CHAPTER - 1

INTRODUCTION AND RESEARCH DESIGN

Marketing is not like Euclidean geometry - a fixed system of concepts and axioms. Marketing is one of the most dynamic fields within the management arena. An integrated management approach to marketing must proceed by identifying and understanding the prospective customers and their buying behaviour. A consumer may be an individual or an organisation. Organisational consumers like business or manufacturing organisations and government agencies are also basically composed of individuals.

The objective of modern companies is to become customer-oriented and to satisfy the potential customer needs. To achieve this objective, the company's executive must keep himself abreast of the motivational goals of the potential customers and the changes that occur in such goals from time to time. A company will determine how best its products can help the consumer to achieve his goals and design the products that way. It can devise advertisement message to explain the consumer how its products can reach his goals. Hence, the problems of the company concern with the understanding of the consumers goals.

The present market conditions are highly competitive and in today's buyers' market, the marketing manager has to view the problem as a behavioural scientist. The screening and dissection of the actions and reactions would help him
in perceiving right ideas about the buyers. The problems would be diagnosed minutely and the medicines would be administered carefully. Hence, an inddepth study of the enigmatic human personality is the main purpose of behavioural management. It forms the very foundation for all marketing planning. The marketing executive could be aided a great deal in his efforts to serve the consumer if he only had more specific information as to how the consumer approaches a buying situation. Each seller needs to remember that the consumer's needs, wants, desires, preferences, beliefs, habits, and eccentricities constitute an important determinant of the products offered, the channels through which the products are sold, the promotional measures employed and the price to be charged.

Need for the Study:

Consumer is the nerve centre of modern marketing. Understanding his behaviour is quite essential for efficient and effective marketing management. Customers may state their needs and wants but act otherwise. They may not be in touch with their deeper motivations. They may respond to influences that change their minds at the last minute. Nevertheless, the marketers must know their target customer's wants, perceptions and shopping behaviour. Marketer must know the reactions of consumer to his product. "Regardless of how great may be the increase in population, income and consumers expenditure over a period of time, there are always products for which consumer's demand is declining and other products for which it is increasing."
Business executives are confronted with some knotty problems. What product is the consumer buying? What motivates the consumer actually to make a purchase? How does he approach the buying problem? What information does he want before making a specific decision? Why does the consumer select a given brand of product in preference to another of apparently equal quality? And why, at a later date, does he completely reverse the process and begin to purchase the neglected item? These questions involve the problem of determining what the consumers behaviour is. The answer to the problem is to be ascertained through the firm's records about the consumers buying pattern, or through consumer surveys, store audits, brand preference studies and through other types of market research.

The business unit is expected to design its marketing policy based on studies relating to consumers' attitude or behaviour towards company's marketing mix which consists of important ingredients like product, price, promotion, place, package, etc. Besides, maintaining the tempo of current marketing mix elements on efficient and effective lines, it is expected to visualise probable changes to be effected in its marketing-mix in the light of ever-changing consumer behaviour in the society so that it would be able to adapt itself to sensitive environment. Moreover, the business unit would be able to bridge the gap between where it is and where it would like to be or what it is at present and what it would like to be in future. In this context, the company's capability to formulate a suitable marketing strategy based on the market environment and consumer behaviour helps it in carving a marketing niche.
Marketing problems emanating from the consumers' behaviour have a greater degree of similarity with the behavioural problems relating to the consumer durables. Hence, the present research topic has been chosen to identify and ascertain the extent to which the problems of consumer behaviour have an impact on the marketing of consumer durables in the fast growing Dharwad district. The consumer behaviour in relation to consumer durables is strongly affected by some important economic, social and cultural factors in urban and semi-urban areas. Important among these factors are: increasing income and population growth of the middle and high middle income groups, credit and instalment facilities for the consumer durables, demonstration effect of high life style enjoyed in advanced countries on the urban elites, the effect of modern advertisement through print and electronic media, social factors like sense of prestige associated with the possession of some consumer durables, cultural programmes available through T.V., etc. The present study has been selected for an intensive empirical survey of the various factors influencing the buyers behaviour in relation to consumer durables in Dharwad district.

