CHAPTER - I

INTRODUCTION
CHAPTER-I
INTRODUCTION

INTRODUCTION

The sellers’ markets have disappeared and buyers’ markets have come up after the Second World War. It means that the manufacturer’s attention has switched over from the products to the consumers and specially concentrated on the consumer behaviour. The manufacturer possesses no control over the behaviour of consumers. A modern marketer first tries to understand the consumers and their response. It can be said that consumer is the pivot, around which the whole marketing system revolves. As such the marketer must know the consumers more and more, in order to manufacture the products which give them satisfaction, in the way, consumers need. The marketing programmes and policies depend upon the consumer behaviour. A careful study of consumer behaviour will facilitate the marketers in determining the size, quality, style, colour, package, brand of a product, etc.

The wealth of product and service produced in a country makes the economy strong. Almost all the products which are available to buyers, have a number of alternative supplies i.e. substitute products. Therefore a seller, most of his time, seeks buyers and tries to please them. In order to be a successful seller, he must know:

- Who is a customer?
- What do consumers buy?
- When do they buy?
- How do they buy?
- Why do they buy?

A buyer makes a purchase of a particular brand and this can be termed as “product buying motives”. The reason behind the purchase from a particular seller is “patronage motives”.

1
CONSUMER BEHAVIOR

The term consumer behaviour is defined as ‘the behaviour that consumers display in searching for purchasing, using, evaluating and disposing of products, services and ideas which they expect, will satisfy their needs’. The study of consumer behaviour is an attempt to understand and predict actions in the buying role. Engel Roger and D. Blackwell say that “buying behaviour is the decision in buying and using products”\(^2\).

Consumer behaviour was a new field of study in the mid to late 1960s. The new discipline is borrowed heavily from the concept developed in other scientific disciplines, such as, psychology, sociology, social psychology, cultural anthropology and economics.

Consumer behaviour is defined as the behaviour exhibited by people in planning, purchasing and using economic goods and services. Consumer behaviour is an integral part of human behaviour and cannot be separated from it. Human behaviour refers to the total process by which individuals interact with their environment\(^3\).

MARKET ANALYSIS OF HOUSEHOLD CONSUMER DURABLES IN INDIA

For the purpose of doing the market analysis, the whole consumer durables market has been divided into two parts, namely, Consumer electronics and Household appliances. Analysis has taken into account the market value, market value forecast, market volume, and market volume forecast.

CONSUMER ELECTRONICS

The consumer electronics market consists of the total revenues generated through the sale of audio visual equipment and games console products designed primarily for domestic use. The audio visual equipment includes CD Players, DVD Players / Recorders, hi-fi systems, home theatre, in-car entertainment
systems, portable digital audio, radios, televisions and video recorders. Games consoles segment includes both home use and portable consoles. After posting decelerating growth between 2004-2008, the Indian consumer electronics market is expected to follow similar pattern in the forthcoming years up to 2013. The Indian consumer electronics market generated total revenues of $4,196.6 million in 2008, representing a compound annual growth rate (CAGR) of 9.5% for the period spanning 2004-2008. In comparison, the Chinese and Japanese markets grew with CAGRs of 13.4% and 6% respectively, over the same period, to reach respective values of $26,077.9 million and $22,492.5 million in 2008. Electrical and Electronics Retailers' sales proved the most lucrative for the Indian consumer electronics market in 2008, generating total revenues of $3,821.7 million, equivalent to 91.1% of the market's overall value. In comparison, sales from Discount, Variety Store, and General Merchandise Retailers generated revenues of $302 million in 2008, equating to 7.2% of the market's aggregate revenues. The performance of the market is forecast to decelerate, with an anticipated CAGR of 6.4% for the five-year period 2008-2013, which is expected to drive the market to a value of $5,727.7 million by the end of 2013. Comparatively, the Chinese and Japanese markets will grow with CAGRs of 5.7% and 1.2% respectively, over the same period, to reach respective values of $34,433.6 million and $23,822.4 million in 2013.

The Indian consumer electronics market grew by 7.7% in 2008 to reach a value of $4.2 billion. The compound annual growth rate of the market in the period 2004-2008 was 9.5%. Electricals and electronics retailers' sales proved the most lucrative for the Indian consumer electronics market in 2008, generating 91.1% of the market's overall revenues. Sales from discount, variety stores, and general merchandise retailers generated 7.2% of the market's aggregate revenues.

