Chapter II

Concepts and Review of Related Studies
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2.0 INTRODUCTION

In the present chapter it is attempted to discuss a few concepts relating to marketing. A discussion on the studies carried out in the areas of customer preference and the growth in the demand for consumer durables is also provided in this chapter.

2.1 CONCEPT OF CONSUMER AWARENESS AND BEHAVIOUR

2.1.1 AWARENESS

Awareness is the state or ability to perceive, to feel, or to be conscious of events, objects or sensory patterns. In this level of consciousness, sense data can be confirmed by an observer without necessarily implying understanding. More broadly, it is the state or quality of being aware of something. In biological psychology, awareness is defined as a human's or an animal's perception and cognitive reaction to a condition or event.

2.1.2 BRAND AWARENESS

Extent to which a brand is recognized by potential customers, and is correctly associated with a particular product. Expressed usually as a percentage of target market, brand awareness is the primary goal of advertising in the early months or years of a product's introduction.

2.1.3 PURCHASING PATTERN

It is a manner in which consumers purchase goods or services (or firms place their purchase orders) in terms of amount, frequency, timing, etc.
2.1.4 CONSUMER BEHAVIOUR

The behavior of the consumer or decision maker in the market place of products and services. The dynamic interaction of affect and cognition, behavior, and the environment by which human beings conduct the exchange aspects of their lives. The overt actions of consumers is the study how people behave when obtaining, using, and disposing of products (and services). Consumer jury test is a method of testing advertisements that involves asking consumers to compare, rank, and otherwise evaluate the ads.

2.2 REVIEW OF RELATED STUDIES

According to Farhat Yusuf et al., China is rapidly moving towards becoming a market economy. Unlike its earlier communist era, China is experiencing increasing inequality in income distribution. Consequently, many researchers have focused on the urban Chinese consumer for their research. Urban households are reputed to constitute the major portion of the Chinese “middle class” and to have disposable incomes that enable them to enjoy the fruits of economic development and industrialization much more than their rural counterparts. Research addressing these urban consumers has tended to consider urban China as a homogeneous market segment, contrasting it with rural China. The study addressed the distinction between urban and rural Chinese consumers in terms of their demographic, socio-economic characteristics, secondly, by comparing the income, expenditure and savings patterns of urban and rural households, and thirdly, by analyzing their expenditure and savings patterns and ownership of selected consumer durables, using income and urban-rural location as the basis for segmentation.

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According to Rohit Vishal Kumar\textsuperscript{2} since 1991, India is emerging as a key destination for marketers from across the globe. However, little work of relevance has been undertaken to understand the Indian Consumers. It is believed that the Indian metropolitan consumers are fairly homogeneous in nature. Their paper examined the results of a survey conducted amongst 560 respondents in the five metropolises. The objective was to segment the metropolitan consumers on behavioral aspects and to understand their consumption pattern. The study used cluster analysis to segment the Indian metropolitan consumers in terms of their product ownership, Activities and Interests, Financial Investment avenues and Media habits.

According to Sakuntala Narasimhan\textsuperscript{3} in the post-liberalisation period, the Indian markets have been flooded with global brands from multinational corporations, with a parallel increase in advertising, urging people to buy. But there has been no concomitant widening of consumers' awareness, to protect against spurious or sub-standard goods, or drug formulations that have not passed safety tests in the US / EU but are sold in developing countries. The study concluded that as educated, the urban consumers have failed to keep abreast of these developments, and are becoming victims of some dubious commercial practices.

According to Suvi Dogra\textsuperscript{4}, Winds of change are blowing across the fast-moving consumer goods market (FMCG). Evidence suggests that for the first time, the rural market has grown faster than the urban market in key product categories in April-May 2008, the latest months for which such information is available, according to market

\textsuperscript{3} Sakuntala Narasimhan, The Indian Consumer Movement -- is our urban Middle, 27th November 2008.
\textsuperscript{4} Suvi Dogra, Rural FMCG markets outpace urban India, Business Standard, May, 21, 2009.
research firm AC Nielsen. In the past, sales in the sector have been driven largely by
towns and cities and FMCG companies carried out their product development and
tailored their promotional campaigns accordingly. FMCG companies attribute this to the
new-found prosperity in the country’s village caused by the surge in farm prices. Urban
consumers, on the other hand, could go slow on FMCG expenses thanks to the inflation
spiral, rise in fuel costs and costlier credit. The urban market is bigger in a number of
categories. It is not seen that normally see rural India dominating so many categories.
There is more opportunity in these areas also because the penetration levels are still lower
than the highly saturated urban markets. But alignments are also changing. That is, the
urban market for Chyavanprash has shrunk, while the rural market continues to grow.
Though rural markets are growing from a smaller base, the numbers can be stark in some
categories. Mass products like soaps, detergents, hair oil and biscuits have good sales in
the rural market and almost all companies are now re-looking their strategy for this
market.

The Federation of Indian Chambers of Commerce and Industry (FICCI)\(^5\) has
carried out a comprehensive Survey of industries in the consumer durable goods sector.
The FICCI Survey, based on feedback and interaction with representatives of consumer
durables industry, allied industry organizations, associations, Government agencies and
public sector undertakings, reveals that sector is poised for a quantum leap due to
technological improvements, falling prices due to competition, aggressive marketing and
decreasing import tariffs. The Survey has helped to arrive at the following conclusions: It
reflects the changing dynamics of consumer behaviour – luxury goods are now being
perceived as necessities with higher disposable incomes being spent on lifestyle products.
2) There is a discernible shift in the consumers’ preference in favour of higher-end,

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technologically superior branded products, the demand being spurred by increasing consumer awareness and preference for new models. 3) Competition has forced companies to offer efficient after sales service and support and this, in turn, has swayed customer preference for branded products. 4) The Survey highlights the positive growth trends in consumer durable segments – white goods and consumer electronics because of emerging opportunities and strong fundamentals of the economy. 5) The price difference between branded and unbranded goods has narrowed down and with branded players providing good after sales services and support consumer prefers to buy branded products. 6) The consumer durables industry appears to have two clearly differentiated segments

Information from surveys of a sample of 386 households was used by Pickering and B. C. Isherwood\(^6\) to investigate the extent to which information on the attitudes, expectations and socio-economic status of those households could be used to predict their expenditures on consumer durables.

Tests using difference of means, discriminant analysis and multiple regression were used. The discriminant analysis achieved high classificatory performance and it was argued that it may be more important to predict whether a household will decide to make a purchase of a consumer durable at all rather than to attempt to predict the actual level of expenditure once a purchase has been decided upon. A number of variables were found to have predictive significance across the different types of analysis carried out. Many of these were concerned with consumer attitudes and expectations and it was suggested that attention should be paid particularly to obtaining indications of expected household liquidity and the willingness to devote financial resources to the purchase of consumer durables.

