CHAPTER I
INTRODUCTION

People need food, air, water, clothing and shelter to survive. They have also a strong desire for creation, education and other services. People satisfy their needs and wants with products. They have strong preferences for particular versions and brands of basic goods and services. They can obtain products in many ways. Exchange is considered to be the most important method of obtaining the necessary products. It is the concept of exchange which leads to the concept of marketing.

Marketing Management is the process involving analysis, planning, implementation and control, of goods, services and ideas. It rests on the motion of exchange and the goal is to produce satisfaction for the parties involved. Marketing Management is the task of influencing the level, timing and composition of demand in such ways that will help the organization achieve its objectives.

Today’s markets are changing at an incredible pace. In addition to globalization and technological change, there have been new features such as a power shift from manufacturers to giant retailers, a rapid growth and acceptance of store brands, new retail form, growing consumer price and value sensitivity, a diminishing role for mass marketing and advertising, and a disconcerting erosion of brand loyalty. These changes throw organizations into a state of confusion regarding marketing strategies.

Kitchen appliances industry in India is one of the fast growing, at the same time, competition oriented industries of the country. The growth of this industry is really attributed to the most distinct feature of Indian economy—population explosion. In the modern times when the life of the men becomes mechanical, he
finds more utility in kitchen appliances. Even though, the ultimate users of the kitchen appliances are house wives and house maids, the purchase decisions and brand preferences are done by husbands and wives together. Unlike in the past, its consumers in this industry are more educated and enlightened today. The up and coming trends reveal that its consumers are becoming well informed and therefore ask for greater assured performance from products and companies. This has lead to the change in the marketing approach of the growth conscious companies. There has been a shift from the seller’s market to the buyer’s market. The growing competition in the industry has brought the companies under pressure to win customers and this has made the consumers more empowered. The emphasis traditionally was on making sales rather than building relationships; on reselling and selling rather than caring for the customer afterwards. But now every company in the kitchen appliances industry is wise enough to measure customer satisfaction regularly, because key to customer retention is customer satisfaction. A highly satisfied customer stays longer, buys more as the company introduces the new products, pays less attention to the competing brands and is less sensitive to price, offers products or service ideas to the company, and costs less to serve than new customers because transactions are routine. On an average, a satisfied customer tells three people about a good product experience, but the average dissatisfied customer bad mouths to 11 people. If each of them tells other people, the number exposed to bad word of mouth may grow exponentially. If a company wants to adapt to the empowered consumer, it is a must to recognize the importance of satisfying and retaining customers and should design its strategies in such a way that will encourage consumers to purchase more and tell
good about more and motivate its dealers to sell more through scheming appropriate plans in this regard.

Kerala with a literacy rate of 90.9 percent stands first among other Indian States. In economic terms also it is one of the fastest growing States of the country. Rapid urbanization in the State, increasing level of knowledge among the people, and their over inducing consumerist culture are given a place for a large number of kitchen appliances in their houses in order to make their domestic life more homely and comfortable. As a result, almost all the companies in the white goods market of the country has been operating in the Kerala market also. Knowledge on consumer behavior in such an economically and educationally forward market definitely is a key directing to the road map of the present marketing scenario of kitchen appliances industry.

1.1 Statement of the Problem

The problem under study is “Marketing Strategies for Kitchen Appliances in Kerala”. Marketing strategies are the sum total of all those activities which are directed towards achieving an organization’s marketing goals. The marketing strategies establish what kind of activities an organization will be engaged in the area of marketing and its objectives for each of such activities. Marketing strategies also include the formulation of marketing programmes and their implementation. Kitchen Appliances are pieces of instruments, device and equipments for performances of Kitchen chores. The study deals with the present marketing strategies adopted by leading manufacturers to market Kitchen Appliances in the State of Kerala. The study includes pricing, placing and product strategies and also marketing
communication and sales promotions. The study also deals with market segmentation and consumer and competitive analysis.

The role of distributors is absolutely critical as they help in ensuring that the product is widely distributed and available for the end consumer. So, establishing the most appropriate distribution strategy is a major key to the success of a kitchen appliance product like any other product in the market. The area which the distributor is covering, the brand portfolio he maintains, the services he renders to his customers, all are forming part of his strategies and assessment of which is a must for determining his contribution in the marketing of kitchen appliances.

