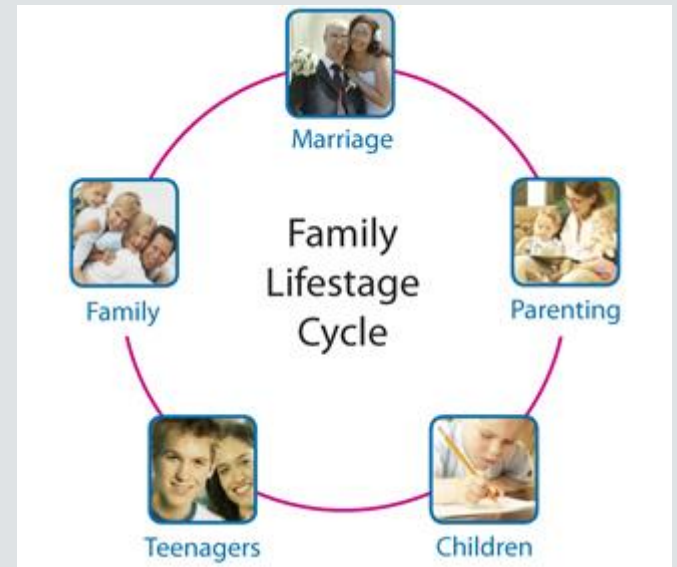
NONHUMAN FAMILY MEMBERS

- Pets are treated like family members
- Pet-smart marketing strategies:
 - Name-brand pet products
 - Lavish kennel clubs
 - Pet accessories
- Americans are humanizing their dogs and cats
 - Pet insurance
 - Birthday and holiday presents for pets



FAMILY LIFE CYCLE

- Factors that determine how family spends money:
 - Children present
 - Age of children
 - Both spouses work
- Marketers apply the Family life cycle (FLC) to segment households.
 - Combines trends in income and family composition over time



VARIABLES AFFECTING FLC

Age

Marital Status

Children in the Home

Ages of Children in the Home

OBJECTIVE 5: THE DECISION PROCESS WITHIN A HOUSEHOLD UNIT RESEMBLES A BUSINESS CONFERENCE

- Members of a family unit play different roles and have different amounts of influence when the family makes purchase decisions.



HOUSEHOLD DECISIONS

Consensual purchase decision

- Members agree on the desired purchase
- Disagree only in terms of how they will make it happen
 - Getting a dog – some voice concern who will care for it
- Solution: chart assigning duties

Accommodative purchase decision

- Group members have different preferences
- Can't agree on a purchase to satisfy everyone's needs
 - Movie night, buying a PS 3
- Use bargaining, coercion, and compromise to achieve agreement on what to buy and who uses it.

FAMILY DECISIONS MAY INVOLVE CONFLICT IF...

- **Interpersonal needs** – a person's level of investment in the group
- **Product involvement and utility** – the degree to which a person will use the product to satisfy a need
- **Responsibility** – for care, procurement, maintenance, payment, etc.
- **Power** – the degree to which one family member exerts influence over the others



WHO MAKES KEY DECISIONS IN THE FAMILY?

- **Autonomic decision:** one family member chooses a product
- **Syncretic decision:** involve both partners
 - Used for cars, vacations, homes, appliances, furniture, home electronics, interior design, phone service
 - As education increases, so does syncretic decision making



FACTORS AFFECTING DECISION-MAKING PATTERNS AMONG COUPLES

Sex-role stereotypes

Spousal Resources

Decision Making Experience

Socioeconomic Status

OBJECTIVE 6: CHILDREN AS DECISION MAKERS

- Children learn over time what and how to consume.



CHILDREN AS DECISION MAKERS CONSUMERS IN TRAINING

Children make up three distinct markets:

- **Primary market:**
 - kids spend their own money
- **Influence market:**
 - parents buy what their kids tell them to buy (parental yielding)
- **Future market:**
 - kids “grow up” quickly and purchase items that normally adults purchase (e.g., iPods, cell phones, fashion)



HOW DO KIDS KNOW WHAT THEY LIKE?