**HOUSEHOLD APPLIANCES**

The household appliances market reflects the sale of six product sectors: refrigeration appliances (including fridges, freezers and fridge freezers), cooking appliances (including cookers, micro ovens, cooker hoods, food processors and
toasters), washing appliances (including washing machines, clothes dryers and washer-dryers), room comfort and water heater appliances (which include air conditioning, circulating and ventilation fans, space heaters and water heaters), vacuum cleaners, and dishwashers. The market value has been calculated using manufacturer selling prices. The performance of the market is forecast to decelerate, with an anticipated Compound Annual Growth Rate (CAGR) 10% for the five-year period 2008-2013, which is expected to drive the market to a value of $7.7 billion by the end of 2013.

The Indian household appliances market has grown at a strong rate in recent years. Further strong growth is expected for the forecast period. The Indian household appliances market generated total revenues of $4.8 billion in 2008, representing a Compound Annual Growth Rate (CAGR) of 12.5% for the period 2004-2008. In comparison, the Japanese and Chinese markets grew with CAGRs of 1.1% and 7.5%, respectively, over the same period, to reach respective values of $18.6 billion and $24.4 billion in 2008. Market consumption volumes increased with a CAGR of 13.2% between 2004-2008, to reach a total of 34.7 million units in 2008. The market's volume is expected to rise to 52.2 million units by the end of 2013, representing a CAGR of 10% for the 2008-2013 periods. Refrigeration appliance sales proved the most lucrative for the Indian household appliances market in 2008, generating total revenues of $1,445.3 million, equivalent to 30% of the market's overall value. In comparison, sales of cooking appliances generated revenues of $1,405 million in 2008, equating to 29.1% of the market's aggregate revenues.

The performance of the market is forecast to decelerate, with an anticipated CAGR of 10% for the five-year period 2008-2013, which is expected to drive the market to a value of $7.7 billion by the end of 2013. Comparatively, the Japanese and Chinese markets will grow with CAGRs of 0.4% and 4.7%, respectively, over the same period, to reach respective values of $18.9 billion and $30.7 billion in 2013.
The Indian household appliances market grew by 9.4% in 2008 to reach a value of $4.8 billion. The compound annual growth rate of the market in the period 2004-2008 was 12.5%. The Indian household appliances market grew by 11.8% in 2008 to reach a volume of 34.7 million units. The compound annual growth rate of the market volume in the period 2004-2008 was 13.2%. Refrigeration appliance sales proved the most lucrative for the Indian household appliances market, generating 30% of the total revenues. In comparison, cooking appliance sales account for a further 29.1% of the market's revenues. In 2013, the Indian household appliances market is forecast to have a value of $7.7 billion, an increase of 60.7% since 2008. In 2013, the Indian household appliances market is forecast to have a volume of 52.2 million units, an increase of 50.4% since 2008. The compound annual growth rate of the market volume in the period 2008-2013 is predicted to be 8.5%.

Household Consumption Survey in Vellore District in Tamilnadu

The latest round (64th) of NSS Survey on Household consumption expenditure has revealed that the rural dependence on the crude energy sources has worsened with 85 per cent of them depending on these sources in 2007-08 compared with 83.9 per cent in 2001-02. The urban setting has seen the use of wood chips, charcoal and cow dung decline from use in 24.9 per cent of the households in 2001-02 to 21.5 per cent in 2007-08. The penetration of LPG during the same period is up nearly 12 per cent to 61.8 per cent. Urban kerosene usage for cooking has been halved to 7.6 per cent. Consumers have seen a sharp decline in their allocations to food and related items. The amount spent on food in urban areas is down to close to 40 per cent in 2007-08 from 56 per cent in 1987-88.

Among the rural households the number is down from nearly 64 per cent to 52 per cent. Urban allocation during the same period is down to 6.48 per cent from 7.76 per cent of two decades earlier. The rural and urban consumers seem to be in cheery agreement over hiking the outlay on educating their children, taking care of health and putting a roof over their heads with allocations going up by 10 and 16 per cent respectively, on these counts. There is similar convergence with their
outlays in relative terms, over the years, on clothes, footwear or 'durable' goods remaining the same.

Consumers in urban area of Vellore district are spending more on purchase of house hold items, service and other products rather than spending on food items so, the researchers as select the topic a consumer behaviour towards house hold consumer durables in Vellore district.