Review of Literature:

Large number of research studies have been conducted on consumer behaviour both in India and abroad. The studies have covered both durable and non-durable goods. The available literature on the topic reveals that research studies on consumer behaviour date back to early fifties upto the present period. The implications of these studies have profound influence on the formulation of
marketing strategies in the different fields. An attempt is made here to review some selected works on consumer behaviour in relation to durable and non-durable consumer goods.

1. A study by Robert Ferber found that almost 20 percent of the purchases of the consumer durable goods including furniture, automobiles and appliances - were bought on impulse (impulse buying being defined as the purchases that are unplanned and can be postponed). Further, the study revealed that there was no plan in about one third of the purchases. Minor purchases were not planned in some 40 percent of the cases and the figure for major purchases was 28 percent.

2. Katona George and Eva Mudler made intensive studies on the purchase of consumer durables at the survey centre of the University of Olichigan in 1953. The study concluded that there were great differences among buyers and that many purchases were made in a state of ignorance or at least indifference. The consumer durables studied were television sets, refrigerators, washing machines, etc. The study concluded that less than one fourth of the purchasers of consumer durables were rated as careful buyers. These people planned their purchases, sought information, and considered and reconsidered alternatives. They regarded the purchase of household goods as a problem that must be solved with care. Further, the study found that another group of buyers of about the same size exercised little or no care in their purchases. They did not deliberate about the purchase. They made decisions quickly and without hesitation. They were indifferent and obtained little information. They did not have any motivation to make the best
possible choice. The study concluded that remaining buyers were classified in
intermediate group. They deliberated to some extent about the purchase but did
not exercise the case of the very deliberate group. Thus, there was often very
little planning and deliberation in purchase decisions. George Katona concluded
that most consumer behaviour was habitual behaviour.

3. Park and others made the observation that consumer knowledge is an
important construct in understanding consumer behaviour such as information
search and information processing. Their study concluded that increase in self-
assessed knowledge was associated with decrease in the utilisation of sales persons
recommendations. The authors asserted that consumer knowledge assessments
are influenced by two types of judgement cues stored in long run memory. One
type of judgement is stored in memory and use of stored class information.

4. Joseph Sirgy made a study of self concept in Consumer Behaviour
Research which focussed on congruence of self images while selecting products.
Sirgy observes that consumers attempt to preserve or enhance their self image by
selecting products with 'images' or 'personalities'. He further elaborates that such
images are actual self image, ideal self image, social self image and expected self
image.

5. A study was conducted by Fahey on "Departmental stores, spruce up
images". He contends that consumers tend to shop in stores that have images
consistent with their own self images. The major departmental store chains have
begun to focus on the need to build a strong image for their stores. They recognise the importance of building an identify to attract loyal consumers. The researcher maintains that instead of focussing on price and promotion, they are increasingly stressing customer service and the provisions of "pleasant shopping experiences".

6. Joyce's study indicated that although many consumer durables commonly involved in decisions to buy, made by husband and wife, this did not extend to car buying which remained essentially a man's province. There is some evidence to show that women are beginning to influence car buying at least in the choice of colour or the nature of upholstery.

7. Kahneman and Tversky have made a study of impact of increase and decrease in price on consumer behaviour. They have found that 'multiple price decreases are evaluated more favourably than a single price decrease and single price increase is less upsetting than multiple price increases'. The results of Kahneman and Tversky support the contention that the marginal values of both gains and losses decrease with their magnitude.

8. Aradhana Krishna viewed that buyers purchase behaviour can be influenced not only by the current price of a product but also by that prices they expect in the future.

9. Simonson's study reveals that purchase decisions are determined on the basis of both absolute attributes of the alternatives and their relative positions within the particular choice set under consideration. He suggests that 'consumers
are less likely to choose alternatives that were selected by other consumers for reasons that do not apply to them.

