



FAMILY INFLUENCE ON CONSUMER HOME APPLIANCES PURCHASING BEHAVIOR: AN EMPIRICAL STUDY IN KYRGYZSTAN

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Abstract

The economic, social and politic changes in Kyrgyzstan, after independence in 1991, have created new business opportunities and forces not only for local entrepreneurs, but also for international marketers of goods and services. Economic, political and social changes influenced the values and life styles of consumers in the Kyrgyz Republic. Rising competition, consumer's purchasing power, and new technological opportunities make enterprises become more market and consumer oriented in Kyrgyzstan.

In this context the main purpose of the study is to investigate the family influence on consumer home appliances purchasing behavior in the Kyrgyz society. It is of importance for both local and foreign marketers to understand the family purchasing behavior in the Kyrgyz society after the social and economic transformation from 1991 onwards.

The study consists of two parts. The first part includes general information of Kyrgyzstan, consumer purchasing process and the main factors effecting consumer home appliances purchasing behavior. The second part of the study represents an empirical study. A structured survey is being carried out in Bishkek, the capital of Kyrgyzstan. The sample size was determined after classification according to age and gender. Participants are being interviewed to identify the influence of family members on their purchasing decisions and behaviors. It is thought that the results of this research will be useful not only for national firms but also for international companies.

Key Words: Consumer purchasing behavior, family influence, purchasing decisions, Kyrgyzstan.

КЕРЕКТӨӨЧҮЛӨРДҮН ҮЙ ТИРИЧИЛИК БҮЮМДАРЫН САТЫШ АЛУУ ЖҮРҮМ-ТУРУМУНА ҮЙ-БҮЛӨНҮН ТААСИРИ: КЫРГЫЗСТАНДЫН МИСАЛЫНДА ЭМПИРИКАЛЫК ИЗИЛДӨӨ

Аннотация

1991–жылдан кийинки экономикалык, социалдык жана саясий тармактардагы чукул өзгөрүүлөр жаңыдан калыптанган жергиликтүү ишканалар үчүн

гана эмес, эл аралык ишканалар үчүн дагы жаңы мүмкүнчүлүктөр менен бирге бир катар коркунучтарды жаратты. Атаандаштыктын курчушу, керектөөчүлөрдүн сатып алуу мүмкүнчүлүктөрүнүн жогорулашы жана технологиялык мүмкүнчүлүктөр, аталган ишканаларды керектөөчү, рынок таламдуу болууга аргасыз кылууда.

Бул макалада керектөөчүлөрдүн жүрүм-туруму жана сатып алуу чечимдерине үй-бүлө мүчөлөрүнүн таасири канчалык экенин билүү максаты коюлган. Макала эки бөлүктөн туруп, биринчи бөлүм Кыргызстан жөнүндө жалпы маалымат, керектөөчүлөрдүн жүрүм-туруму жана керектөөчүлөрдүн жүрүм-турумуна таасир тийгизген негизги факторлор тууралуу маалыматтарды камтыйт. Ал эми экинчи бөлүм сурамжылоонун жыйынтыктарына арналган. Сурамжылоо Кыргызстандын борбор шаары, Бишкекте жүргүзүлдү. Сурамжылоого катышкандар жашына жана жынысына карата тандалып алынды. Катышуучуларга анкеталар таркатылып, алардын сатып алуу жүрүм-турумунда жана чечимдеринде үй-бүлө мүчөлөрүнүн таасирин аныктоого аракет жасалды. Мындай изилдөөнүн жыйынтыктары жергиликтүү ишканалар үчүн гана эмес, эл аралык ишканалар үчүн да пайдалуу болоору болжолдонууда.

Ачык сөздөр: Керектөөчүнүн сатып алуу жүрүм-туруму, үй-бүлөнүн таасири, сатып алуу чечими, Кыргызстан.

INTRODUCTION

It is not always possible for marketers in Kyrgyzstan to study consumer behaviors in details. At first, most of the operating enterprises in Kyrgyzstan are SME and even they don't have a marketing department. The second one is there is no enough competitive market environment in Kyrgyzstan. So, the enterprises don't pay enough attention to consumer behaviors. In other words, there is no necessity to understand consumer in details. However for marketers it is important to satisfy consumers with high quality products and services. Because, the business environment, the consumer market in Kyrgyzstan is also changing so fast, that marketers have to be more market and consumer oriented and create marketing policies and strategies according to customers' interests.