STATEMENT OF THE PROBLEM:
The study of consumer behaviour is the study of how individuals make decisions to spend their available resources money, time and effort in consumption related items. However, it may be noted that consumer behaviour research today goes far beyond, "what, why, how, when, where and how often and from whom" to purchase goods and service. It also considers the use of goods that they buy and evaluations of those goods after use. For example, a buyer may feel sorrow and guilt or dissatisfaction with his choice of a particular scooter, because of continuing maintenance expenses over it. The buyer may decide not to buy the same model again and may try to buy other brands.

Changing consumer behaviour remains a major challenge to the manufacturers as it affects their production and marketing decision. Hence, every manufacturer and marketer should periodically study the consumer behaviour. Apart from protecting the business, such studies would provide valid indicators of consumer’s preferences because consumer’s preferences on purchase of products and service may change from time to time with an improvement in technologies in the manufacturing of consumer durables day by day along with changes in culture. For this study, Vellore District is selected by the researcher. Vellore District is one of the developing districts of Tamilnadu in which there will be a greater scope for an improvement in the marketing of household consumer durables. So, an attempt has been made by the researcher to study the behaviour of buyers and users of household consumer durables in Vellore district, Tamilnadu.
IMPORTANCE OF THE STUDY:

Marketing concept starts with the consumer needs and ends with consumer satisfaction. Every action of a person is based on needs. The real problem is to learn what a consumer takes into consideration and why he chooses a particular brand.

The study of consumer behaviour is very useful in determining the type, style, brand and trademark of the product. The whole aspect of the buying behaviour determines the durability, price policy and utility aspect in goods. The success or failure of marketing depends largely on target consumer’s individual as well as group reaction that manifest in the buying patterns. The consumer behaviour is concerned with the study of factors that influence a person to buy or not to buy.

This study is essential to know about the following in the study area i) who are the consumers of household consumer durables? ii) What type of brand of household articles they prefer to buy? iii) At what price do they prefer to buy the products? iv) At what product’s quality are they satisfied? v) what factors influence the consumers to buy a particular household product?

OPERATIONAL DEFINITIONS

Consumer

• An individual who buys products or services for personal use, not for manufacture or resale. A consumer is one who can make the decision whether or not to purchase an item at the store and someone who can be influenced by marketing and advertisements.

Consumer behaviour

• Consumer behaviour refers to the manner in which an individual reaches decision related to the selection, purchase and use of goods and services.
**Consumer durables**

- Consumer durables involve any type of products purchased by consumers that are manufactured for long-term use. Consumer durables are intended to endure regular usage for several years or longer before replacement of the consumer product is required. Just about every household will contain at least a few items that may be properly considered to be of a consumer durable nature.

**Product attributes**

- Certain promotional offer, low price, value for money, social status, improving standard of living, quality of product, latest technology, familiar brand, after-sales warranty and facility of comfort in life are considered as product attributes for the present study.

**Attitude**

- It is the sum total of individual’s faith and feeling towards a product. As a result of his awareness and comprehension, the consumer develops an attitude—favourable or unfavourable—towards the product. The purchase process will continue only if he develops a favourable attitude.

**Satisfaction**

- A person’s feelings of pleasure resulting from a positive perception when comparing a product’s perceived performance in relation to his or her expectations, making consumers feel subjectively pleased with their ownership and usage of products.

**SCOPE OF THE STUDY**

The consumer behaviour research studies deal with how individuals, groups and organisations select, buy, use and dispose of products and service to satisfy their needs and desires. Thus according to Webster, “Buyer behaviour is all psychological, social and physical behaviour of potential consumers as they become aware to evaluate, purchase, consume and tell other people about product and service.”
The study of consumer behaviour relates to the behaviour of consumer for consumption of goods. There are consumer goods which are durable like car, furniture, electrical irons, and micro ovens, air conditioners, washing machine, television, refrigerator, Mixie and wet grinder but these are basically consumer items with long life. Most of the studies are confined to consumer behaviour relating to consumption goods and take certain essential consumer durable products only.

The present study deals with certain aspects of the consumer behaviour of selected five household consumer durables only. They are i) washing machine, ii) television, iii) refrigerator, iv) Mixie and v) wet grinder, because, these five articles are considered as important household components of urban consumers. The study is mainly concerned with urban consumers residing at all nine Municipal Towns of Vellore district. Most of the urban consumers are prepared to buy and use household articles for their homes at their own convenience because they are having more purchasing power than the consumers in village areas. Hence, the present study titled “A Study of consumer behaviour towards household consumer durables in Vellore district, Tamilnadu” is undertaken.