Favero et al.[] have applied in their study a semi-logarithmic hedonic price model to a sample from the automobile market in Brazil in order to ascertain the most important attributes from the viewpoint of customers and assess their relative contribution to customer purchase decisions. They analyzed a number of standard and optional features of the vehicles such as airbags, metallic paint, automatic windows and locks, and air conditioning, and inferred which attributes consumers value the most in terms of comfort, status, speed, and safety. Based on this analysis, it was concluded that an understanding of consumer behavior relative to the attributes of goods, such as automobiles, could enhance the management of the industry value chain.

Rana[] undertook a study on T.V. advertisements and expressed that among the media, the impact of television advertisement on social behavior, including purchasing behavior was the greatest. The reason being is that television has charm, instantaneous transmission capability and universality of appeal.

Dhillon et al.[] investigated the factors affecting consumer behavior of durable goods and food items. Sample comprised of 150 females (75 each from rural and urban areas). The sources of information, the rural respondents gave primary importance were, advertisements through radio, followed by posters to some extent but were least affected by magazines. Urban respondents were affected the maximum by television and magazines.

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Mahajan and Singh\textsuperscript{10} studied the impact of media on lifestyle of adolescents in the age group of 12-18 years of age and found that media especially television and satellite channels certainly affected the lifestyle of individuals. They tend to buy the product advertised by media, irrespective of its cost. The way of presentation mattered in case of food items whereas in case of clothing, designer label mattered.

Kaur and Kaur\textsuperscript{11} explored fashion awareness among rural and urban adolescents. The study was conducted in three villages and three localities of Ludhiana city. They observed that television was the most important media of information regarding awareness among adolescents on fashion, while friends were the next important source of information.

Saksena\textsuperscript{12} also found that adolescents were influenced by T.V. advertisement and mostly purchased those brands and products which are more advertised on T.V.

Chaudhary et al.\textsuperscript{13} found that media played a vital role in directing the ideas of teenagers in the selection of toiletries. The table 9 shows that 49 per cent of the respondents preferred to buy Branded products shown in advertisement. The girls believed that branded products provided for the surety of quality and one could purchase the right product for the right purpose. On the other hand, to gain self knowledge about the products required more time and energy.

\textsuperscript{13} Chaudhary et al.(1993).
The study made by Rajeev Dubey et al.\textsuperscript{14} in the areas of Mumbai, Chennai and Bangalore on the process of purchase, compiling a list of features offered by the different brands will no longer do because almost every brand in the market today has reached parity in terms of the features and technology they offer. Hence, the customers attempt to learn about all aspects of the experience that different brands offer. One of the ways that the customers get information about the durable product they want to purchase from friends and neighbours who have already done their shopping recently. The study attempted to examine the consumer's buying experience and satisfaction with the product features and performance and customers' redressal and complaints indicated that almost every big brand in the market meets a certain threshold level of product and service performance.

But certain brands exceed customer expectations which delight the customer. The study on Consumer Durables Survey brings out the conclusion that there is no single brand that has managed to delight customers in all the categories.

Another important finding is that the difference between the best and the also-rans has narrowed even more. Finally, the survey also brings out how companies have excelled in one area of product or service delivery, only to falter in another. There are brands which score extremely high on product quality - but fall way behind in complaint management and vice versa. A few other findings of the study are that almost two-thirds of the customers rate the durable brands they own as excellent or very good which is a common phenomenon across all categories.

According to Tulay Girad\(^\text{15}\) past published literature suggested that product category is one of the factors affecting the extent of consumers' information and most of the purchase decisions are made during the consumers' search for product information and hence the retailers need to understand for what type of products consumers would be willing to spend time and effort in order to find the information they need, and what sources they would use to find the relevant information. To help marketers understand consumers' information search process, this research study investigates whether (1) consumers' preferences to search for product information on the Internet vary by the product category, (2) product category determines the amount of time consumers are willing to spend to search for product/service information, and (3) the information sources from which consumers seek product information vary by the product category.

The findings indicated that the preference to search for product/service information for branded products was highly significant. This is because the information for a search product can easily be obtained from an advertisement, sales brochure, or the product's package; therefore, the risk involved in making a wrong purchase decision. Lastly, the respondents in the sample indicated that they would first seek information from friends/relatives/acquaintances across the four product categories. Additionally, the remainder of sources from which the respondents sought product information varied across the four product categories.

In their paper by Toshiyuki Ono et al. 16, they propose a method for analyzing customer's product preference on products with multiple attributes like personal computers in an internet, online shopping environment. Particularly, the proposed method utilizes the data on each customer's browsing history among possible product configurations, which can be available to the seller at low cost and in real time. At last, it models the relationship between product preference and product attributes for each customer. The result of this experiment showed that the proposed method approximates well the outcome of conjoint analysis. Thus, it can be a tool for tracking the shift of customer's preference at low cost in timely fashion.

According to Ashok 17 the world of today is changing fast. India is no exception. Especially after the opening up of the economy, the pace of change that India and its people are experiencing in their socio-cultural milieu is mind-boggling.

India, with its wide diversity, offers a fascinating scope to study the host of changes which developmental activities have brought about in its social & economical framework. While it is possible to get some estimates of the macro changes taking place in India, it is impossible to get any accurate measures of the subjective experiences that proceed, accompany or follow such changes. However, the fact remains that the profile of the Indian market is vastly different from what it was earlier. Although these changes are difficult to measure at the micro level, nevertheless, they have been of great significance to marketers. Any marketer is keen in closely monitoring the changes in terms of

16 Toshiyuki Ono and Hirofumi Matsuo, A Method of Analyzing Customer's Product Preference Based on Browsing Data Collected in an Online Shopping System, University of Tsukuba.