This study investigates the influence of the family members on home appliances purchasing decisions in the Kyrgyz society. The results of this research will be useful for operating and potential firms, which produce or sell home appliances in Kyrgyzstan.

KYRGYZSTAN: BASIC FACTS

Kyrgyzstan (Kyrgyz Republic) was one of the former Soviet Union republics, which declared its independence in 31 August 1991.

Geographical Location:

Kyrgyzstan's main neighbors are: Kazakhstan to the north and northwest, Uzbekistan to the southwest, Tajikistan to the south and P.R. China to the south – east. It has an area of about 200.000 square km.

Political Situation:

Until 2006 Kyrgyzstan was a presidential republic. On 30 December 2006 a new constitution was approved. According to the new constitution Kyrgyzstan is a presidential-parliamentary republic. Despite the changes in the political area during last two years, the political situation in Kyrgyzstan is stable enough. Democracy is on the increase (http://www.president.kg/docs/const_2006rv/, 10.04.2007).

Social Structure:

According to the statistics of 2006, Kyrgyzstan’s population is about 5,2 million. Bishkek is the capital of Kyrgyzstan and the first big city in the country. 14.5% of total population lives in Bishkek. More than 80 different ethnic groups live in Kyrgyzstan: About 52 % of them are Kyrgyz, 21% of them are Russians, 13% of them are Uzbeks, 2.5% of them are Ukrainian and 8 % of them are other ethnic groups. Kyrgyz people have high educational and literacy level that is about 100 %. Kyrgyz and Russian are official languages in the country. 80% of population is Muslim and 16% Christian. (<http://memory.loc.gov/frd/cs/profiles/Kyrgyzstan.pdf>).

Economy:

Having gained independence, the Kyrgyz economy has had difficulties, because the system had completely changed. So, a young country started to reform all the fields of life. Economic, political and social changes, privatization, the private sector and increasing economic freedom and transition to a market economy, influenced the values and life styles of consumers in the Kyrgyz Republic.

We examine the economic situation in Kyrgyzstan during independence in three periods (<http://www.freenet.bishkek.su>). The first period includes 1991-1995. The economy decreased during the transition from a centralized to a market economy. The second period is 1996-2000. The economy adapted to a new system and some macro economic indicators increased. The last period is from 2001 until 2005. We see the results of all reforms during 16 years. Today Kyrgyzstan is a democratic, but poor Central Asian country. Some macro economic indices are shown in the table below.

Table 1: Fundamental Macro Economic Indices (2000-2005)

Indexes	2000	2001	2002	2003	2004	2005
GDP (billion,\$)	1,4	1,5	1,6	1,9	2,2	2,4
GDP (growth, %)	5,4	5,3	0,0	6,7	7,1	-0,6
Inflation (average, %)	18,7	6,9	2,1	3,0	4,0	4,9
Export (million, \$)	505	476	488	590	733	618
Import (million, \$)	554	450	572	724	904	979

Source: <http://www.deik.org.tr>

Agriculture is the main sector in the Kyrgyz economy. It makes up 36% of GDP and 33.5% of the total labor force. The service sector is also important. It makes up 40% of GDP. The share of the industrial sector in GDP amounts to 25% per year (<http://www.stat.kg>).

LITERATURE REVIEW ON CONSUMER BEHAVIOR

Rising competition, consumer’s purchasing power, and new technological opportunities make a very complex environment for consumers decisions. Consumers behavior represents a meaningful challenge for marketers and strategic sales directors. The marketing and sales managers must distinguish consumer groups, consumer products and the corresponding preferences. Today consumer behavior represents a fundamental part of the marketing literature.