OBJECTIVES OF THE STUDY

The study is based on the following objectives

1. To study about consumer behaviour relating to purchase and use of household consumer durables in Vellore District.
2. To analyse the attitudes of respondents in Vellore district towards the household consumer durables.
3. To identify the factors influencing the buying decision about the household consumer durables in Vellore district.
4. To analyse the level of satisfaction of respondents about the brand, quality, durability, utility and price of the household products.
5. To offer suggestions on consumer’s decision about household consumer durables based on the findings of the study.
AREA PROFILE OF THE STUDY:

The area of the present study is Vellore district, located in northern Tamil Nadu. Vellore district was also known as “Thondai Mandalam Region” in early south Indian history. The geographical area of Vellore district is 6077 Sq.Kms. It is bounded on north by Chittur district, Andhrapradesh, on the south by Tiruvannamalai district, on the west by Dharmapuri district and on east by Kancheepuram district. The western part of the district is endowed with pleasing hills sceneries like Yelagiri Hills. The important rivers in Vellore district are Pennar, Palar, Pambar, malattar, Kavundinyanadi and guddar. The total population of Vellore district is 34,82,970 as per 2001 census. The percentage of rural population is 62 percent; the percentage of urban population is 38 percent. Out of total population in Vellore district 17,43,871 Males (50.07%) and 17,39,099 Females (49.93%). There are nine municipal towns and 15 town panchayats in Vellore district. It has 919 large scale industries and 18 small scale industries at present. The study is mainly confined to nine municipal towns scattered in Vellore district.

HYPOTHESES:

The study is subject to the following hypotheses;

1. There is no significant difference between the demographic variables of the respondents regarding the purchase attitude of household products.

2. There is no significant difference between the demographic variables of the respondents regarding
   - The product attribute
   - The buying decision.

3. There is no significant association between the preference of brand and demographic variables of the respondents.

4. There is no significant association between the level of satisfaction and demographic variables of the respondents.
RESEARCH METHODOLOGY

Collection of Data: -

This study is based on both primary data and secondary data. Since the study relates to only urban consumers, rural level consumers are omitted from data collection. So the primary data is collected from the consumers living in all nine municipal towns in Vellore district.

Table No 1.1
Showing Population of Municipal Towns in Vellore District

<table>
<thead>
<tr>
<th>S.No</th>
<th>Municipal Towns</th>
<th>Total Population (in Nos)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Vellore</td>
<td>1,77,413</td>
</tr>
<tr>
<td>2</td>
<td>Ambur</td>
<td>82,232</td>
</tr>
<tr>
<td>3</td>
<td>Tirupattur</td>
<td>60,876</td>
</tr>
<tr>
<td>4</td>
<td>Vaniyambadi</td>
<td>85,752</td>
</tr>
<tr>
<td>5</td>
<td>Gudiyatham</td>
<td>91,452</td>
</tr>
<tr>
<td>6</td>
<td>Arcot</td>
<td>49,953</td>
</tr>
<tr>
<td>7</td>
<td>Ranipet</td>
<td>47,236</td>
</tr>
<tr>
<td>8</td>
<td>Walajapet</td>
<td>29,475</td>
</tr>
<tr>
<td>9</td>
<td>Arakkonam</td>
<td>78,686</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>7,03,075</td>
</tr>
</tbody>
</table>

Source: www.census.2001

i) Primary Data: -

The researcher has used well designed questionnaire for the purpose of collecting primary data from the respondents. The total population of all the nine municipal towns is 7, 03,075. The researcher collected primary data through questionnaire on simple random basis. The researcher visited the homes of respondents at their convenience in all respects. The responses were recorded by the researcher himself in a few cases. In some other cases, the respondents themselves recorded the responses under the guidance of the researcher. It took six months for the researcher to complete the process of data collection. As universe is large, the researcher has decided to select number of sample respondents by adopting non probability sampling techniques of quota sampling.
ii) Secondary Data:

The secondary data were collected from journals, textbooks on marketing management, websites and academic studies conducted in the related areas for the purpose of building a strong conceptual background including the review of literature for the study.

Period of Study

The primary data were collected by researcher from July 2009 to December 2009.