numbers and specially keeping regular track of the changing pattern of consumers’ aspirations and competitive actions. For studying the above changes in market in liberalized era, the attempt has been taken to study on influence of certain identified macro factors in force along with designing a model of purchasing pattern in present scenario. For this purpose, the researcher has taken Chennai city, the capital city of Tamil Nadu. The study considered all those households of Chennai City, which use various consumer durable items as population. The researcher has adopted Cluster Sampling Procedure for defining the entire population area, for which the study area was divided into North, South and Central Chennai based on geographical location, using telephone directory as the source. From each selected area, the required number of households was selected based on Judgement Sampling (or) Purposive Sampling by using some common criteria like reference groups, subject knowledge, occupational status and their attitude to co-operate for this study. The study could find that the economic factors as a whole have an average medium level influence in purchase of durable products. The social and cultural factors have shown on an average a high level of influence in the purchasing pattern of durable products. This clearly shows that there is a breaking point of changes observed among the population in social and cultural values. A person’s buying choices are mostly influenced by four major psychological factors: motivation, perception, learning and beliefs and attitudes. Due to entrance of foreign brands with advanced technology, Indian consumers identified technological superiority, which in turn increase their expectations of all brands. This has forced our Indian brands to update their technology. Thirdly, price differentials among various brands/sellers and brand loyalty among consumers, each accounted a high level of influence over the consumer’s mind.
The influence of promotional efforts/ additional benefits, assurance of prompt after sales service, and availability of choice leading to complexity in purchase high level of influence on the purchasing pattern. The basic benefits attached with consumers’ purchase with reference to ‘Form utility’ (design, color, dimensions, and other features of the product), ‘Place utility’ (product availability in desired place), ‘Time utility’ (product availability in desired time) and ‘Possession utility’ (Position of ownership, service guarantees). Besides, according to acquisition -transaction utility theory, two types of utility are associated with consumer purchase: acquisition utility and transaction utility. Acquisition utility represents the perceived economic gain or loss associated with a purchase, and is a function of product utility and purchase price. Transaction utility concerns the perceived pleasure or displeasure associated with the financial aspect of the purchase, and is determined by the difference between the internal reference price and the purchase price.

Orazio et.al.\(^\text{18}\) in their study investigated the empirical significance of borrowing constraints in the market for consumer loans. Using micro data from the Consumer Expenditure Survey (1984-1995) on auto loan contracts it was estimated the elasticities of loan demand with respect to loan interest rate and maturity. The econometric specifications we employ account for important features of the data, such as selection and simultaneity. It was found that with the exception of high income households — consumers are very responsive to maturity changes and less responsive to interest rate changes. Both maturity and interest rate elasticities vary with the level of household income, with the maturity elasticity decreasing and the interest rate elasticity increasing with income. It was

argued that these results are consistent with the presence of binding credit constraints in the auto loan market, and that such constraints significantly affect the borrowing behavior of some groups in the population, low income households in particular.

According to Xiang Li et al\textsuperscript{19}, to successfully develop a new product, discovering customer demand preference and motivation are always important yet difficult. In most cases, there are usually many ideas and options for selection during product conceptualization. One of the key factors for designers to consider during this selection is the preference and motivation of customers. To investigate customer demands, one approach is to have a quantitative description and reasoning analyses of the preferences of different group of people.

This paper presents an advanced P-Tree based K-Nearest Neighbor (KNN) algorithm for text categorization to capture the useful information from huge data source of customer open-end answers via an intelligent survey system. The "intelligence" of this survey system is based on its text categorization module which can classify customers' feel about certain characteristics of products. A Term Frequency (TF) classifier with partial supervision is proposed to train data set for the advance P-Tree based KNN algorithm. The method has been implemented into a web based smart survey system that allows on-line customer feedback collection, digitization of the language feedbacks, numerical descriptions of customer preferences and customer motivation of a product. Preliminary testing of the system demonstrates that it could significantly shorten the survey and analysis time for customer preference reasoning analysis and is thus expected to help companies to reduce cycle time for new product design.

\textsuperscript{19} Xiang Li, Daming Shi, Bin Song, Wee Keong NG, Customer Preference Reasoning Analysis Through Text Categorization, Singapore Institute of Manufacturing Technology.
This paper develops an estimation technique for analyzing the impact of technological change on the dynamics of consumer demand in a differentiated durable products industry. The paper presents a dynamic model of consumer demand for differentiated durable products that explicitly accounts for consumers' expectations of future product quality and consumers' outflow from the market, arising endogenously from their purchase decisions. The timing of consumers' purchases is formalized as an optimal stopping problem.

A solution to that problem defines the hazard rate of product adoptions, while the nested discrete choice model determines the alternative-specific purchase probabilities. Integrating individual decisions over the population distribution generates rich dynamics of aggregate and product level sales. The empirical part of the paper takes the model to data on the U.S. computer printer market. The estimates support the hypothesis of consumers' forward-looking behavior, allowing for better demand forecasts and improved measures of welfare gains from introducing new products.

Gautam Gowrisankaran et.al. in their paper specified and estimated a dynamic model of consumer preferences for new consumer durable goods. According to them, most new durable consumer goods are characterized by relatively high initial prices followed by rapid declines in prices and improvements in quality. The evolving nature of product attributes suggests the importance of modeling dynamics in estimating consumer preferences. We specify a dynamic model of consumer preferences with persistent heterogeneous consumer tastes and estimate the model on the DVD player industry, using

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a panel data set on prices, sales and characteristics. Consumers in our model choose between purchasing a current product and waiting for future products, making rational forecasts about the future distribution of prices and qualities. Our model allows consumers who have already purchased a durable good to upgrade to a new model as desired. We find that dynamics are a very important determinant of consumer preferences. We use the estimates to investigate the value of new consumer goods and the determinants of price declines.

According to Seshiah et.al\textsuperscript{22}, the Color TV industry in India has seen a gamut of changes in the past one decade as liberalization set in the Indian subcontinent making its market highly competitive and consumer driven. With the fast changing liberalization policies, changing and growing demands of the consumers made the industry competitive. The constant desire of the companies (domestic or international) to have a major share in the market often leads them to die many deaths which has became a hackneyed phenomenon in this sector of Liberalized India if the companies are not in able to cope with changing reforms and the changing tastes and preferences of the consumers. The results revealed that the purchasing decision of the consumer depends on Quality, Goodwill Popularity, Affordability, Features, and Support Services of the product, this phenomenon observed in all income groups. The results also revealed that the brand preference is independent of age, income and education.

\textsuperscript{22} Seshiah, Venkata Krishna and Radha, Liberalization and Color T.V. Industry In India, Estudios Económicos Regionales y Sectoriales, Vol. 3(2), 2003.
To Kazuto Masuda\textsuperscript{23}, making life planning depends on consumers. Consumers make life planning from various saving motives, and through making life planning consumers consume less and save more. According to them, because the discount rate changes as time passes after the consumption planning date, there is a trade off that the consumers will decrease future consumption and saving because of their temptation of current consumption. The degree of commitment fixes consumption and saving paths. In their paper, they tested the hypothesis of the hyperbolic discounting theory using data of life planning in the Public Opinion Survey on Household Financial Assets and Liabilities as the commitment period of consumption.