10. Omar Zulkiply\textsuperscript{16} made a study of the consumer durable expenditure by using Vector Auto Regressive (VAR) technique. Demand for consumer durables is expected to be a function of interest rates, income, credit availability, consumer confidence and inflation expectation by using the VAR approach. Generally three variables-consumer confidence, interest rates and inflation expectation are found to cause consumer durable expenditure. The study revealed that consumer confidence is the most significant determinant of consumer durable expenditure, aggregated or disaggregated, followed by interest rates and inflation expectation. Further, the study revealed that credit availability and income are not significantly important in explaining the behaviour of consumer durable expenditure. It was also found in the study that consumer durable expenditure also shows a high degree of persistency determinant in making decision on consumer durables.

11. Patrick's study\textsuperscript{17} reveals that the role of price in a consumer's decision to buy or not to buy a durable is complex. The author maintains that different price constructs and relating observed prices to internal value scales of consumers are necessary components of the observed market price. Not only is price a multidimensional concept, it is not known in advance for a long time.

12. Ellis Seth Robert\textsuperscript{18} has made a study on psychometric investigation of a scale for evaluation of the aesthetic element in consumer durable goods. He has
tried to develop a psychometric scale to measure consumer perceptions of the aesthetic dimensions of consumer durable goods.

13. Desai and Purohit\textsuperscript{19} maintained that manufacturers marketing durable goods like cars, photocopiers, personal computers, etc., use varying degrees of leasing and selling to consumers. The issue discussed was whether the distinction between leases and sales is simply due to price or whether the proportions of leases and sales affect the firm's ability to compete in the market. They argued that leasing and selling would create strategic consequences that extend beyond price.

14. Ch. Jayshree\textsuperscript{20} has made a study of the behaviour of urban working women consumers. The study has analysed the cognitive aspects i.e. the awareness levels and behaviour aspects of the urban working women. The author had selected six consumer durables and non-durables, viz. washing machines, tooth paste, bathsoaps, shampoos, malted foods, etc. The study aimed at presenting a summarised version of the theory on consumer behaviour and investigated the socio-economic profile of the urban working women. Factors influencing the buying decision were studied and awareness regarding the brand and the loyalty commanded by a given brand were also observed.

15. James D. Shaffer's \textsuperscript{21} study of food shoppers concluded that only 46 percent of the purchases actually made were anticipated, the remainder being classified as impulse purchases, that is, decisions were made in the store.
16. Mazumdar and Jung\textsuperscript{22} in their study on 'Consumer evaluation of Multiple versus single price change suggested that people perceive multiple gains as more rewarding and multiple losses as more punishing than a single gain and single loss of the same amount respectively. The authors held that the direction of price change is expected affect consumer evaluation of multiple price changes relative to a single price change. Further when consumers are less knowledgeable or uncertain about prices of the purchased product, price uncertainty may influence their acceptable price range for the product category.

17. Michael J. McCarthy\textsuperscript{23} maintained that consumers' preferences are often based on such extrinsic cues as pricing, packaging advertising and even pressure.

18. Ama Carmine\textsuperscript{24} affirms the effect of advertising in creating a quality perception in the minds of consumers. In the absence of other information about a new brand, people may use the amount of advertising as a signal of quality. Heavily advertised products are perceived as higher in quality than non-advertised brands.

Thus, the review of research studies conducted by various researchers in the field of consumer behaviour suffer from some deficiencies as noted below:

i) Many of the studies conducted so far have considered a single variable influencing the consumer behaviour without taking into account the influences of other independent variables.

ii) The studies have been field tested with the respondents in western cultural environment.
iii) The studies have been lopsided since many of them have obtained responses of only the consumers without obtaining the opinion of dealers, middlemen and manufacturers.

iv) The size of the respondent group has been small.

v) The language aspect of the research enquiry (questionnaire) has not been simple and familiar to many consumers.

vi) The studies have not been very specific with regard to convenience goods, durable goods etc.

vii) Many of the studies have failed to contribute towards the evolving of marketing strategies for expected behavioural patterns.

In view of the above, the present study, which has focus on marketing strategies in relation to consumer durables, assumes a special significance.