Assessment of the strategies of manufacturers and dealers cannot be made without understanding the perception of the consumers on the product and the sales services rendered by them. Marketers make use of the perception of consumers to formulate new marketing strategies or to revise existing ones. So a combined analysis of manufacturer and distributor strategies along with consumer perception assessment is highly relevant for any study like this pertaining to the realm of marketing of consumer goods.

1.2 Objectives of the Study

The main objectives of the study include:

1. To analyze the marketing strategies adopted by the manufacturers of kitchen appliances marketed in Kerala.

2. To identify the major strategies used by the distributors/dealers of kitchen appliances in Kerala.
3. To assess the perception of the consumers of kitchen appliances in Kerala with regard to the products they consume and the services rendered by its manufacturers and dealers

4. To give suggestions and recommendations based on the findings of the study in order to strengthen the present marketing strategies pursued by the manufacturers and dealers in Kitchen Appliances market of Kerala.

1.3 Hypothesis used for the Study

1. There is no location wise difference in the strategies pursued by the distributors of kitchen appliances in Kerala.

2. Location is not a significant factor influencing the brand preference and purchasing decision of consumers in kitchen appliances market of Kerala.

3. There is no significant difference in level of satisfaction of consumers of kitchen appliances across Kerala with regard to the performance of the product they use and services rendered by its manufacturers and dealers.

1.4 Research Methodology

The study is a search into the application of Marketing Strategies to Kitchen Appliances in the market of Kerala. The generally accepted Principles and Practices of Marketing are applied in the study to ascertain the marketing strategies adopted for Kitchen Appliances. It is an exploratory, analytical and descriptive study carried out with a view to bring out the merits and demerits of current marketing strategies followed by the manufacturers and dealers in kitchen appliances market of Kerala and to suggest suitable measures for strengthening these strategies based on the facts
revealed by the study. The research methodology used in the study is summarized as follows:

1.4.1 Type of Data

Both primary and secondary data are used for the study.

1.4.2 Sources of Data

Primary data is collected from three sources, namely, the Manufacturers (also termed as company/firm in the study), the Distributors (also termed as dealers in the study) and the Consumers (also termed as customers in the study) of Kitchen Appliances selected for the study. Secondary data is collected from all available sources like books, journals, periodicals, web sites etc.

1.4.3 Method of Determining the Units of Study

Two methods are used for determining the units of study from which primary data are collected.

1.4.3.1 Census Method

Census method is used to select the manufacturers of Kitchen Appliances marketed in Kerala. There are twelve manufacturers who have prominent market share in various kitchen appliances segment of Kerala and all of them are taken for the study.

1.4.3.2 Sampling Method

Sampling method is used for selecting the Distributors and the Consumers of Kitchen Appliances in Kerala from whom primary data are collected.
1.4.4 Sampling Design

Multistage sampling is adopted for designing the sample frame for the study. Same procedure is adopted for selecting the samples of Distributors and Consumers. The first stage is the distribution of the sample on the basis of their geographical locations dividing the State into three regions, Northern, Central and Southern. In the second stage, the geographical location is subdivided into Urban, Semi-urban and Rural areas in order to ascertain the disparities if any among the different distributors and consumers. In the third stage the samples are selected on a random basis in the case of distributors and by applying purposive sampling technique for the selection of consumers from a total of three Corporations, five Municipalities and ten Panchayaths from the three regions. Purposive sampling technique is adopted for the study since a complete list of population of consumers is not available and the typicality and specific relevance of the sampling units to the study are considered important. Also, this technique guarantees inclusion of relevant elements in the sample.

The sample size is determined at 600 consumers. A sample of 80 consumers is selected from the three Corporations namely, Calicut, Kochi and Trivandrum to constitute a total sample of 240 consumers from urban area. A sample of 40 consumers each is selected from each of the five Municipalities in the three regions. The Municipalities are selected by applying simple random sampling technique. They are Nedumangad, Attingal, Aluva, Kalamassery and Kannur and a total sample of 200 consumers are thus selected from Semi-Urban area. Lastly ten Panchayaths are selected again on simple random sampling technique from the three regions and 16 consumers from each Panchayath are selected for the study. The Panchayaths in
the three regions selected for the study include Anchuthengu, Vizhinjam, Kazhakkoottam, Edathala, Keezhmaad, Vengola, Kizhakkampalam, Azheekode, Chokli, Dharmadom. Thus a total of 160 consumers are selected from the rural area. Thus in all, a total of 600 consumers are selected by applying purposive sampling technique for the study.

