CHAPTER 1

INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

India is the second largest consumer market in the world. The Indian consumer profile has been changed in terms of education, income, occupation, and reference group and media habits. There is a shift in consumer brand preference for durables products for the past decade with the influx of modern technology. The consumer buying preferences are rapidly changing and moving towards high-end technology products with acculturation. Products which were once considered luxury items have become a necessity because of the changing lifestyle and rising income levels. With growth in disposable incomes, the demand for high-end products such as television, washing machine, refrigerator, and air conditioners has increased considerably. It is also facilitated by the easy availability of finance and prevalence of nuclear families. Increasing in demand for consumer durable in the market the fall in prices as Indian consumers are continue to attach a high degree of importance to value for money. The consumer is brand-conscious, but not necessarily brand-loyal, and might even pick up a reliable private label if it offers good price and quality values.

Consumer durable penetration is one of the lowest in India and the untapped potential is evidently enormous. Both manufacturers and traders would be compelled to explore every conceivable method to improve operational efficiencies, in order to achieve substantial and profitable business
growth. The Indian consumer durables market has undergone a major transformation since the liberalization process, initiated in 1991. The market size, product penetration, the variety and technology of products sold, have all experienced a quantum leap. Improved product choice and decline in real prices, matched by increased consumer incomes have driven the market growth rate to dizzy heights. Now brands are becoming the most valuable assets that businesses can possess. The marketers are facing lot of challenges: regarding differentiation which is valued by the customers. Brands in this context are new business warriors. Brands are wealth generators of the twenty first century. Products are not differentiated in the factories, but brands are differentiated in the customers’ mind. Brands are capable of transforming mundane products into objects of desire. Accordingly, the market value of a business is determined by the number and types of brands it holds. Today in a competitive market, the question is about the survival of the company in the market. The answer is survival of companies by branding. The proper strategy of branding planning is needed to achieve revenue, sales, quality and market share. A good strategy differentiates one company’s brand from the other competitor’s brands.

The study of consumer buying behaviour is of utmost importance in a number of aspects. First of all, consumers’ behaviour can influence the economic health of a company. Consumers will have their preferences in purchasing products. Companies are selected using the rule of ‘survival of the fittest’. Therefore, consumers’ decisions can provide a clue for an industry’s survival, which companies to succeed, and also which products to excel. Secondly, through understanding the reasons for consumers to buy the products and their buying habits, the firms can make use of such information to devise corresponding marketing strategies in response to the consumers’ needs. The purchasing processes can be divided into three stages, namely pre-purchase, purchase and post-purchase. Each stage is equally important and
one stage can alter the consumers’ buying decision. Once consumers make a purchasing decision, they may need to recognize their personal needs, read product information, decide which to buy and where to buy, determine whether to buy again from the same retailer, choose the buying modes, show satisfaction to the services or product quality and finally be loyal to the brand. These highlight the complication of buying processes and the potential impact a brand can impose in between them. Changing dynamics of consumers’ behaviour – durable goods and luxury products 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 consumers’ awareness and preference for branded products. This shift is also explained by the growing trend of consumers’ mind set towards branded products.

Brand equity is one of the most valuable assets that a firm can have, and brand equity measurement and management continue to be important areas of research in both academic and industry. Most of the research on brand equity has looked at the issue from the perspective of either the firm perspective or from a consumer’s perspective usually involves collecting data on consumer mindset measures of brand equity from the consumer through surveys or experiments, and using the data to assess the consumers’ perceptions, feelings, and attitudes towards the brand. It may also involve collecting data on the consumers’ revealed preference behaviour, using self-reported or actual purchase data, and using it to assess the incremental value that the brand name has on the consumers’ utility and their resulting choice behaviour. Strong brand equity has become a very important factor that influences consumers’ behaviour of a brand. Success in brand management arises from understanding and managing brand equity correctly to produce strong attributes that will influence consumers when making their choices.
Brand equity from the consumers’ perspective is useful because it suggests both specific guidelines for marketing strategies and tactics and areas where research can be useful in assisting managerial decision making.

