The Relationship between Family Life Cycle and Purchasing Price Paid By the Consumer

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Abstract

The exploration looks at the connection between cost paid by the family for quick moving customer merchandise items and distinctive phases of family life cycle. We discovered proof of changes in normal cost paid as family units go from one phase of the family lifecycle to another. Normal buying cost reduces as families move from the pre-family stage to the youthful family stage, increments at the more seasoned family and post family stages, and after that diminishes again at the more seasoned single stage.

Keywords: *Pricing, Household life cycle, Consumer packaged goods*

Lansing and Morgan (1955) and Wells and Gubar (1966) were the first few prominent research work that proposed significant life cycle models that are valuable for market segmentation and examining consumer behavior. Later, Murphy and Staples (1979) and Gilly and Enis (1982) proposed modernized or upgraded model of life cycle that could be used for similar purpose. Since 1990s several studies have used the concept of household life cycle to understand consumption habits. These studies include Wilkes (1995), McGregor and Bateman (2003), Du and Kamakura (2006) and Putler, Li and Liu (2007) among many others. The basic premise of these studies is that as the household undergoes different stages of life cycle, their consumption habits and shopping behavior changes. Our paper looks at the degree to which there is a connection between the adjustments in family unit life cycle and buying cost crosswise over shopper great classifications.

A model of family unit life cycle that characterizes different stages incorporates mixes of different statistic attributes, prevalently age, conjugal status, family pay, training, etc. These components may assume a huge job in the selection of brands and the cost at which the brands are purchased. It is conceivable that a moving from being a youthful couple to youthful couple with children may

build the monetary weight prompting adjust the selection of brands from costly ones to less expensive choices. Writing has all around archived the connection between phases of family unit life cycle and spending example or utilization design. For instance, in the existence cycle organize where purchasers are youthful and single will in general spend high measure of cash on apparel, amusement, liquor and other recreational exercises (Schaninger and Danko 1993). Then again, in the existence cycle organize known as unfilled home, where the youngsters have gone out, shoppers spend more on voyaging. In both the models depicted over, the discretionary cashflow is commonly high. A large portion of the examination around there (for example Schaninger and Danko 1993; Du and Kamakura 2006; Bojanic 2011) analyzed the connection between phases of family life cycle and spending or utilization. Our investigation, albeit dependent on comparative idea, looks at the relationship of family life cycle with the cost paid by the purchasers. For instance, customers in a real existence arrange with high extra cash may spend more on excitement or attire yet would they say they are paying more expensive rate? The examination, along these lines, looks at two explicit inquiries:
a) What is the relationship between price paid to buy fast moving consumer goods and buyers' stages of life cycle?
b) Is the relationship consistent across multiple years?

Research Method

The data used in this study is a panel data. The data is gathered from approximately 100 households across Meerut. The panel is geographically and demographically representative of the Meerut consumer households.
The examination looks at 8 quick moving buyer merchandise classifications crosswise over three sequential years. This ensured persistency and stability of the results. The categories include personal-care categories (shampoo, deodorant and toothpaste), laundry category (bleach), food related categories (breakfast cereals, soft drinks, tea and instant coffee).
We computed the average purchasing price for the categories separately for five household life stages. These included pre-family (young single or young couple, main shopper age < 35, without children), young family (young couple, main shopper age < 35, with dependent children), older family (older couple, main shopper age: 35+, with dependent children), post family (older couple, main shopper age: 35+, with no children living with them), and single elderly (age: 65+) Although there are different views on how to categorize the life cycle (e.g. Wells & Gubar, 1966; Murphy & Staples, 1979; and Gilly & Ennis, 1982), there is an agreement that each household progresses through a number of distinct stages from point of formation to death of both spouses (Murphy and Staples, 1979). The classification in this paper demonstrates five distinct phases in the household life cycle, from pre-family to single elderly, which is consistent with

previous research using traditional household life cycle. The age cut-offs are based on the traditional flow in Murphy and Staples' model of household life cycle, although due to data availability we are not able to separate out single parent households.

Results and Discussion:

Normal cost paid decays from the pre-family stage to the youthful family arrange; at that point increments at the more established family state and the post-family organize; lastly diminishes at the single elderly stage.

The decrease in normal cost paid from the pre family stage to the youthful family stage could be clarified by the reason that there may be increasingly monetary weights at the youthful family organize than the pre family arrange. All things considered, families may expand their penchant to purchase less expensive items at the youthful family arrange. The expansion in normal cost paid at the more established and post family arranges is potentially due to there is an expansion in extra cash (for example higher pay, no reliant youngsters). At the more established single stage, normal buying value decreases. This could be because of the way that the greater part of elderly people are resigned. Thusly, there is a drop in their pay contrasted with the post family arrange.

Conclusion:

The closeness of example of connection between value paid and family life cycle over various classifications and numerous years features the power and legitimacy of the discoveries. The exploration features that this unexplored relationship is deserving of consideration. Analysts and showcasing directors can utilize this methodology in division work out. The outcomes demonstrate that buyers are aware of cost at a youthful family and single elderly phases of family unit life cycle while they are less value delicate at pre-family and post family arranges. The examination has incredible incentive to item chiefs who are occupied with valuing systems. For instance, the learning can be utilized judiciously for a prejudicial estimating technique by having higher valued things focusing at pre and post family buyers and lower value things focusing at customers that has a place with youthful family and more seasoned single stages. The outcomes are valuable for directors in structuring their evaluating systems, item and brand augmentation procedures; division and focusing on methodologies.

Notwithstanding the different ramifications for item and promoting supervisors, the discoveries present open doors for helpful scholarly research. There are some undeniable by all appearances clarification for these wonders, for example, varieties in money related weights and wages. Be that as it may, these are absolutely theoretical at this stage. Further work is currently required to explore the basic reasons for these striking regularities.

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