The sample size of the distributors is fixed at 50 for the study. The distributors are selected from the same Corporation, Municipalities and Panchayaths which are selected for the purpose of the sample of consumers. The numbers of distributors selected are 20 from three Corporations, 20 from five Municipalities and 10 from ten Panchayaths by adopting simple random technique.

1.4.5 Method and Techniques of Data Collection

Direct personal investigation is used for collecting the primary data from the three groups of respondents namely manufacturers, distributors and consumers. Separate sets of schedule of questions are used for collecting primary data from the respondents. Three sets of schedule of questions are prepared and used: one set for the manufacturers, one set for distributors and another set for consumers. The whole schedules of questions are structured and pre tested.

A pilot study is conducted to ascertain the genuineness of the distributors and consumers. One manufacturer, five distributors and fifty consumers are selected for the pilot study. The pilot study is conducted in Ernakulam District and the respondents are selected at random. Inconsistencies and discrepancies found during the process of pre testing in the pilot study are eliminated and the three sets of schedules are made effective for the study. Observational and interview techniques
are also used at appropriate places to supplement the schedule of questions for collecting the requisite data.

1.4.6. Analysis of Data

The primary data collected are analyzed from the view point of manufacturers, distributors and consumers. Data are analyzed within the framework of Marketing Strategies as designed by the general Marketing Principles and Practices. Descriptive statistical techniques like percentages, weighted average are used for analyzing the primary data. Data are analyzed with a view to arriving at valid conclusions. Before reaching conclusion, chi square test is administered for testing the validity of hypothesis formulated for the purpose of the study. Results of the test are interpreted mainly at 1 percent significance level and in some cases it is done at 5 percent level. Generalization about the population is made on the basis of these test results.

1.4.7 Significance of the Study

The study emphasizes the various strategies followed by the manufacturers and distributors in areas like Pricing, Placing, Designing products, Market communication, Market Segmentation, Targeting and Positioning and Consumer and Competitive analysis

The Pricing strategy is important because a Company earns revenues by charging a price from buyers. If the price does not cover the costs, the company will incur a loss. Both under charging and over charging will have detrimental effects on profitability. What strategies the manufacturer adopts for pricing are revealed in this study.
In fact, the variance that occurs between the position intended by the marketing man and the position assigned by the consumers is a problem faced by most of the manufacturers. This has to be tackled at the very outset and it should be anticipated and handled in advance, and such handling should be as a course correction in case of new products. It is important to study a product mix which is that total set of brands marketed by the company. The width of product mix is the number of product lines that a company offers. Companies increase the width of their product mix to speed their risk across many product lines rather than depending on one or a few of them. They also widen their product mix to capitalize on their established brand equity. A company’s product mix is never static. Customer’s preferences change, new customer segments emerge, and company’s competencies and priorities change. All these changes warrant a change in a company’s product mix. A study on product mix thus becomes necessary to assess the marketing strategies adopted by the manufacturers.

The study shall reveal the importance of segmentation which provides the basis of selection of target markets. A target market is a chosen segment of market which a company has decided to serve. Creative segmentation may result in the identification of new segments that are not being served presently and may form attractive targets. Segmentation allows grouping of customers based on similarities (similar benefits)

Choosing target market and formulation of marketing strategy are intimately linked. Without right targeting, the firm cannot formulate an effective strategy. It is through careful segmentation and targeting that the firm picks up the right groups of consumers. Also, it is through this process that the firm gains vital knowledge about
the needs and buying behavior of the consumers in each segment and the differences between one segment and the other. The type of behaviours that different customers demonstrate in buying and using the same product and the different of behaviours that the same customer demonstrates in buying different products elevates marketing to a discipline much more intricate than product management. Even the same customer may not behave in an equivalent fashion while buying the same product under varying circumstances. By studying the behavior of customers it becomes possible to segment the market in new ways and serving those with different marketing mixes may be the same.

A marketer’s challenge is to devise the appropriate communication mix that will serve his purpose. Therefore it becomes important to understand other methods of marketing communication besides advertising.