1.2 STATEMENT OF THE PROBLEM

Consumers from emerging market like India have greater brand choice from global and domestic companies than ever before. India’s liberalising policies and changing business environment along with regulatory changes have enhanced the macroeconomic growth of India along with expansion of multinational companies in Indian markets by setting up of their businesses in India, thereby increasing offerings to Indian consumers. This has increased a wide range of choice to Indian consumers. Companies are interested not only in the product but also the behaviour of the consumers and brand equity because it gives them the right orientations for brand positioning. Building brand equity is the foremost task of the companies to reduce the searching cost of the potential customers. Brand equity generally grouped into five categories namely, perceived quality, brand loyalty, brand awareness, brand association and brand image provides the scope of increasing brand value and profitability. Among these five brand equity dimensions, the first four represent customers’ evaluations and reactions to the brand that can be readily understood by consumers so they have been widely adapted to measure customer-based brand equity in many studies. Strong brand equity creates high brand name awareness, maintain a favourable brand image and make the continuous loyal to the brand. In this scenario marketers should take a broad view of marketing activity for a brand and recognise the various effects it has on brand knowledge, as well as how changes in brand knowledge affect more traditional outcome measures such as sales. Markets must realize that the long-term success of all future marketing programmes for a brand is greatly affected by the knowledge about the brand in memory.
that has been established by the firm’s short term marketing efforts. In this liberalized and competitive market, both foreign and Indian companies must understand consumers’ motivation towards their brand choice and consumer behaviour is essential. Building and properly managing brand equity has become essential for any business organization and consumer durable organisations are no exception. As such, branding has become one of the most dominant indicators in the industry performance. Customer-based brand equity is a valuable tool in brand positioning and evaluating their firms’ performance. Few researches have been done in India on the impact of consumer buying behaviour and brand equity on consumer durables. Most of the studies have been considered non-durable products. This has left a gap in the studies done in durable product sector in India. Hence, this study has been undertaken.

1.3 SCOPE OF THE STUDY

Researcher limits its scope to selected consumer durable such as television, Refrigerator, Washing machine, Mixer –Grinder, Digital Camera and CD/DVD Player in Bangalore District. The present study mainly confined to analyse the impact of consumer behaviour and different dimensions of brand equity like brand image, brand awareness, brand association, perceived quality and brand loyalty in consumer durable product market. The study does not cover other brand equity property assets such as trade mark, patent, logo, symbols.

1.4 OBJECTIVES OF THE STUDY

The following are the main objectives of the study.

- To analyse the consumers’ buying behaviour on selected durable products.
To study demographic factors influencing purchase decision of consumers with regard to durable products.

To analyse the key dimensions of brand equity in influencing purchase decisions.

To study the relationship between various dimensions of customer based brand equity.

To draw out managerial implications of the findings of the study.

1.5 RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. It is understood as a science of studying how research is done scientifically. It has various steps that are generally adopted in research along with the logic behind them.

1.5.1 Research Design

The present study is based on sample survey method. First hand data collected from the field through questionnaire. This type of data often helps to give appropriate answers to research questions. The study makes use of primary and secondary data relating to consumer behaviour and brand equity. A pilot survey was conducted and in the light of the pilot survey, the questionnaire was restructured. As the population of the durable consumer goods could not be enumerated, so convenient sampling techniques is adopted. The study has also depended on the secondary data. The secondary data were collected from the standard text book of related topic, leading journals and published documents, records, reports and websites.
1.5.2 Selection of Sample

All the three areas (Urban, Semi urban and Rural) have taken from the district of Bangalore. Convenient sampling method is adopted for the selection of samples; respondents are both the genders and people of various income groups selected for the study. Altogether 500 samples were selected from all the three areas.

1.5.3 Pilot Study

Pre-test of questionnaire is conducted with 70 respondents to identify whether the questionnaire is able to capture the requisite data information as expected by the research objectives. Pilot study was conducted mainly to find out the reliability of the questionnaire and whether questionnaire was easily-understandable as well as whether there were any vague and confusing questions in the questionnaire. To develop the questionnaire content and the format of the questionnaire were discussed with of the supervisor. It is mentionable that, at the outset developed a questionnaire ourselves which was subsequently modified altogether with consultation with supervisor. Five students were invited to translate and answer to the questionnaire at the presence of the researcher. All the respondents reported that they had no difficulty in answering the questions and reliability test value was 0.789. However, one general comment is received from respondent that some of the questions were a bit wordy and long. Accordingly, the researcher made necessary changes.

1.5.4 Period of Study

The present study is confined to the 2008-2012. Further, data were supplemented with relevant information from various sources.
1.5.5 Tools Used in the Study

In order to understand the socio economic characteristics of consumers and purchase of durable goods, the percentage analysis and frequency distribution are worked out. In order to study difference between dimensions of consumer based brand equity on durable goods, t-test has been applied.

In order to study the difference among the purchase value of durable goods, consumers’ buying behaviour of durable goods, brand awareness, brand image, perceived quality, brand association and brand loyalty the analysis of variance (ANOVA) has been employed. In order to study the differences between socio economic characteristics of consumers of durable goods and brands of durable goods, the Chi-Square Test has been employed.