Statement of the Research Problem:

The present study is confined to an analysis of the behavioural dimensions of consumers in relation to the selected consumer durables in the Dharwad district. The main thrust of the study is at providing the impact of social, economic, and cultural parameters on the buying behaviour of consumers in relation to consumer durables. Marketing strategies and their influence on the consumer's behaviour is studied with reference to the marketing strategies like branding, advertising, personalised services to customers, after sales services,
incentives etc. Basically, buying or consumer behaviour is a product of both personal and social factors with regard to the purchasing decisions. Hence, the present research study on "Consumer Behaviour and Marketing Strategies with Special Reference to Consumer Durables - A Study of Dharwad District" has been undertaken.

Objectives of the Study:

The main objectives of the present study are:-

1. To analyse and identify the buying behaviour of consumers in the study area in relation to selected consumer durables.

2. To study and identify the economic factors determining the consumers' buying decision in relation to selected consumer durables.

3. To identify and analyse the social and cultural factors influencing the purchase behaviour of the consumers in relation to selected consumer durables.

4. To study the impact of brand and sellers' reputation on the consumer behaviour in relation to selected consumer durables.

5. To study the marketing strategy of the distributors and its impact on the consumer behaviour in relation to selected consumer durables.

6. To assess the post purchase behaviour of consumers of selected consumer durables.
7. To ascertain the reactions of consumers of consumer-durables about the after sales services.

8. To study the level of planning and preparation of the consumers for buying the selected consumer durables.

9. To identify and assess other factors influencing the consumers of the selected consumer durables.

10. To offer useful suggestions for streamlining the marketing strategies of the consumer durables.

Scope of the Study and Research Methodology:

The present research study is an empirical-cum-opinion survey of the consumer behaviour in relation to the selected consumer durables in the Dharwad district.

Sample Size:

The number of respondents has been restricted to 250 consumers and 50 dealers. The number of consumer-respondents and the dealers for the study in the Dharwad district was decided on the basis of the total population of the district. The actual choice of the respondents was done on the basis of simple random samples. However, care has been taken to give due weightage to respondent consumers from different occupational groups viz. Service, Profession, business families, self employed persons, etc., with a view to obtain a
more representative picture of behavioural pattern of consumers of consumer durables in the study area.

Nature and Sources of Data:

The study is based mainly on primary data. Primary data has been collected through two sets of questionnaires—one for the consumers of the consumer durables and another for the distributors of the consumer durables in Dharwad district.

Tools of Data Analysis:

Simple statistical tools have been used for tabulation and analysis of the statistical data for arriving at precise inferences and conclusions. Graphical representation has been provided to highlight some significant trends relating to the research study.

Organisation of the Study:

The present study has been presented in the following eight chapters:

The First chapter provides a brief theoretical introduction to the problem of consumer behaviour and affirms the need for the present research work. Other aspects covered in this introductory chapter are: Comprehensive review of the existing literature on consumer behaviour in general and consumer behaviour in relation to consumer durables in particular, statement of the problem, objectives of the study, research methodology and research design.
The Second chapter is devoted to a detailed overview of consumer behaviour in terms of its conceptual dimensions.

The Third chapter deals with the analysis of the different marketing strategies and their implications for the promotion of sale of consumer durables.

The Fourth chapter is devoted to analysis of general characteristics of consumer durables and their commercial implications.

The Fifth chapter provides a brief account of socio-economic profile of sample respondents.

The Sixth chapter is the core chapter. A detailed statistical analysis of the field data on consumer behaviour in relation to the selected consumer durables in the study area has been made to arrive at appropriate conclusions.

The Seventh chapter is devoted for analysing dealers' marketing strategies and their impact on purchasing behaviour of consumer durables.

The Final chapter is devoted for providing a summary of the major findings of the study and conclusions and suggestions for streamlining the marketing strategies in relation to consumer durables.
References:

1. Kotler Philip: Marketing Management, PHI, p.XXXII
17. Duparcq Patrick: Reference Prices and Quality Signalling Effects for Consumer Durables - An Environmental Approach Purdue University, 1993, p.2459, USA.