Competition refers to rivalry among various firms operating in a particular market that satisfies the same customer needs. The industry structure affects long run profitability. Therefore, competitors should be understood and monitored. Their action can spoil an otherwise attractive industry, their weaknesses can be a target for exploitation and a response to firms marketing initiatives can have impact on its success. Competitive information can be obtained from marketing research surveys, Recruiting competitors employees (sometimes interviewing them is sufficient), Secondary sources (trade magazines, distributors, stripping down competitors products and gathering competitors sales literature). Further, in a competitive market, sales promotion comes handy to the marketer, to solve several of his short-term hurdles. Short term because, the impact of sale promotion measures is not that durable and lasting like the results obtained through advertising and personal selling,
Sales promotion, buy and large, is understood and practiced as a catalyst, and a supporting facility to advertising and personal selling.

For a woman, her kitchen is the most important part of her home. And keeping pace with the jet set 21st century, she needs to have full control over her tie and her kitchen. A wide array of Kitchen Appliances can create miracles in her kitchen. Once she is satisfied with her kitchen work, peace and happiness can be restored in the entire home. Thus homes can be made sweet homes by designing suitable marketing strategies for kitchen appliances. A proper marketing strategy can be effected only by building customer satisfaction through quality, service and value. Well designed marketing strategies covering all the above aspects are very significant not only from the viewpoint of manufacturers but also from the distributors’ and consumers’ angles. A study of marketing strategies of this kind ought to take into consideration these basic aspects of marketing activity.

The strategies adopted for marketing the kitchen appliances in Kerala determine the success of the business. This study makes an attempt to find out and analyze the nature of marketing strategies adopted by the manufacturers and distributors for marketing the kitchen appliances to the satisfaction of their customers. All the basic and modern strategies adopted mainly by manufacturers are studied in detail to get very valid inferences.

1.5 Review of Literature

The review of literature shows that the research has been already conducted in many aspects of marketing of consumer durable goods. Although the research provides valuable inputs in terms of consumption pattern, determinants of consumer choice, consumer decision making, post purchase behavior etc. in different consumer
durables market, including home appliances market, there is a lack of research in the field of marketing of kitchen appliances. Moreover, the researcher has not come across a detailed and comprehensive study encompassing the manufacturer and dealer strategies, and the perceptions of consumers in consumer durable industry in the context of Kerala. So the present study titled “Marketing Strategies of Kitchen Appliances in Kerala” is a genuine attempt to bridge this gap in the field of marketing research.

1.5.1 Studies on Consumer Behaviour

Porter (1974)\(^1\), in his article on consumer behavior, retailer power and market performance in consumer goods industry developed a model of the interaction between the manufacturing and retail stages in consumer goods industries. He demonstrated that the characteristics of consumer buying behaviour vary markedly across consumer goods industries in ways that fundamentally affect the nature of industry competition. These characteristics become partially embodied in the structure of the retail distribution system and create bargaining power for some retailers against the manufacturers whose goods they sell.

Mahajan (1980)\(^2\) in his study on inter – regional homogeneity of consumer behavior in India reveals that consumer behavior markedly differ between the rural and urban sectors. It further reveals that inter regional homogeneity in consumption seems to be realized at best in the case of North India and Central India.

Raut (1987)\(^3\) in his study on consumer’s attitudes towards advertising points out that 89 percent of the respondents believe that advertising is useful to the consumers for giving convenient information about the products and to increase consumer
awareness. It also provides an opportunity to the consumers to make comparison and make shopping easier to the consumers.

Bhavani Prasad and Sitakumari (1987)\textsuperscript{4} while evaluating the impact of advertising on consumer durables market observed that friends are the main influence followed by relatives and hence they should be given more emphasis while planning promotion strategies. Advertisement is the next major influencing factor for the consumer durables.

Hundal and Sandhu (1987)\textsuperscript{5} in their study on buying behavior of television buyers in Punjab identified reasonable price as the major factor which influence the brand preference among the consumers. They also add that friends and relatives are the major influence in selecting a brand.

Nabi and Raut (1990)\textsuperscript{6} made a study to examine the influence of various media in the consumer decision making process particularly of television buyers opined that television and news paper are the two effective media used for the advertising television. Income - wise analysis also showed that television is considered as the most effective media by all the respondents irrespective of income differences.