In order to study the relationship between dimensions of buying behaviour of durable goods and the relationship between dimensions of brand equity on durable goods the Person’s correlation coefficient is worked out. In order to identify the factors affecting the brand equity, the Confirmatory Factor Analysis (CFA) has been employed. In order to discriminate the consumers of urban, semi-urban and rural areas based on the dimensions of brand equity on durable goods, the discriminant analysis has been employed.

In order to assess the influence of demographic factors on consumers purchase decisions of durable products, the impact of brand equity dominions on overall brand equity of durable products and the impact of brand equity dominions on consumers’ buying behaviour of durable products, the multiple linear regression analysis by Ordinary Least Square (OLS)
estimation has been applied. In order to measure the customer based brand equity on durable products, a Structural Equation Model (SEM) was developed.

1.6 HYPOTHESES

The following hypotheses have been drawn up and tested using appropriate statistical tools.

\[ H_1 \] : There is no significant difference in consumer buying behaviour of durable goods.

\[ H_2 \] : There is no relationship between various dimensions of buying behaviour of durable goods

\[ H_3 \] : There is no significant influence of demographic factors on consumers purchase decisions of durable products.

\[ H_4 \] : There is no significant difference in brand awareness among the consumers of durable goods.

\[ H_5 \] : There is no significant difference in brand image among the consumers of durable goods.

\[ H_6 \] : There is no significant difference in perceived quality image among the consumers of durable goods.

\[ H_7 \] : There is no significant difference in brand association among the consumers of durable goods.

\[ H_8 \] : There is no significant difference in brand loyalty among the consumers of durable goods.
1.7 CONCEPTS OF WORKING DEFINITIONS

1.7.1 Consumer Behaviour

Consumer behaviour is the process of perceiving and evaluating different components of a purchase.

1.7.2 Brand

Brand is a name, symbol, design or some combination which identifies the ‘product’ of a particular organization.

1.7.3 Brand Equity

Brand equity is a set of brand assets and liabilities linked to a brand, its name and symbol add or subtract from the value provided by a product or service to a firm.

1.7.4 Brand Awareness

Brand awareness is the ability to identify a brand under different conditions.

1.7.5 Brand Image

The image of a brand shows how it is perceived by the consumer.

1.7.6 Perceived Quality

Perceived quality is perception of superiority of a product or service with respect to its intended function.
1.7.7 Brand Association

Association linking to the brand may be strong, while some times it can be weak.

1.7.8 Brand Loyalty

Loyalty implies customers who would continue to buy the brand.

1.7.9 Durable Products

Durable products are things that can be used for a long period of time as they are not easily destroyed. Examples of durable goods include; household appliances, machinery and sports equipment.

1.7.10 Television

Television is an electronic device used to receive sound and images which create television programmes that people watch.

1.7.11 Washing Machine

This appliance is exclusively destined to wash and spin machine washable laundry in quantities which are usual for private households.

1.7.12 Refrigerator

An appliance or compartment that is artificially kept cool and used to store food and drink.

1.7.13 CD/VCD Player

A DVD/CD player is a device that plays discs produced under both the DVD-Video and DVD-Audio technical standards.
1.7.14 Digital Camera

A camera that records and stores digital images

1.7.15 Purchase Value

Determine the purchase value of a product purchased

1.8 LIMITATIONS OF THE STUDY

1. This study is limited to Bangalore district only and result may differ if conducted in other regions. It measures the brand equity of selected consumer durable product only.

2. There are other variables besides Consumer behaviour and brand equity which affect Consumer durables.

3. Analysis is based on the primary data collected through questionnaire and the accuracy of the findings entirely depends on the correctness of such data.

4. The present study is mainly focused on durable products generally and home appliance specifically. Every product has unique nature. Durable products are hard, non durable products are soft and service products are intangible nature, it might be inappropriate to draw the generalization for all the products. Hence, the present study can’t be applicable to other durable goods, non- durable goods, and services.

1.9 CHAPTER SCHEMES

The study consists of five chapters.
The first chapter consists of the introduction and the design of the study comprising, need for the study, statement of problem, scope of the study, objectives of the study, research methodology, limitations of the study and the chapter scheme.

The second chapter makes a review of earlier studies conducted by the researchers in the area of consumer behaviour, brand, brand equity, brand awareness, brand image, brand loyalty, perceived quality, brand associations and consumer durables.

The third chapter represents the conceptual framework on consumer behaviour and brand equity.

The fourth chapter deals with analysis and interpretation on the consumer behavior and brand equity of the respondents on selected consumer durable products and the factors that influence the same.

The fifth chapter summarizes the key findings, suggestions, conclusions, managerial implications and suggestions for further research.