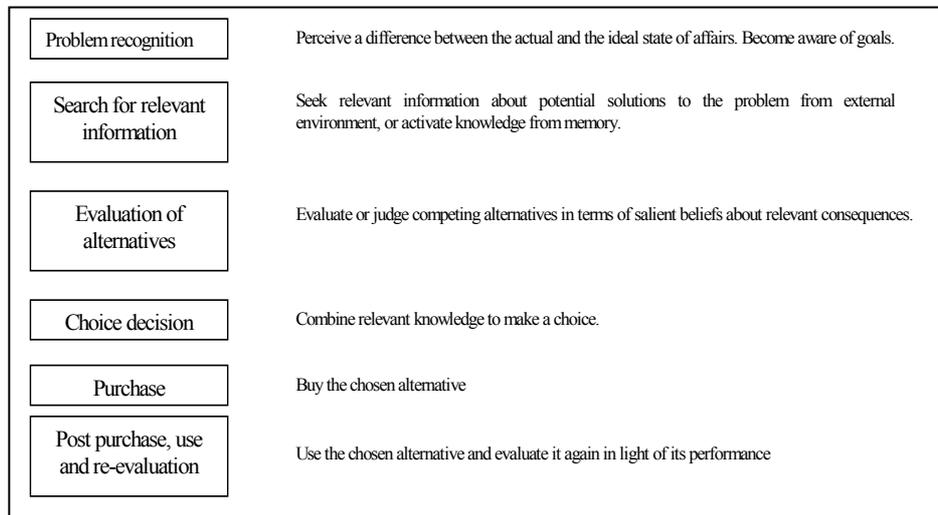
In marketing literature there are a lot of studies on consumer purchasing behavior, family members influence on consumer purchasing decisions. Pavleen. K. & Raghbir S. (2006) discuss the children in family purchase decision making in India. “Children in India may

not have the purchasing power comparable to their western counterparts, but they are still the center of the universe in the Indian family system, and they not only influence markets in terms of the parental decision-making to buy certain kinds of products, they are also future consumers” (Kaur & Singh, 2006). Another study on this subject was prepared by Karin M. Ekström, (2003) associate professor at the School of Economics and Commercial Law at Göteborg University, Sweden and director of the Center for Consumer Science (CFK), “Revisiting the Family Tree: Historical and Future Consumer Behavior Research” “By studying family roots, we will better understand family history, just as the genealogy of consumer behavior will increase our understanding of its development and sources of inspiration. It will help us comprehend today’s situation and, who our family members are, but also make us reflect upon the future development of consumer behavior as a field of study.” (Ekström, 2003.). Another recently published paper related on this subject was prepared by Lynnea M. & Kay M. P., (2006) “How Good A Shopper Am I? Conceptualizing Teenage Girls’ Perceived Shopping Competence”. “Teenage girls spend more time than teenager boys in shopping environments. So girls love to shop and they are often influenced by mothers.” (Mallalieu & Palan, 2006).

The AMA (American Marketing Association) defines consumer behavior as “the dynamic interaction of affect and cognition, behavior and environmental events by which human beings conduct the exchange aspects of their lives”(Peter & Olson, 1994). According to another definition, consumer behavior is explained as “the study of the processes involved when individuals or groups select, purchase, use or dispose of products, services, ideas or experiences to satisfy needs and desires”(Solomon, Bamossy & others, 2006). Consumer behavior is one of the main chapters of the marketing literature and a sub-part of human behavior (Odabşı & Barış, 2002:13-25)

Consumer behavior is the action of consumers before, during and after purchasing good and services. This process is presented below in the Figure 1:

Figure 1: A Model of Consumer Purchasing Behavior



Source: Peter, J.P., Olson, J.C. 1994: 156-159

In every step of the purchasing process consumers are influenced by definite factors. There exist different models to identify purchasing decision. These models determine and classify the main factors effecting consumer behavior. The main models of consumer's behavior in the marketing literature are given below (Penpece, 2006).

1. Nicosia model
2. Heward and Sheth model
3. Engel, Kallat and Blackwell model
4. Marshal's economic model
5. Veblen's socio psychological model
6. Kurt Lewin model

Consumers are influenced with various actions, which stimulate them for results under different personal and environmental factors (Blackwell, Miniard & Engel, 2002). These are:

1. Psychological influence; knowledge, motivation, perception attitudes, personality.
2. Socio-cultural influence; advisory groups, family, personal influences, culture, social class.
3. Demographic influence: age, gender, education, career, profession, and income.
4. Marketing mix: product, price, distribution and promotion.
5. Influence of situation: Physical environment, social environment, time, purchasing cause, emotional and financial position.