Sathyaraju (1992)\textsuperscript{7} who made a study on the refrigerator market in Kerala observed that around 44 percent of the decision regarding refrigerators purchase is taken by a decision making unit consisting of husband and wife. Brand choice is influenced mainly by factors like good compressor, price, durability, word of mouth, etc. He also points out that capacity is an important factor in refrigerator purchase and 88 percent of the buyers prefer 165 liters capacity.
William and Narasimham (1994) developed a theory of the evolution of choice decision for consumer durable products which address information, acquisition behavior and the duration of the purchases deliberation process itself.

Philip Kotler (1995) opines that all the models so far developed by various scientists should be used in an integrated manner in order to understand the consumer in general. In his opinion, buying patterns are being influenced by price, quality, availability, service, style, option and image. Depending on the product involved, different variables and behavioral mechanisms assume different degrees of importance in influencing the purchase decision process.

Freda (1995) observed that for a consumer durable good, the family members together decide on the product to be purchased, brand and shop.

Bronnenberg et al. (1996) in their article observed that it is becoming increasingly evident that a consumers brand choice decision in low involvement categories does not involve full search, evaluation and comparison of price of all brands available at the point of purchase. The authors proposed a two – stage choice in which consumer first identifies a subset of brands within the universal set of purchase of durables. He also identifies income as an important factor influencing the purchase. Consumers in all income groups feel that company reputation and product or brand image play an important role in their purchase decision. The study also reveal that higher income group is influenced more by word of mouth while lower and middle income groups are influenced by dealer recommendations.

Mohammed Abdul Nassem (1996) in his study refer that brand name, picture, quality, price, availability, service, design, sound system and number of channels are the factors that influence purchase of television. Majority of respondents are aware of
the existence of multinational companies also. The study also reveals that when India
television choice is made most on quality basis, multinational television choice is
made nearly on brand name basis.
Rao (1997)\textsuperscript{13} who studied the purchase timing of consumer durables observe that
influence of advertisement, absence of servant maid help, lifestyle change etc, are the
factors that are mostly agreed by the consumers as the factors that influence to
provide a conceptual frame work for thinking, decision making and guide consumer
choice and action.
Kempt and Smith (1998)\textsuperscript{14} observe that consumers first usage experience with a
brand is a critical factor inn determining brand beliefs, attitudes and purchase
intention.
Bagozzi and Dholakia (1999)\textsuperscript{15} found that goals play an essential role in the purchase
behavior of consumers and can be traded in the marketing of durables, non –
durables, service and even ideas or persons. They also point out that goals durability;
brand image and price are the reasons for the preference followed by family linking
and after sale service.
Kishore and Nabi (2000)\textsuperscript{16} in the study “television industry a cut throat competition
“opined that durable product marketers (including television)do not enjoy
considerable flexibility in the matter of price because of highly competitive markets
on the one hand and high price sensitivity of the major chunk of Indian consumers on
the other. They also infer that just like price, the consumers attach considerable
significance to the brand image while purchasing a durable product like television.
Essentially, television is a branded product and consumers always go for established
brand names.
Rodge (2001)\(^1\) finds that compared to urban consumers the rural consumers attach more importance to the advertisement and its impact. He also points out that rural consumers are more influenced by electronic media than print media.

Sathya Sundaram (2002)\(^1\) has reviewed that a silent revolution is taking place in rural areas where the majority of the population lives. The consumption patterns and preferences of the rural consumers are changing. The rural population is being influenced by television advertisement campaigns. Moreover, the farm sector has tremendous amount of accumulated disposable income. Of course, the real challenge lies in understanding the actual needs of rural consumers.

Ruchi Treham and Harmandeep Singh (2003)\(^1\) points out that Indian market is a huge market with lot of potential in it. Nearly 70 percent of the population lives in rural areas. They also point out that Indian markets have both urban and rural characters. Both markets significantly differ from one another while considering general and product specific factors and making their purchase decisions.

Kumar (2003)\(^2\) reveal that the majority of consumers are highly enlightened and are concerned of quality of the products. He also reveals that the consumers uniformly, both in urban and rural areas, desire to have quality of the products at reasonable price and trust more the advice of the retailers.