Using Tobit TSLS, they obtained the result that there exists the short-run trade off between consumption and saving and that consumers can increase their future consumption and saving by life planning. From the results, they concluded that in the households who make their life plans, the computed difference of saving in the life planning case and in the no life planning case is a significant independent variable when determining the desirable life planning period. It means that the result supporting the theory that households who make life planning use the life planning period as a commitment like the theory predicts and achieve the more desirable saving.

According to Tulay Girard\textsuperscript{24} because most of the purchase decisions are made during the consumers' search for product information, retailers need to understand for what type of products consumers would be willing to spend time and effort in order to find the information they need, and what sources they would use to find the relevant information. To help marketers understand consumers' information search process, this

\textsuperscript{23} Kazuto Masuda, Empirical Evidence of Consumption Planning as a Commitment, Bank of Japan and Tokyo Institute of Technology.

\textsuperscript{24} Tulay Girard, Op.cit.
research study investigates whether (1) consumers’ preferences to search for product information on the Internet vary by the product category, (2) product category determines the amount of time consumers are willing to spend to search for product/service information, and (3) the information sources from which consumers seek product information vary by the product category. According to him past published literature suggests that product category is one of the factors affecting the extent of consumers’ information search.

Therefore, the author felt that a close examination of the relation between consumers’ search behavior and product category is essential. For this purpose, study hypothesizes that product category will significantly influence consumers’ preference to search for product information on the Internet. The data for the study was collected in two stages. In the first stage, nineteen undergraduate students from a large urban university in the Southeastern United States were provided with the definitions of the four product types. Then, the students were asked to list four products that they felt represent each category. From their responses, computer mouse, radio, barbecue grill, and vacuum cleaner were selected to represent search, experience and credence product categories, respectively. In the second stage, the data were collected via a self-administered questionnaire to a convenience sample of 365 adults in two major metropolitan areas in the Southeastern United States. The findings indicated that the preference to search for product/service information online for products was significantly higher than for a search on credence products. The respondents were more likely to spend significantly less time searching for product/service information for a search product than credence products. This is because the information for a search product can easily be obtained from an advertisement, sales brochure, or the product’s package; therefore, the
risk involved in making a wrong purchase decision for a search product is much less than for credence products. Lastly, the respondents in the sample indicated that they would first seek information from friends/relatives/acquaintances across the four product categories. Additionally, the remainder of sources from which the respondents sought product information varied across the four product categories.

Valerie Trifts\textsuperscript{25} in his article examines consumers’ reactions to the provision of direct access to uncensored competitor price information within an electronic store. Based on notions derived from signaling theory, prior research on trust and attribution theory we propose that the facilitation of such access may have a positive impact on consumer preference for an online retailer. Furthermore we predict that this effect will be moderated by how attractive a vendor’s prices are. The results of a laboratory experiment demonstrate the possibility that a retailer’s act of providing access to un-censored competitor price information may result in enhanced long-term preference for that vendor, especially if the latter’s prices are neither clearly superior nor obviously inferior to those of its competitors. Finally, this positive effect of facilitating access to competitors’ prices on consumer preference is mediated by the perceived trustworthiness of the online retailer.

The study group\textsuperscript{26} of guideline in its survey brought out the conclusion that the Dell model tested is preferred to the Panasonic model tested when both picture quality and price are taken into account. Without knowing who makes either TV, a significant majority of all respondents preferred the Dell model at each price difference. These


\textsuperscript{26} Guideline, Study of Consumer Preference between a Dell and a Panasonic 50-Inch HD Plasma TV, New York, February, 2006.
results substantiate an overall preference claim at the price differences tested. The study showed that the responses to the initial question respondents were asked just after viewing each TV, “What do you think of the picture quality of this TV?” These responses indicate that while both TVs receive praise, the Dell receives more praise than the Panasonic for its picture quality and for having a bright picture.

According to Sandip Anand et al.\textsuperscript{27} in the last few years, spending patterns have been changing in both rural and urban India.

Discretionary incomes have started going into mobile phones, televisions, white goods and motorcycles. However, FMCG brands penetration in India, particularly in rural India, is so low that the potential for growth remains huge. The Rural market has been growing steadily since the 1980s. Rural markets are vital for the growth of most companies. For instance, more than half of HLL’s annual turnover of Rs.9,954 crores comes from rural markets. But despite the high rural share, the rural penetration rates are low, thus offering tremendous potential for growth. The proposed agricultural reforms in the Tenth Plan, easy availability of agriculture credit, the Rs. 60,000 crores village road programs, introduced recently to connect 1.9 lakhs villages, and improved communication network is likely to give a huge fillip to the rural economy and incomes, resulting in higher penetration as also increased consumption rates in the coming years. These villages and small towns, which were once inconsequential dots on maps, are now getting the attention of global marketing giants and media planners. Thanks to globalization, economic liberalization, IT revolution, Indian diasporas, female power, and improving infrastructure, middle class rural India today has more disposable income than

\textsuperscript{27} Sandip Anand*, Rajneesh Krishna, Rural Brand Preference Determinants in India: Marketing to Rural Consumers - Understanding and tapping the rural market potential, 3, 4, 5 April 200.
urban India. Rural marketing is gaining new heights in addition to rural advertising. There are many challenges that companies face in tackling rural markets, some of the more critical being: understanding rural consumers, reaching products and services to remote rural locations and communicating with vastly heterogeneous rural audiences.

Rural customers are fundamentally different from their urban counterparts, and different rural geographies display considerable heterogeneity, calling for rural-specific and region-specific strategies. In an urban family, the entire family is involved in making a purchase, however in the village community women have very little contact with the market, the male makes the purchase decision, and community decision-making is quite common in a village, because of strong caste and social structures and low literacy levels. The demand for rural credit is estimated at Rs. 1,43,000 crores. For banks, the challenge is not in disbursement but in loan recoveries because of uncertainties in Agricultural sector. Therefore, it seems that gap between demand of credit and supply may be a challenge from Rural Marketing point of view. This study was done in two Indian states with the objective of exploring the dynamics of branding in rural India. The study was done through sample survey using structured questionnaire. The sample size for the study was 354. Data was collected with the help of structured questionnaire. The sample size taken for study was 354. The data was collected in mid 2004 for four weeks. The key variables taken for study were: Preference for FMCG Brand, Preference for Durable Brand and Preference for Agro Input Brand. The Preferences were measured on four-point Likert scale. Ratings on various dimensions of brand preference were also collected. Multiple Regression Analysis was done to analyze the data. The study concluded that brand preference for a FMCG (Fast Moving Consumer Goods) brand in rural India is being significantly determined by Good Quality, preference for a Consumer durable
brand in rural India is being significantly determined positively by Better finish and good looks, Information through shop keepers and negatively by warranty for Unbranded products and preference for an Agro Input brand in rural India is being significantly determined only by value for money.

