



## THE ROLE OF FAMILY AND REFERENCE GROUPS ON CONSUMER PURCHASE BEHAVIOUR WITH REFERENCE OF SMALL CAR PURCHASE

Dr. Anjora Belcha\*      Geeta Yadav\*\*

*\*Associate Professor, Business Administration Department, University of Rajasthan.*

*\*\*Doctoral Research Fellow & Corresponding Author, Business Administration of Management, University of Rajasthan.*

### Abstract

*Social influences exert great pressure to mould and direct individual behavior. The challenge to the marketer is to determine which of these social levels and its supporting elements is most important in influencing the demand for his product. The present research concentrated to the most elementary and prominent level of social status i.e. family and reference group. The present researches study the effect of family and reference groups on small car purchase behavior of two brand leaders Maruti Suzuki Ltd. and Hyundai India Ltd. with reference to Haryana District of India. The study suggests that family and friends have great impact on the purchase behavior of an individual.*

**Keywords:** *Reference Groups, Small Car Segment, Maruti Suzuki, Hyundai India Ltd.*

### Introduction

The aim of the marketing is to meet and satisfy target customer's needs and wants. Most of the theories stressed the behavioral aspects pertaining mainly to economic and personality variables. But in reality, the personality variables are governed by the social and cultural norms which the society has and in which consumer is living. Therefore social influences exert great pressure to mould and direct individual behavior. The challenge to the marketer is to determine which of these social levels and its supporting elements is most important in influencing the demand for his product.

In this research we concentrated ourselves to the most elementary and prominent level of social status i.e. family and reference group. The present researches study the effect of family and reference groups on small car purchase behavior with reference to Haryana District of India.

### Review of Literature

A family is two or more people living together who are related by blood or marriage. It is a part of a household which consists of individuals living singly or together with others in a residential unit. The individual family is a strong, most immediate and most pervasive influence on decision-making (Yakup & Sevil, 2011). The family is both a primary group (characterized by intimate, face to face interaction) and a reference group (with members referring to certain family values, norms, and standards in their behavior) (Rao, 2010). Regular societies formed by the regular presence of families so the families are really important for all societies (Yakup & Sevil, 2011). To assess the role of the family members in the decision process, many studies focused on the relative influence of the family members and how the influence varied from with the type of product (Davis, 1976), gender of influencer (Foxman, Patriya, & Karin, 1989), situation, decision stage (Szybillo, Arlene, & Tenenbein, 1977) or life-cycle stage (Corfman & Lehmann, 1987). According to Holdret & Antonides (1997) prominent factors that influencing the family decision making process are power, parental style and communication patterns. There are four types of family decisions- husband dominated, wife-dominated, autonomous by either of the two and joint decision (ICFAI, 2012). The family decisions are often subject to the great deal of conflicts. There are many reasons of conflicts, such as- wealth, children, peer group, working spouse, household income, marital status, type of family (nuclear or joint), spending habits etc (Chandrasekar & Raj, 2013).

On the other hand Reference groups influence consumer behavior in two ways. First, they set levels of aspiration, offering cues of what lifestyle and related purchasing patterns we should strive to achieve. Second, they help define the actual items/services considered acceptable for displaying those aspirations—the kind of housing, clothing, or car, for example, deemed appropriate for a member of the group (Bourne, 1957). Reference groups are of two types: primary and secondary. A primary reference group is one with which the members have frequent face-to-face contact and are close knit. Families, households, study groups, work teams, roommates, and fishing pals are all primary groups (Homans, 1950). Members exert considerable influence on one another, including marketplace influence, simply because they are significant in one another's lives.

### Family and Purchase Behavior

The table below presents the relation count of purchase influence and demographics.



**Table 1 Purchase Influencer and Demographics**

<b>Influencer</b>	<b>Count</b>	<b>Percentage</b>
PARENTS	277	46%
FRIENDS	244	40%
COLLEAGUE	39	8%
WIFE/HUSBAND	33	6%

  

<b>Family Type</b>	<b>Count</b>
<b>Nuclear</b>	
FRIENDS	194
PARENTS	146
WIFE/HUSBAND	33
COLLEAGUE	12
<b>Joint</b>	
PARENTS	131
FRIENDS	50
COLLEAGUE	27
<b>Marital Status</b>	<b>Count</b>
<b>Single</b>	
PARENTS	151
FRIENDS	103
COLLEAGUE	15
<b>Married</b>	
FRIENDS	141
PARENTS	126
WIFE/HUSBAND	33
COLLEAGUE	24
<b>Gender</b>	<b>Count</b>
<b>Male</b>	
PARENTS	265
FRIENDS	193
WIFE/HUSBAND	28
COLLEAGUE	17
<b>Female</b>	
FRIENDS	51
COLLEAGUE	22
PARENTS	12
WIFE/HUSBAND	5

**Interpretation:** The table concludes that Parents / family member are the most influencing group of people in any small car purchase decision, followed by influence by friends. Surprisingly, Colleagues and spouses are least influencing person in a purchase decision. Member of nuclear family structure give less importance to parents view whereas joint family members give respect to their parents preferences. Both Married and unmarried customer give weightage to their friends and parents viewpoint for car purchase. The gender distribution shows that male give preference to parent advice but female customer give priority to their friend and colleagues preferences.



