

Whose Decision is it Anyways? The Changing Purchasing Patterns of Indian Families

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ABSTRACT

The latest Disney channel commercial for the Indian market depicts the move of Disney from being just a kid's channel to a family channel. This move signals the importance of "Families" in the Indian settings. In the Indian context, family has been traditionally considered an important decision-making unit with respect to purchasing products and services required for the household on a daily basis; however, there have not been in depth studies understanding the family as a decision unit and the changes this unit has witnessed since the opening of economy in 1990s. This article compares and contrasts the changing purchase decision making of millennial generation with their parents. Qualitative interviews are used to gather data for family decision making in addition to exclusive secondary sources of data like research papers, articles, and books on the Indian economy and the Indian family structure. Literature from the field of sociology and political science is also referred to, to understand the socio-political and socio-economic impacts on the consumer.

KEYWORDS

Family Purchases, Millennial Generation, Purchase Decision, Spousal Decision

INTRODUCTION

"Families" in most of the sociological studies, especially pertaining to Asia and India are considered classically as large, patriarchal, collectivistic, joint families, harboring three or more generations vertically and kith and kin horizontally (Chadda & Deb, 2013). Traditional families like these form the oldest social institution which has survived through ages and has a dominant influence in the life of its individual members. Traditionally Indian joint family included three to four generations living together, grandparents, parents, uncle and aunt, niece, nephews and siblings all living under one roof and utilizing a common kitchen and spending from a common kitty contributed by all (Chadda & Deb, 2013). However, this definition of Indian joint family is slowing changing owing to the socio-cultural changes occurring in India at a faster pace. These changes have not only altered the political, social and economic scenario of India but have brought about changes in the power roles in families along with changing role of women in decision making for the household.

The studies on understanding the concept of 'family' as a decision-making unit has been an area of research in marketing and consumer behaviour (Epp & Price, 2008). The family decision making is a process that directly or indirectly involves two or more family members (Davis, 1976). In case of many household purchases the decision, maker is a family rather than an individual (Martinez & Polo, 1999). Research on understanding the individual consumer differences in purchase behaviour

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across demographic characteristics (Jackson & Lee, 2010); cross cultural factors (Durvasula, Lysonski, & Andrews, 1993); consumer decision making for different product categories (Kwan, Yeung, & Au, 2008); has been done in the past. However most of this research is conducted in the developed countries. Developing Asian nations have shown a steady growth in the economic activity resulting in greater income among citizens and thus giving them a greater access to procure products of their choice (Smith, Ward, & House, 2011) and indulge in overconsumption. The emergence of consumer-oriented societies had become the prime trait of our times (Assad, 2008). The changing trends in family decision making yet remain to be explored from the perspective of developing economy like India. The change in the purchase decision making of families prior to liberalization, globalization and privatization of Indian economy vis-à-vis the family purchase decision making among the millennial generation is explored in this research paper. The paper begins by providing a brief account of the socio-economic changes that Indian society witnessed and the way the purchase pattern altered. This is followed by the brief description on family decision making followed by the research methodology, research findings, conclusion and limitations and future research directions.

SOCIO-ECONOMIC CHANGES IN INDIA

India has undergone a tremendous change in terms of its market economies since the adoption of the Liberalization, Privatization and Globalizations movements in mid 1990s. This change has resulted in not only changing the way the Indian companies operate and do business but also the way the consumer indulges in the purchasing of goods and services.

The new economic policy of 1991 in India initiated fresh inflow of capital from foreign investors thus releasing the country from the highly regulated 'licence raj'. In addition to opening the foreign direct investments, state utilities like electricity, telecommunications and aviation and were sold to private investors. The change could best be described as pro-business rather than pro-market. This triggered the process of liberalization in 1990. This change accompanied by the globalization and privatization altered the Indian society and market economy.

The pre-independence economy witnessed the influence of Gandhian ideology of nation building, making the nation self-sufficient thus reducing the dependency on exports (Das, 2000). This ideology investigated holistic development of an individual as an element of the society. Post-independence, under the influence of capitalism and the industrial revolution of the west, a new set of ideologies came into prominence (Das, 2000). It was based on the western philosophy of consumption under which scientific and technological developments were given preference. This ideology emphasized on rapid industrialization for India's progress. The acceptance of this ideology was not an easy process. It required adoption of values and beliefs which were not rooted in Indian soil. This ideology aimed to achieve a democratic, socialistic society (Sen, 2005). India adopted the import-substitution model of development with a socialistic flourish (Kohli, 2006). This model mandated the ownership of a license to start new companies, increase capacity and set up new plants. The consumers lacked choice as import duties were high; products not manufactured by regulated industries were banned in the market place. This policy retarded the domestic technical capability and encouraged the manufacture of low-quality goods (Ahluwalia, 1985). This triggered the process of liberalization in 1990. Liberalization eliminated trade tariffs, privatized government-controlled industries, and enabled Indian currency to trade on world currency markets and allowed multinational corporations to gain free access to the Indian market (Chandrashekhar & Jayati, 2000). The focus of marketing changed from trying to sell products that were manufactured using large scale promotional effort, to making what the market wanted (Yani-de-Soriano & Slater, 2009). Like in other parts of world, globalization changed the lives of Indians (Doku & Oppong Assante, 2011). It predominantly changed the ways in which families functioned and the role of women in the decision making. This study attempts to understand the difference in the decision-making styles of the millennials in family decision making process pre and post the globalization phenomenon. It contrasts the decision making done by the generation before the millennial generation to those by millennial generation in the family.

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