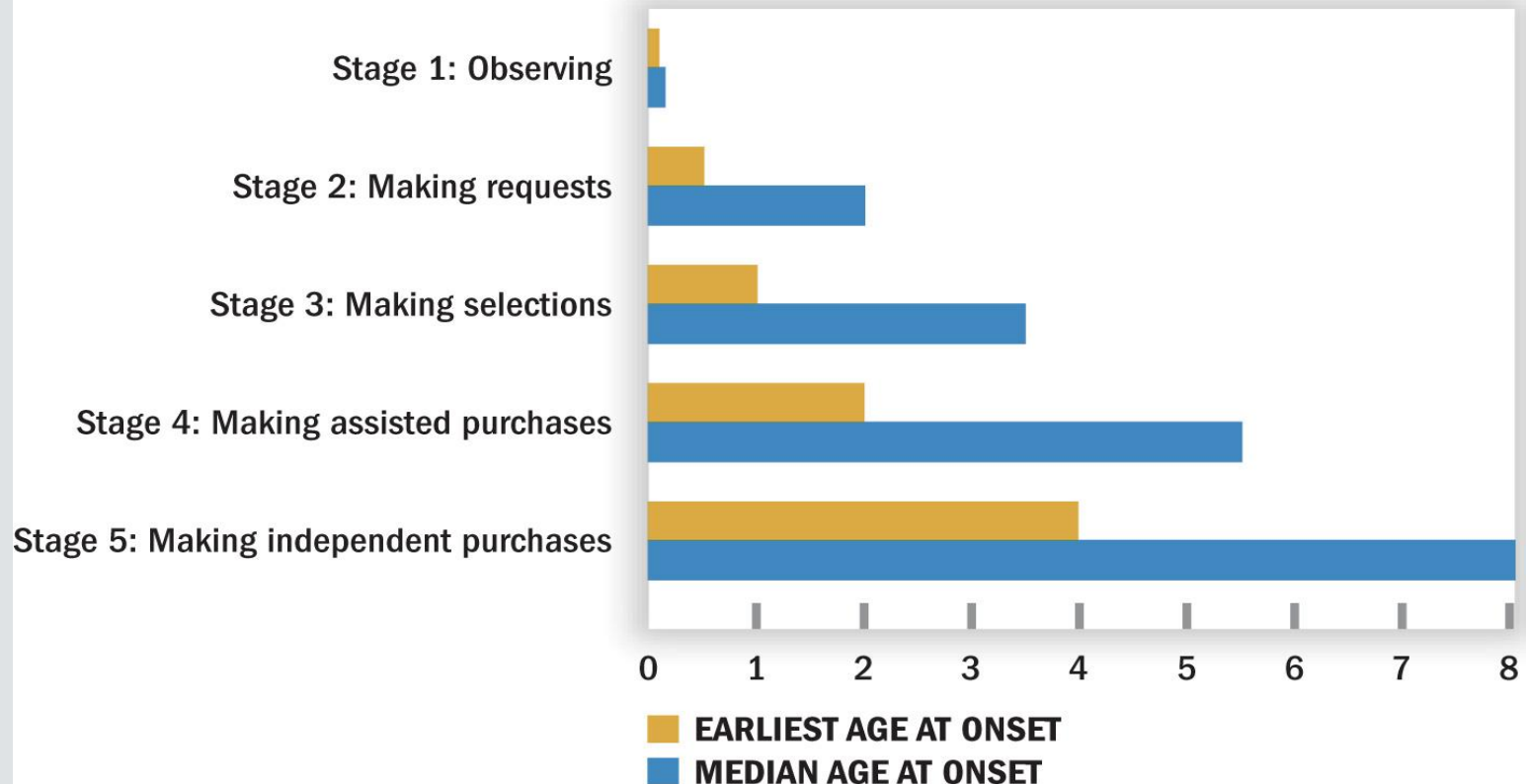
- Learn to consume through the socialization process.
- Learn to act as consumers from the environment around them.
- Parents are a big influence also teachers.
- Learn from television, which for many is akin to an electronic babysitter.
 - Computer (iPad)
- The culture all around us influences are beliefs and patterns.



FIVE STAGES OF CONSUMER DEVELOPMENT

A CONSUMER IS BORN

Children start accompanying parents to the marketplace as early as one month old and begin to make independent purchases as early as four years old.



SEX-ROLE SOCIALIZATION

Sex-Role Socialization

- Children pick up on the concept of gender identity at an earlier age than was previously believed (age 1 or 2).
- Adulthood rehearsal (you're the mommy, I'm the daddy)
- Often “traditional” sex roles are stressed in children’s products



BABY STORM



CHAPTER SUMMARY

- The purchase decisions made by many may differ from those made by individuals.
- Our traditional notions of family are outdated.
- Family members play different roles and varying levels of influence.
- Children learn over time how to consume.

BUILDING PERSONAL BRAND RELATIONSHIPS