Federation of Indian Chamber of Commerce survey on consumer durable goods in India (2005)\(^3\), reflects the changing dynamics of consumer behavior – luxury goods are now being perceived as necessities with higher disposable incomes being spent on lifestyle products. There is a discernible shift in the consumers’ preference in favour of higher-end, technologically superior branded products, the demand being spurred by increasing consumer awareness and preference for new models. This shift
is also explained by the growing trend of products being manufactured in the organized sector of the economy and the narrowing down of the price differential between branded and non-branded goods. Competition has forced companies to offer efficient after sales service and support and this, in turn, has swayed customer preference for branded products. The Survey highlights the positive growth trends in consumer durable segments – white goods and consumer electronics during April-March 2004-05 and points to sustained growth during 2005-06 because of emerging opportunities and strong fundamentals of the economy.

A study by Datamonitor (2007)\textsuperscript{22} investigated the product features that matter most to business users. The study was conducted in small, medium, and large – sized European companies and the key findings are:

- 95 percent state that mobility is an important or very important priority feature.
- 85 percent regard flexible working as an important or very important factor.
- Nearly 70 percent of respondents cite robustness as important or very important.
- Nearly 70 percent of the respondents carefully scrutinize extended warranty options and 63 percent look carefully at extended service options.

IMRB (Indian Market Research Bureau) e Tech (2008)\textsuperscript{23} studies point out the most important reasons for buying a notebook: Education and office work. It also points out that when propensity to spend was on the rise, product forms that deliver intangible benefits like enhanced convenience and image like notebooks got a wider acceptance. As a result, sales of notebooks grew relatively faster than the functional desktop. Being similar in technology to desktops, notebooks need to differ by offering enhance mobility, styling and exclusive applications.
1.5.2 Studies on Effect of Marketing Strategies

Hauser and Wisniewski (1982) developed a methodology for modeling consumer response that integrates previous research in stochastic brand selection, diffusion of innovation, test market analysis, and new product design. The methodology makes it practical to extend brand selection models to include diffusion phenomena such as awareness, trial, and information flow. Purchase timing and brand selection are interdependent and both phenomena depend jointly on managerial controls such as advertising, coupons, price-off promotion, product positioning, and consumer characteristics.

To make a decision, the needs of an individual have to be met. The individual will be the consumer with the need for a product. In the normative model of decision making, the customer collects information about alternatives, evaluates them based on their features and makes a decision that will maximize the value of that decision (Lau, 1995; Abelson & Levi, 1985).

When product vendors know more about their products than consumers do, the market is said to have asymmetrical information. The information balance is heavily skewed towards the manufacturer rather than towards the consumer. In an instance like this, a product’s brand could serve as the differentiating that sets the wheels in motion towards a better distribution of information. What distinguishes the brand itself between other individual attributes that could be more easily commoditized is that the former personifies the collective and cumulative effect of past marketing strategies. (Wernerfelt, 1988). An individual strategy at any given point in time, like charging a premium price, offering an extended warranty or selling
through specific channels may contribute to the differentiation every company seeks, but it is highly contingent upon market conditions.

Dekimpe and Hanssens (1995) introduce persistence modeling to derive long-term marketing effectiveness from time-series observations on sales and marketing expenditures. An empirical example on sales and media spending for a chain of home-improvement stores reveals that some, but not all, advertising has strong trend-setting effects on sales. They argued that traditional modeling approaches would not pick up these effects and, therefore, seriously underestimate the long-term effectiveness of advertising.

Igal Hendel and Alessandro Lizzeri (1997), in their study on consumer durable goods, they found that manufacturers may gain from adverse selection by the consumers. They also gave an example in which the market allocation under adverse selection is socially optimal. “An extension of the model to a world with many brands that differ in reliability leads to testable” predictions of the effects of adverse selection. They showed that unreliable brands have steeper price declines and lower volumes of trade.

Sanyal Amal and Patibandla Murali (1999), In their study examined the most likely strategy of product differentiation by newly entering Multinational firms when market reforms begin in a developing economy. In this context they used a model of vertical product differentiation to agree that a new entrant will choose a higher quality product and a higher price given the income distribution profile brought in by the market reforms and the empirically tested this proposition on the basis of firm level panel data for Five Indian durable consumer goods industries.
Patibandla (2001)\textsuperscript{30}, Through his study he developed a simple theory based on panel data from Five Consumers Durable goods Industry in the context of Indian Economy that has opened up to competition. Being protected from potential competition in the pre reform era, local incumbents do not have the usual Incumbency advantages. Saddled with sunk costs in sub international product lines, they cannot price competitive if new entrant TNC’s enjoy higher income elasticity for their products.