Kamla-Raj28 in his study attempted to examine the preference for Television sets and the impact of advertisement on the demand for TVs. This is because, according to him, television and advertising together present a lethal combination and has become an integral part of modern society. It is the most convenient route to reach not only adult consumers but also the adolescents. Adolescents are manipulated by advertisement promise that the product will do something special for them which will transform their life. The present study was conducted on 100 adolescent girls, studying in class 9th -12th, to know the impact of T.V. advertisement on their buying pattern. The results revealed that advertisements played a vital role in introducing a new product in the family list & making better choice during shopping. Majority of the respondents after watching an advertisement wanted to buy the new brand introduced in the market, they were disappointed when they were not allowed to buy products of their choice and were of the opinion that T.V. advertisements helped them to make better choice during shopping. The girls utilized their pocket money received every month for shopping. The main items purchased from the pocket money were- food, cosmetics, gifts and cards. They mostly went to shopping with parents. The girls planned their shopping after discussion with family members.

According to Pelton\textsuperscript{29} a complete and positive customer experience is thought to be the key factor to customer retention and loyalty. It was also suggested that customer experience shouldn't be viewed solely through the lens of information technology, but also through entertainment and community.

The author described community as a sort of affiliation, that if we purchase one particular product. The author described facilitating entertainment as making browsing process become a form of entertainment in itself for customers, comparable to window shopping in real life. More strongly, it was suggested that an e-retailer site that fails to carefully compose customer experience will not effectively capture his/her interest, prolong visits or lead to purchases. This creates missed opportunities to increase customer contention and loyalty, and generate revenue.

To Blundon\textsuperscript{30} one way to increase customer loyalty is to add features that let buyers personalize the site, automate product selection and comparison, and communicate instantly with a sales or service representative. E-commerce sites are also competing by developing community-building features, such as members-only sites that let people with similar interests communicate with each other. A mechanism in traditional marketing used to assess and boost customer retention called “stickiness” in the e-commerce context was discussed by them. The authors suggested that stickiness could be created through various ways ranging from brand awareness, frequent buyer program, to creating financial hurdle that discourages customers from switching to competitors.

\textsuperscript{29} Pelton, C., Back to Basics: Customer Focus On The E-Commerce Frontier, Information Week, December 21, (1999).

According to Mandar et.al.\textsuperscript{31} the rural consumer is discerning and the rural market is vibrant. At the current rate of growth, it will soon outstrip the urban market. The rural market is not sleeping any longer.

This makes it clear that the importance of rural market at present competition is to capture market share and consumer loyalty. India is a land of villages and even today, nearly 70 per cent of its population stays in villages. This population was always ignored by the private sector due to its low-income level, low literacy rate, and high cost because of improper infrastructure facilities. Unavailability of proper distribution channels and media, and low awareness, rural market was never looked upon as profit making market. However, as the growth in the urban market started stagnating, the need for exploring new market became evident. Organizations thus, started looking for forays into the rural market for growth. However, as rural consumer is different from urban consumer in terms of interests, priorities, attitudes, etc., they had to be dealt in different way.

Jerome Foncel\textsuperscript{32} viewed that the structure of consumer preferences plays a crucial role in the analysis of differentiated product markets; estimation of demand systems is a sensitive task. This paper contributes to this project in two ways. First, we develop a method to deal with the simultaneous choice of equipment and a level of usage. This question is crucial for durable goods. Second, our method is suited for surveys of households, i.e., micro data. The main feature of our method is to specify a direct utility function, which provides correct substitution patterns among products at the aggregate level, i.e., compatible with the intuition. Applied to the market of telephone equipment

\textsuperscript{31} Mandar Naresh Dhumal, Avishkar Tayade, Ankita Khandkar, Rural Marketing - Understanding the Consumer Behaviour and Decision Process, Paper presented in the seminar on ‘Marketing to Rural Consumers - Understanding and tapping the rural market potential’ 3\textsuperscript{rd} to 5\textsuperscript{th} April 2008, IIMK.

for households, our approach is also able to deal with two classical problems encountered in the empirical literature on differentiated product markets, i.e., price endogeneity and dimensionality of product sets.

A distinguished feature of our study is that we provide an estimate of product shares in terms of the whole stock of telephones rather than in terms of total sales in a given period. From a marketing point of view, this is a useful information since stock shares measure the effective penetration of a brand over its lifetime. Finally, we also provide markups assuming that firms follow Nash strategies.

Jacob Homik\textsuperscript{33} in his paper represented an attempt to construct a unified model of shopping behavior by drawing on the households' production approach. A formal treatment is presented that takes into account the explicit relationships between consumers' temporal and monetary resources, stage in the family life cycle, their subjective shopping preferences, and shopping behavior. Emerged propositions make the study of time use for shopping increasingly amenable. The study concluded that some shopping activities provide basically immediate benefits in the form of search and exchange. Others contain more enduring socio-psychological gratifications. On the other hand, food shopping offers less psychologically gratifying but a means of acquiring needed economic resources and therefore require more frequent but shorter shopping trips. Also, to gain insight into the "window shopping" phenomenon where time spent, at least partially, is to search for market information. More ambitious endeavors, such as the estimation of the household production function and the value of different shopping activities might be advanced. Given the right data, it is hoped that this model will facilitate their realization.

According to Sangkyun\textsuperscript{34} park consumers consider various economic factors in making their borrowing decisions.

Thus, to interpret the movement of consumer credit accurately, one needs to identify the economic factors that influence consumer borrowing and understand the ways those variables affect consumers' decisions.

The research in his article studied consumers' borrowing behavior by investigating both long-term trends and short-term fluctuations of consumer credit in relation to economic and institutional factors. The focus is on consumer installment credit, which includes major categories of consumer loans such as automobile and credit card loans. The study concluded that the behavior of consumer credit has attracted considerable attention during the last 10 years. Many analysts argue that consumers accumulated excessive debt in the 1980s and became reluctant to use credit in the early 1990s. In fact, after growing rapidly in the mid-1980s, consumer installment credit declined in many quarters during 1991 and 1992. The decline of consumer installment credit in the early 1990s is particularly interesting because it occurred despite low interest rates. The decline during the early 1990s after a period of rapid growth may not be fully explained by changed consumption expenditures. Thus, it appears that consumers have changed the pattern of financing their purchases.

The change in consumer installment credit is the difference between the extension of new credit and the repayment of the principal of existing debt. This article examines the variables that may affect the proportion of consumption that is financed by debt and the rate at which consumers repay existing debt principal.