Sampling Technique

The consumer behaviour towards households’ consumer durables in nine municipal towns in Vellore district was observed initially through pilot study. After conducting pilot study, the sample size for the main study was determined from the information based on pilot study. The questionnaire was finalised and sample size was determined through a statistical package called “sample calculator”. Vellore district is initially divided into municipalities. There are nine municipalities which are treated as quotas. From each quota, using proportional allocation, sub sample size is calculated by using the formula.

\[ n_h = \frac{N_h}{N} x n \]

where:
- \( N \) = population size
- \( N_h \) = sub population size
- \( n \) = sample size
- \( n_h \) = size of selected municipality

The final sample size after using the above formula is 1125 which is allocated to all nine municipalities proportionally by the using above formulae.
Table No 1.2
Showing Sample size Selected in Each Municipal Towns

<table>
<thead>
<tr>
<th>S.no</th>
<th>Municipal towns</th>
<th>Calculation</th>
<th>Sample respondents selected</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Vellore</td>
<td>$1125/7,03,075 \times 177,413$</td>
<td>284</td>
</tr>
<tr>
<td>2</td>
<td>Ambur</td>
<td>$1125/7,03,075 \times 82,232$</td>
<td>132</td>
</tr>
<tr>
<td>3</td>
<td>Tirupattur</td>
<td>$1125/7,03,075 \times 60,876$</td>
<td>97</td>
</tr>
<tr>
<td>4</td>
<td>Vaniyambadi</td>
<td>$1125/7,03,075 \times 85,752$</td>
<td>137</td>
</tr>
<tr>
<td>5</td>
<td>Gudiyatham</td>
<td>$1125/7,03,075 \times 91,452$</td>
<td>146</td>
</tr>
<tr>
<td>6</td>
<td>Arcot</td>
<td>$1125/7,03,075 \times 49,953$</td>
<td>80</td>
</tr>
<tr>
<td>7</td>
<td>Ranipet</td>
<td>$1125/7,03,075 \times 47,236$</td>
<td>76</td>
</tr>
<tr>
<td>8</td>
<td>Walajapet</td>
<td>$1125/7,03,075 \times 29,475$</td>
<td>47</td>
</tr>
<tr>
<td>9</td>
<td>Arakkonam</td>
<td>$1125/7,03,075 \times 78,686$</td>
<td>126</td>
</tr>
<tr>
<td></td>
<td>TOTAL</td>
<td>$7,03,075$</td>
<td>1125</td>
</tr>
</tbody>
</table>

Pilot Study

After conducting pilot study a well designed questionnaire was framed with three parts 1. Personal data 2. General information 3. Specific product information about washing machine, television, refrigerator, Mixie and wet grinder. Out of 1125 questionnaires supplied to respondents, 25 questionnaires were incomplete. So, such 25 questionnaires were removed from the study for the analysis purpose and final sample size comes down to 1100 respondents.

Statistical Tools Used

The collected data were analysed and interpreted by using the following statistical tools viz.

1. Descriptive Analysis
   i. Percentage analysis
   ii. Descriptive Statistics

2. Inferential analysis
   i. Chi-square test
   ii. Parametric test of t-test and ANOVA
   iii. Friedman’s non parametric test
   iv. Multivariate analysis / Multiple Regression
LIMITATIONS OF THE STUDY

The study is subject to the following limitations.

i. The findings of the study are applicable only to nine municipal towns in Vellore district, Tamilnadu.

ii. This study is confined to five important household articles viz; television, washing machine, refrigerator, Mixie and wet grinder only.

iii. There was a bias on the part of respondents while answering the questions in the questionnaires.

SCHEME OF CHAPTERISATION

The **First Chapter** deals with introduction, statement of the problem, importance, scope, objectives, research methodology, limitations and scheme of chapterisation.

The **Second Chapter** mainly concentrates on the findings of various previous studies on the consumer behaviour.

The **Third Chapter** deals with theoretical aspect of consumer behaviour.

The **Fourth Chapter** analyses consumer’s attitudes and opinions about the level of satisfaction with household consumer durables in Vellore district, Tamilnadu.

The **Fifth Chapter** deals with analysis and interpretation of collected data relating to consumer behaviour towards household articles in Vellore district, Tamilnadu.

The **Sixth Chapter** summarises the findings of the study and offers suggestions and form conclusion to the study.
END NOTES:

1. Pillai. R.S.N. and Bagavathi “Modern Marketing” S.Chand & Company Ltd, Ram nagar, New Delhi [1987], p— 263


5. www.houseoldconsmuerdurableseVellore.dt/in


9. Ibid., P-264.