Family behavior is an important issue and socio-cultural factor. A family is a little cell, which constitutes a whole aspect of society. Family construction, culture, family roles are different in various countries. In every step of the purchasing process family member's preferences are influenced by the above variables. In some families the father is on the foreground. His roles are important in the decision-making process. In other families mothers or children are on the foreground.

These conditions or family structures are important for marketers and sales managers in identifying their target markets and developing strategies.

EMPIRICAL STUDY. FAMILY INFLUENCE ON CONSUMER PURCHASING BEHAVIOR

Research Questions

The main purpose of the study is to investigate the family influence on consumer purchasing behavior in the Kyrgyz society. The following questions were studied:

1. What is the main source of information on home appliances in the Kyrgyz society?
2. Who in the family collects information about home appliances before buying?
3. Who evaluates the alternatives?

4. Who makes the last decision on purchasing home appliances?

5. What are the main factors affecting buying home equipment?

Methodology and Sample

The structured survey was carried out in Bishkek, the capital of Kyrgyzstan. The survey form includes 12 questions. The first 7 questions are about the demographic features of the survey participants. The remaining 5 questions are to shed light on the research aspects itself. Three supermarkets and one open-door market, where people use to purchase their home appliances, were selected to take the interviews. Participants were selected at random.

The population of the study is the 20-54 year old consumers living in Bishkek. Their number is about 400.000 (49% male; 51% female). Related data from the population census are given in Table 2 (National Statistic Committee, 1999). The sample size of the study has been established at 267 interviewees by using Internet software (<http://surveysystem.com/sscalc.htm>).

Table 2: Population and Sample Size of the Study

Population					Sample group			
<i>Men</i>	<i>%</i>	<i>Women</i>	<i>%</i>	<i>Total</i>	<i>Age</i>	<i>Men</i>	<i>Women</i>	<i>Total</i>
44789	22.00	45648	22.00	90437	20-24	28	30	58
39999	20.00	40908	19.00	80907	25-29	26	26	52
34155	17.00	32644	15.00	66799	30-34	22	20	43
30485	15.00	31303	15.00	61788	35-39	20	20	40
23125		25826		48951	40-44			
17825	26.00	21324	29.00	39149	45-49	34	39	74
11471		14433		25904	50-54			
201849	100.00	212086	100.00	413935	Total	131	136	267
49.00		51.00		100.00	%	49.00	51.00	100.00

Findings

72% of the respondents have a university degree and 62.5% of them are married. The married persons took part in this survey as fathers or mothers. The singles took part as children of the family. About 60% of participants are Kyrgyz. Most families (ca. 54% of 267) consist of 3-5 members. Average family income per month is between 10.001-15.000 soms. About 44% of the families included within the sample obtain less than 10.000 soms per month. For detailed information see the table shown below (Table 3).

Table 3: Demographic Features of Consumers

Features	Frequency	Percent	Valid Percent	Cumulative Percent
Educational Level				
High school	69	25.8	25.8	25.8
Undergraduate	31	11.6	11.6	37.5
Graduate	56	21.0	21.0	58.4
Postgraduate	111	41.6	41.6	100.0
Total	267	100.0	100.0	
Nationality				
Kyrgyz	152	56.9	56.9	56.9
Russian	50	18.7	18.7	75.7
Uzbek	19	7.1	7.1	82.8
Kazak	28	10.5	10.5	93.3
Others	18	6.7	6.7	100.0
Total	267	100.0	100.0	
Marital Status				
Single	100	37.5	37.5	37.5
Married	167	62.5	62.5	100.0
Total	267	100.0	100.0	
Number of Family Members				
1-2	52	19.5	19.5	19.5
3-5	145	54.3	54.3	73.8
6-8	60	22.5	22.5	96.3
9-11	9	3.4	3.4	99.6
12 -	1	.4	.4	100.0
Total	267	100.0	100.0	
Family Income (per month, som)				
> - 10000	118	44.2	44.2	44.2
10001-15000	63	23.6	23.6	67.8
15001-20000	48	18.0	18.0	85.8
20001 - <	38	14.2	14.2	100.0
Total	267	100.0	100.0	

The consumers receive information from different sources before purchasing home appliances: TV 33%; friends 27%; newspapers 26%; internet, shops, salesmen 19%. See the Table 4.