\textsuperscript{34} Sangkyun Park, The Determinants of Consumer Installment Credit, Federal Reserve Bank of St. Louis, Nov./December, 1993.
According to Aggarwal,\textsuperscript{35} the rising rate of growth of GDP, rising purchasing power of people with higher propensity to consume with preference for sophisticated brands has resulted in the penetration of consumer durables deeper in rural India.

However, the consumer durables market is facing a slowdown due to saturation in the urban market, rural consumers should be provided with easily payable consumer finance schemes and basic services, after sales services to suit the infrastructure and the existing amenities like electricity, voltage etc. Currently, rural consumers purchase their durables from the nearest towns, leading to increased expenses due to transportation. Rural India that accounts for nearly 70 per cent of the total number of households, has a 2 per cent penetration in case of refrigerators and 0.5 per cent for washing machines, offers plenty of scope and opportunities for the white goods industry. The urban consumer durable market for products including TV is growing annually by 7 to 10 per cent whereas the rural market is zooming ahead at around 25 per cent annually. According to survey made by industry, the rural market is growing faster than the urban India now. The urban market is a replacement and upgradation market now. The increasing popularity of easily available consumer loans and the expansion of hire purchase schemes will give a moral boost to the price-sensitive consumers.

According to Russell S. Winer\textsuperscript{36}, although considerable research has been conducted on optimal pricing policies for manufacturers, relatively little work has been done on how price enters the consumer choice process. Winer, in his paper developed a model for durables purchasing which integrates both economic and behavioral research


by specifying a vector of five price concepts which affect purchasing behavior. Of particular interest are variables relating to future price expectations. Due to data limitations, a revised model is estimated and the results provide preliminary support for the general model.

The authors, Sue Bowden et.al.\(^{37}\) attempted to identify by model type owned and the presence of significant differences in regional motor car ownership in the interwar U.K. economy. They assessed the viability of applying mass production strategies such as Ford and General Motors pursued in America. According to them, given the demand-side constraints present in the U.K. market, the price reductions made possible by the exploitation of economies of scale were insufficient to create a mass market. They concluded that, hence, the relatively low levels of ownership achieved can be seen as a rational response to the constraints perceived by firms.

According to the authors Yip et.al\(^{38}\), the large population and high growth of Gross Domestic Product (GDP) among Asian nations generates high demand for consumer durables and encourages new investments in consumer durable industries. The Chinese consumer durable market has grown rapidly in the 1990s. High quality durables, such as air conditioners, automobiles and telecom equipment show higher growth potential than the traditional durables like TVs, refrigerators and washing machines. Malaysia, Taiwan, Korea, Thailand and India also register high growth in consumer durable sales.

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Mika Kortelainen\textsuperscript{39} developed a method for eco-efficiency analysis of consumer durables that is based on Data Envelopment Analysis (DEA). They considered the measurement problem from the policy perspective.

The innovation of the paper is to measure efficiency in terms of absolute shadow prices that are optimized endogenously within the model to maximize efficiency of the good. Thus, the efficiency measure has a direct economic interpretation as a monetary loss due to inefficiency, expressed in some currency unit. The advantages as well as technical differences between the proposed approach and the traditional production-side methods are discussed in detail. They illustrated the approach by an application to eco-efficiency evaluation of Sport Utility Vehicles.

Eva Martinez et.al.\textsuperscript{40} attempted to determine the adopter categories for a new product using an innovation diffusion model which assumes that the potential adopters of an innovation are influenced by two means of communication, namely the mass media (external influence) and word of mouth (internal influence). The literature contains many examples of studies devoted to the analysis of the diffusion of innovations, where an attempt is made to explain the characteristics of the different adopters according to the moment in time at which they acquire the innovation, the type of product (consumer durables, habitual) and the number of categories. The majority of these studies try to explain the behavior of the innovator as compared to that of the imitator, and very few of them differentiate between two or more adopter categories. Concentrates on a study of the diffusion of the glass-ceramic hob unit and attempts to explain the differences which exist between different categories of adopters.


According to Lahira, Isita et.al.\textsuperscript{41} organizations frequently follow brand extension strategies to launch new products.

This paper investigates the impact of perceived quality, similarity, consumer knowledge of extended category and consumer innovativeness on the success of brand extensions in consumer non-durables, durables and services. Hypotheses were developed and tested in a survey among 411 consumers. The findings show that perceived quality is an important factor influencing the success of the extension. Further, extensions into categories that are similar to the original brand tend to be more readily accepted. These findings are more pronounced in case of consumer durables and services. Innovative consumers are also favorably disposed towards brand extensions. However, consumer knowledge of the extended product category does not have a significant impact on the evaluation of brand extensions.

According to Rajeev karwal, the author\textsuperscript{42}, the size of the organized retail market in India, is about US $ 238 billion which is less than the revenues of US $ 351 billion of that of Wal-Mart and hence there lies immense potential in this sector but the demands that it places on the operant companies are immense. The author emphasized that organized retail isn’t about putting together retail in an organized looking place but to give the customer what he or she demands. Despite so many requirements giving low prices at good quality is prime important. To the author, while many players have made decent attempts at extracting the maximum value out of the supply chain, they still fail in providing the personal touch that the Indian consumer demands. He viewed that the back-end supply chain operations were of prime importance.


\textsuperscript{42} Rajeev Karwal, Consumer Durables Vertical of Reliance Retail Expounds on the Future of Retail in India, November 13, 2007, IIT Madras.
He viewed that the cause of organized retail is also not being helped by different and inconsistent policies framed by different governments at different times. In addition, the sector needs foreign investments, an important input that still doesn’t find favour with the powers-that-be. He opined that the average Indian consumer was very value conscious. He or she likes to compare various offerings and touch and feel each of them before making a choice. Online shopping not only blocks the consumer from doing that but also is helpless in the face of limited Internet penetration and the low trust it evinces. In the case of rural retail sector, there were a thousand unorganized retailers who were supplying goods without being recognized on government papers. This ensures that the rural economy provides cheap goods without worrying about the excise and sales tax and Value Added Tax. But still organized retail’s stronghold was the variety it offers to the urban consumer. He viewed that retail giants, though growing, still had miles to go before they can confidently say that they have acquired the faith and trust of the Indian consumer.

The study made by Indian Brand Equity foundation\textsuperscript{43} indicated that as rapid socio-economic changes sweep across India, the country is witnessing the creation of many new markets and a further expansion of the existing ones. With over 300 million people moving up from the category of rural poor to rural lower middle class between 2005 and 2025, rural consumption levels are expected to rise to current urban levels by 2017. Moreover, approximately 315 hypermarkets are expected to come into existence in tier-I and tier-II cities across India by the end of 2011, riding on the boom in organised retail sector. FMCGs have seen over 20 per cent demand in rural markets ahead of the 17-18 per cent growth in urban India.