### Impact of Reference Group

To identify the influence of reference group on small car purchase decision, a structured questionnaire is prepared to capture the data from respondents using 5-point Likert scale (5='Strongly Agree' to 1='Strongly Disagree'). Given hypothesis is formulated to test the relation. Following table and figure depict the results.

**Hypothesis: All categories of reference group influence the small car purchase behavior.**

To test the hypothesis, one sample 't' test is applied. The one-sample t-test is used to determine whether a sample comes from a population with a specific mean. This population mean is not always known, but is sometimes hypothesized. Your dependent variable should be measured at the interval or ratio level (i.e., continuous). The data should be **independent** (i.e., **not correlated/related**), which means that there is no relationship between the observations. This is more of a study design issue than something you can test for, but it is an important assumption of the one-sample t-test. There should be **no significant outliers**. Our data fulfils the above mentioned criteria. For this test we keep the default 95% confidence intervals.

**Table 2, One-Sample Results**

One-Sample Statistics						
	N	Mean	Std. Deviation		Std. Error Mean	
Colleague	600	3.0000	1.28039		.05227	
Friends	600	3.5683	.94524		.03859	
Auto_expert	600	3.9250	.98029		.04002	
Family	600	4.0650	.76926		.03140	
Society	600	3.2550	1.30620		.05333	
One-Sample Test						
	Test Value = 4					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
colleague	-19.131	599	.000	-1.00000	-1.1027	-.8973
Friends	-11.186	599	.000	-.43167	-.5075	-.3559
Auto_expert	-1.874	599	.061	-.07500	-.1536	.0036
Family	2.070	599	.039	.06500	.0033	.1267
Society	-13.971	599	.000	-.74500	-.8497	-.6403

**Interpretation:** Table presented with the observed *t*-value ("t" column), the degrees of freedom ("df"), and the statistical significance (p-value, 2-tailed) of the one-sample t-test. The *t*-value is positive and  $p < .05$  for Family factors. The means analysis also revealed that from all these factors, Family is the highly influencing group for car purchase as means is statistically different. Hence we can reject the null hypothesis. Small car customers give importance to family member views before making purchase decision.

To further test the difference of perception across customers of different brands (Maruti and Hyundai), one-way ANOVA test is applied. ANOVA provides a statistical test of whether or not the means of several groups are all equal, and therefore it generalizes t-test to more than two groups.

**Table 3 ANOVA Results**

Descriptives									
		N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
						Lower Bound	Upper Bound		
Colleague	Maruti	300	3.2100	1.24810	.07206	3.0682	3.3518	1.00	5.00
	Hyundai	300	2.7900	1.27985	.07389	2.6446	2.9354	1.00	5.00
	Total	600	3.0000	1.28039	.05227	2.8973	3.1027	1.00	5.00
Friends	Maruti	300	3.5900	.96523	.05573	3.4803	3.6997	1.00	5.00
	Hyundai	300	3.5467	.92593	.05346	3.4415	3.6519	1.00	5.00
	Total	600	3.5683	.94524	.03859	3.4925	3.6441	1.00	5.00
Auto_expert	Maruti	300	3.8600	.94695	.05467	3.7524	3.9676	1.00	5.00



	Hyundai	300	3.9900	1.00993	.05831	3.8753	4.1047	1.00	5.00
	Total	600	3.9250	.98029	.04002	3.8464	4.0036	1.00	5.00
Family	Maruti	300	4.1033	.65886	.03804	4.0285	4.1782	2.00	5.00
	Hyundai	300	4.0267	.86513	.04995	3.9284	4.1250	2.00	5.00
	Total	600	4.0650	.76926	.03140	4.0033	4.1267	2.00	5.00
Society	Maruti	300	3.1767	1.24792	.07205	3.0349	3.3185	1.00	5.00
	Hyundai	300	3.3333	1.35955	.07849	3.1789	3.4878	1.00	5.00
	Total	600	3.2550	1.30620	.05333	3.1503	3.3597	1.00	5.00
<b>ANOVA</b>									
		Sum of Squares		df	Mean Square	F	Sig.		
colleague	Between Groups	26.460		1	26.460	16.559	.000		
	Within Groups	955.540		598	1.598				
	Total	982.000		599					
Friends	Between Groups	.282		1	.282	.315	.575		
	Within Groups	534.917		598	.895				
	Total	535.198		599					
Auto_expert	Between Groups	2.535		1	2.535	2.645	.104		
	Within Groups	573.090		598	.958				
	Total	575.625		599					
Family	Between Groups	.882		1	.882	1.491	.223		
	Within Groups	353.583		598	.591				
	Total	354.465		599					
Society	Between Groups	3.682		1	3.682	2.162	.142		
	Within Groups	1018.303		598	1.703				
	Total	1021.985		599					

**Interpretation:** Table shows the output of the ANOVA analysis and where we have no statistically significant difference between our group means. We can see that the significance level, which is above 0.05., therefore, there is no statistically significant difference in the mean of perception between different customer group (Maruti and Hyundai). Customers of both cars give importance to family, auto expert advices before making purchase decision. Thus our null hypothesis is rejected.

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