Benedict Dellart and Niladri Syam (2001)\textsuperscript{31}, found in their study that equilibrium prices of customized products are at the high end of the price range for similar non-customized products, consistent with casual observation. Under duopoly, when firms compete for consumers' information, the prices of customized products are in fact less than the price of non-customized products. This counter-intuitive result occurs because firms try to avoid being held up by consumers who may withhold purchase, after first getting the firm to produce a very individually tailored product which the firm might not be able to sell to other consumers. Since, first stage competition for information gives consumers a high price for their information; it increases their incentive to holdup the firm. The firm, therefore, has to charge a lower price to induce consumers to purchase the product.

Preyas S. Desai and Paddy Padmanabhan (2004)\textsuperscript{32} in their study they highlighted the role of extended warranty in channel coordination. They derived explicit demand functions for the durable goods and extended warranty from a traditional model of consumer utility. This derivation explicitly captures the complementary goods flavor of extended warranty. They showed that two key forces drive the results—the complementary goods effect and the double marginalization
effect. Different channel arrangements for marketing of extended warranty cause these effects occur at different levels within a distribution channel and these are shown to have significant implications for the optimal warranty policy.

Aydin Celen & Tarkan Erdogan & Tarkan Erdogan (2005)\textsuperscript{33} conducted a study to shed light on competitive conditions prevailing in the FMCGs retail trade sector in Turkey. They analyzed how the structure of the market is being transformed in recent years by new retail formats. The study is focused on the analysis of competitive dynamics (inter-firm rivalry, pricing and non-price policies, barriers to entry, regulatory conditions, etc.) within the sector, and draws lessons for competition policy.

Christopher L. House & Emre Ozdenoren (2008)\textsuperscript{34} in their research article on consumer goods stated that a consumer's demand for a durable good is governed not only by his individual preferences but by preferences of other market participants. This interdependence of preferences arises from inevitable resale of durable goods. If most people prefer goods with certain features, original buyers conform and choose goods with these features even if they do not like them. Using a matching model, they showed that there is always conformity in equilibrium. The incentive to conform is strongest for long-lived durables and for people who trade frequently. If average preferences are sufficiently strong, there is always too little conformity in equilibrium.

Soni, Lohani and Sagar (2010)\textsuperscript{35} found a number of interesting things about the top 3 selling brands in the laptop market. Sony has been able to create good awareness among people about the various augmentations in terms of design and added features about its products. Further, it has been able to generate high brand
loyalty among its users. HP and Dell need to re-look at their advertising campaigns as they seem to be ineffective. Further, the trade shows do not seem to affect the brand bought, so the companies should re-consider taking laptops to the trade shows. HP has been the market leader, and its sales are promoted by word of mouth. HP should introduce models with extra features, as the customers who buy HP are willing to pay for these features.

1.6. Limitations of the Study

The major limitations of the study are summarized below.

a) The study is limited to only five of the most common Kitchen Appliances such as Mixer Grinder, Grinder, Refrigerator, Gas stove and Pressure cooker
b) Only limited geographical areas are selected for the study due to constraints of time, money and labour.
c) Since all the Manufacturers under study have National level operations, the pricing and placing strategies are studied at national level.

1.7. Presentation of the Chapters

The study is presented in seven chapters. The First chapter consists of introduction, objectives of the study, methodology followed, necessity and relevance of the study, limitations of the study and scheme of the study. The Second chapter gives an account of the Marketing Concepts, Principles & Strategies. Chapter Three deals with Kitchen Appliances—an overview. Chapter Four deals with the Marketing Strategies of Manufacturers which covers Marketing Mix strategies, Market Segmentation, Targeting and Positioning and Consumer and Competitive Analysis. Chapter Five is on Distributor’s Strategies. Chapter Six deals with Consumer’s Perceptions. The last Chapter sums up the findings, conclusions and recommendations of the study.
References:


21. FICCI, Consumer Durable Goods Survey, October 2005