\textsuperscript{43} Indian Brand Equity foundation, Consumer Markets, May, 2009 in consumer market
The overall number of rural households is estimated to grow to 153 million in 2009-10 from 135 million in 2001-02. Further, as per an NCAER report, compared to urban areas, the 'lower middle income' group in rural areas has nearly doubled. This major consumer base accounts for 41 per cent of the Indian middle class having access to 58 per cent of the total disposable income. The mobile boom has now also hit rural India. According to a report jointly released by the Confederation of Indian Industry (CII) and Ernst & Young, of the next 250 million Indian wireless users, around 100 million (40 per cent) are expected to be from rural areas. Despite the economic recession, the industry is expected to register a value growth of 14 per cent in the fourth quarter of 2008-09 as compared to the corresponding period last year. With the rapidly increasing number of millionaires in India, the market for luxury brands is growing annually at a compound average growth rate (CAGR) of about 35 per cent. According to a FICCI-Yes Bank report, India is set to become a manufacturing hub for global luxury brands over the next four to five years and the manufacture of luxury items in India can grow to US$ 500 million. The luxury products market in India likely to grow at a CAGR of 28 per cent to reach US$ 1.2 billion by 2010. The market is expected to double by 2015, touching US$ 2.5 billion. A combination of changing lifestyles, higher disposable income, greater product awareness and affordable pricing have been instrumental in changing the pattern and amount of consumer expenditure leading to robust growth of consumer durables industry. A flurry of hi-technology durables are expected to be introduced in the US$ 4.09 billion Indian durables market in 2009. Presently, India is the second largest two-wheeler market in the world, the fourth largest commercial vehicle market, the 11th largest passenger car market and is expected to be the third largest automobile market by
Global auto makers are still bullish on India. Describing India as one of the promising emerging markets, the Indian consumer remains one of the most upbeat globally. The study revealed that Indians are "the most optimistic lot globally who think that their country will be out of the economic recession in the next twelve months." India was at the top of the survey with 114 points, a remarkable 30 points above the global average of 84.

According to the study made by the Indian Brand Equity foundation, the Indian consumer durables industry can be segmented into 3 key groups: white goods, kitchen appliances/brown goods, and consumer electronics. Consumer durables is one of the fastest growing industries in India; industry sales were US$ 4.5 billion in value, in 2006-07 and over 7 million units in volume terms. Urban and rural markets are growing at the annual rates of 7-10 per cent and 25 per cent, respectively, with organized retail expected to garner 10 per cent share by 2010 from a mere 3 per cent share at present.

Nachiket Kelkar viewed that the consumer durables industries have weathered the economic slowdown better than other sectors. Both manufacturers and retailers have recorded double-digit growth, with the recent cut in excise duty giving the sector a further boost. A sharp rise in commodity prices, double digit inflation, tougher credit requirements, and consumers postponing big-ticket purchases made for some tough times. But the recent fall in interest rates and excise duty cuts seem to have turned things around.

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The sale of consumer appliances such as washing machines and refrigerators has gone up by as much as 30 per cent. There is a 25 per cent growth in LCD TV sales. Lower excise duties seem to have brought shoppers back to retail outlets. But it is viewed that the overall sector growth will slowdown in the next quarter, which traditionally sees lower sales. And with no new stimulus on the horizon, consumer durable retailers may have to fall back on promotional offers to reel in the customers.

Donald L. Kohn\textsuperscript{46} viewed that the monetary policy easing is working no differently today than in the past. It stimulated the household spending. The demand for consumer durables has witnessed a spurt. The reality of the housing and consumer durables booms may not work out as neatly as the benign scenario would suggest. Indeed, some have drawn the comparison with the high-tech investment boom that peaked in 2000. As events have unfolded, it appears that firms concluded that the investment they undertook in those years was not justified; the subsequent drop in investment suggests that, in hindsight, firms concluded that they had "over invested" in high-tech equipment; and that sharp cutback in investment created a recession. Is it possible, these commentators have asked, that the current boom in housing and durables will leave us with similar regrets in a few years? Furthermore, \textit{prices} of houses have been rising faster than inflation in recent years, reminiscent of the surge in equity prices through 2000. Some analysts argue that loose monetary policy is feeding a bubble in housing prices that will eventually burst. In short, the question is whether the stimulus to household investment, while cushioning the economic cycle in the near-term, is setting the stage for greater instability in the longer run.

According to the study made by concept Analysis, Indian consumer durables market used to be dominated by a few domestic players like Godrej, Allwyn, Kelvinator, and Voltas. But post-liberalization many foreign companies have entered into India, dethroning the Indian players and dominating the market. The major categories in the market are: Colour TVs, refrigerators, air-conditioners and washing machines. India being the second fastest growing economy with a huge consumer class has resulted in consumer durables as one of the fastest growing industries in India. LG and Samsung, the two Korean companies have been maintaining the lead in the industry with LG being the leader in almost all the categories. The rural market is growing faster than the urban markets, although the penetration level in rural area is much lower. The CTV segment is expected to the largest contributing segment to the overall growth of the industry. The rising income levels, double-income families and increasing consumer awareness are the main growth drivers of this industry. This report highlights the significance this industry has for the Indian economy, throwing light on the pre and post liberalization scenario. It discusses the important segments of this industry and the growth patterns, trends and the demand drivers. The report also profiles the key players of this industry, with a discussion of their business strategies.

According to the Donald A. Norman, with the onset of the recession in December 2007, the growth of consumption spending began to slow and then turned negative. The decline in consumption spending is a consequence of job losses, slowing income growth, credit market conditions, and, importantly, increased precaution on the part of consumers as reflected in their attempt to rein in debt and build savings.

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48 Donald A. Norman, A Silver Lining: The Pent-Up Demand for Consumer Durables.
The rapid fall in durable goods spending is not surprising, given that the purchase of a durable good represents a larger commitment than spending on most non-durable goods and services. Purchases of durable goods are often financed, and the credit crunch has made financing some purchases more difficult and costly. Finally, many durable goods are goods complementary with housing, the sales of which have dropped off sharply since 2005. The silver lining in the recession cloud is that delayed purchases contribute to a growing pent-up demand for most consumer durables. The demand for new appliances is driven largely by the formation of new households, the need to replace appliances that have worn out, and by the desire of some consumers to “trade-up” and purchase newer, improved versions of durable goods. The latter motivation is more sensitive to overall economic conditions because it is easier to delay trading-up. Delays in purchases of consumer durables will be offset by increased sales in the future. If the past is any guide, increased spending on durable goods will contribute to the recovery. While a growing pent-up demand for consumer durables will contribute to the economic recovery, determining just when consumers will feel confident enough to increase spending on durable goods is difficult. Factors affecting their spending behavior include improved consumer confidence, personal finances, and (importantly) credit market conditions. There are encouraging signs: the personal savings rate has increased in recent months and consumer debt burdens (in the aggregate) are declining. There are even some signs of improvement in credit market conditions.