Table 4: Main Information Sources for Consumers

N=267	TV	Friends	Newspaper	Internet	Shops	Salesmen	Radio	Journal	Other
Frequencies	87	71	70	52	51	50	39	31	13
Percent %	0.33	0.27	0.26	0.19	0.19	0.19	0.15	0.12	0.05

Children (32.6%) and mothers (20.6%) are the main information collectors for relevant alternatives of home appliances. There are families, too, where the fathers are the main information collectors and in other families (28%) the parents and children make this function together.

Table 5: Who Collects Information before Purchasing?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Father	50	18.7	18.7
	Mother	55	20.6	39.3
	Children	87	32.6	71.9
	Father and mother	39	14.6	86.5
	Parents and children	36	13.5	100.0
	Total	267	100.0	100.0

The next stage in the purchasing process is performed by children (ca. 33%) and mothers (27%). Fathers, however, take the last decision on purchasing. About 40 % of all respondents shared this answer. There are families where mothers (ca. 20%) or parents (ca. 20%) take the last decision together. See Tables 6 and 7 for detailed information.

Table 6: Who Evaluates Alternatives before Purchasing?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Father	48	18.0	18.0
	Mother	72	27.0	44.9
	Children	87	32.6	77.5
	Father and mother	41	15.4	92.9
	Parents and children	19	7.1	100.0
	Total	267	100.0	100.0

Table 7: Who Makes Last Decision on Purchasing?

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Father	106	39.7	39.7
	Mother	54	20.2	59.9
	Children	39	14.6	74.5
	Father and mother	54	20.2	94.8
	Parents and children	14	5.2	100.0
	Total	267	100.0	100.0

In table 8 we can find the rank of factors related to purchasing decisions. Price is the most important factor for the majority of the consumers (48%), brand (41%), functions (28%), country of origin (27%), services (22%), design (18%) and other (11%) factors are important as to purchasing home appliances. 'Others' are quality and ergonomic features of the products.

Table 8: Main Factors Affecting the Purchase of Home Appliances

N=267	Price	Brand	Functions	Country of origin	Services	Design	Others
Frequencies	128	110	74	73	58	49	30
Percent %	0.48	0.41	0.28	0.27	0.22	0.18	0.11

H₁: There will be a significant difference between gender and product price.

H₁ is accepted. The Chi-Square test indicated that there is a significant difference between gender and price. ($X^2=8.363$; $p<0,05$).

H₂: There will be a significant difference between gender and product brand.

H₂ is not accepted. The Chi-Square test indicated that there is not a significant difference between gender and brand. ($X^2=0.013$; $p>0,05$).

H₃: There will be a significant difference between gender and products' country of origin.

H₃ is accepted. Chi-Square test indicated that there is a significant difference between gender and products' country of origin. ($X^2=4.609$; $p<0,05$).

H₄: There will be a significant difference between the level of education of consumers and who takes the last decision.

H₄ is not accepted. The Chi-Square test indicated that there is not a significant difference between the level of education of consumers and who takes the last purchase decision. ($X^2=13.045$; $p>0,05$).

H₅: There will be a significant difference between the marital status of consumers and who takes the last purchasing decision.

H₅ is accepted. The Chi-Square test indicated that there is a significant difference between the level of education of consumers and who takes the last purchasing decision. ($X^2=16.893$; $p<0,05$).

CONCLUSION

In general, families in Bishkek consist of 3-5 members and have about 10.000 soms family income per month. Mothers and children who mainly collect the information about home appliances and evaluate the alternatives before purchasing. However, in general fathers make the last purchasing decision about household appliances. In this context mothers and children are accepted as information collectors and choosers of home appliances for the whole family. The fathers are the decision-makers. It is important to take into consideration the role of fathers, mothers and children on marketing activities. TV is one of the most important information sources, where consumers find related information about home appliances. The main factors affecting the decision about purchasing home appliances are related to price, brand, and country of origin, services, functions, design, quality and ergonomic features. Women react stronger to price differences and the country of origin than men. There is no relationship between the level of education of participants and their decision making process.

Existing and potential producers, marketers and sales directors of home appliances in Kyrgyzstan could use the results of this study. These results can be useful when making marketing strategies. The main theme of this study is very important and we will continue to study in this area.

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