According to Cygnus\(^{49}\) estimate, the total consumer durables market accounted for INR270 billion in 2006-07. Refrigerator segment is moving with average growth rate

of 7-8 per cent. However frost free segment registered higher growth than direct cool. Consumer durables market is estimated to witness growth of about 15 per cent in value terms in 2007-08 accounting for INR310.5 billion. Most of the growth is expected from the demand for colour TVs and air conditioners. Demand for consumer durables is on a rise with rising income levels, double-income families, changing lifestyles, availability of credit (interest free finance), increasing consumer awareness, rural market consumption for color TVs and DVD players, emerging retail market and introduction of private labels and introduction of new models in both consumer electronics and white goods with attractive features at competitive prices stimulating the customers' choice in segments of wide varieties (both up market and low end segments). Multinational companies particularly LG and Samsung have churned out significant market share due to their superior product offerings at best prices. However, couple of Indian companies is also trying hard to be in the competition and earn a respectable share in the consumer durables market.

The study made by Preeta Hemang Vyas50, in recent times, the Indian consumer durables sector has witnessed a large number of sales promotion offers and his article discussed the reasons for its usage, objectives, practices and issues in managing these activities from the perspective of the company, consumers and dealers. The study indicated that over the years, demand for consumer durables has steadily increased with rising income levels, double-income families, changing lifestyles, availability of credit, increasing consumer awareness and introduction of new models in the country.

Also penetration being low in the Indian middle-class, there is a great potential. Deep pockets and cutting-edge technology enable the MNCs to compete with local firms, while local firms have to gain leverage through their brands, distribution network and their local knowledge. Unlike many other industries where it is the customer's need or want which is directly responsible for market demand, in the durable goods industry, interestingly, the critical factor that drives demand is government policies. If the government increments budgetary expenditure on the infrastructure, especially rural electrification, (which was hitherto a neglected area in India), it would spur demand. Consumer sales promotions are short-term incentives to encourage the purchase of a product or service. Further they act like: Short-term material inducements Tools designed to stimulate earlier and stronger market response 'Extra' benefits to consumers Something that transforms a want into a desired purchase action Provides extra worth over and above what is built into the product at the normal price Reduces risk involved in purchase is an activity used to combine push and pull strategy of a firm.

According to Hari Krishnan\textsuperscript{51}, the MNCs have an edge over their Indian counterparts in terms of technology combined with a steady flow of capital. The domestic companies compete on the basis of their well-acknowledged brands, an extensive distribution network and an insight into local market conditions. Competitive strategies revolve around strong brand differentiation and prices. Bargaining power of customers is high due to availability of many brands. Demand is high during festive season and is generally dependent on good monsoons. Purchase necessarily is done only during the harvest, festive and wedding seasons.

\textsuperscript{51} P Hari Krishnan, Growth Strategies of Consumer Electronic Industry in India, Unpublished M.Phil. Dissertation submitted to Institute of International Business, Pune.
Rural India, which accounts for nearly 70 per cent of the total number of households, offers plenty of scope and opportunities for the white goods industry. Increasing consumer awareness and preference for new models have added to the demand. Products like air conditioners are no longer perceived as luxury products but are treated as necessities in the changed socio-economic environment with changed lifestyles. Attractive consumer loan schemes with reduced interest rates over the years by the financial institutions and commercial banks and the hire-purchase schemes have added to the surge in demand. The phenomenal growth of media in India and the flurry of television channels and the rising penetration of cinemas have spread awareness of products in the remote markets.

According to the study made by Santhanakumar\textsuperscript{52}, the consumer durables industry can be segmented into consumer electronics and consumer utilities. The consumer electronics segment comprises electronics such as home entertainment goods while the consumer utilities segment consists of appliances such as dishwashers. In India and other developing nations, television sets and refrigerators are the most popular electronics and utilities, respectively. Multinational companies (MNCs) currently hold more than 65 per cent of the market and their share is expected to increase in the coming years. Rural markets present significant growth opportunities but companies need to customize their distribution and advertising to their target segment’s needs to capture these markets. The early years of the decade were marked by pronounced industry growth, but this rate has subsided to some extent following the industry’s cyclical pattern.

\textsuperscript{52} Santhanakumar, Trends in consumer Durable Industry in India, Unpublished M.Phil. Dissertation submitted to Institute of International Business, Pune
Overall, the consumer durables industry in India offers a mixed set of opportunities for investors, although the prospects for established MNCs are probably brighter than those for smaller domestic players.

They survey of the Ascon Industry\textsuperscript{53} has revealed a steady growth in consumer durables' production. According to the survey, the production growth in the sector followed a steady demand in the domestic and export markets. The survey points out that within the sector, growth figures for different segments varied based on shifting consumer preferences and other external factors. In the two-wheeler segment, motorcycles registered an impressive growth but scooters and mopeds have experienced a decline. In the consumer electronics sector, VCRs, VCPs, DVDs and VCDs have recorded an excellent growth while colour TV has experienced a moderate increase. Refrigerators registered a growth of 4 per cent. The air-conditioners segment recorded a 15 per cent growth. While water coolers recorded a marginal rise the growth of washing machines has declined. Concluding this, the CII's latest ASCON Industry Survey says this production growth has followed a steady demand in the domestic and export markets. However, within the sector, the growth for the different segments varies based on shifting of consumer preferences and other external factors.

Haribathran\textsuperscript{54} viewed that the major reason for the slump in demand for durables was that the consumers have diverted a major portion of their fund from the purchase of consumer durables to investment in stock market.

\textsuperscript{53} Report of the study made by Ascon Survey, Consumer durables record steady growth. 27\textsuperscript{th} May, 2002.

\textsuperscript{54} Haribathran, India's consumer durables sales exhibit volatility, Unpublished M.Phil. Dissertation submitted to Bhrathidasan University, 2008.
No statistics were offered to substantiate this claim. Ironically, prices for durables were the lowest in five years due partly to "fierce competition." Another speculation was that recent natural disasters may have tempered consumer enthusiasm. Color television sets, said to be 60 percent to 70 percent of the market, were hardest hit by the downturn.

Giuseppe Bertola et.al. 55 in their study attempted to examine the infrequent durables stock adjustment of consumers who also derive utility from non-durable consumption flows, in the presence of idiosyncratic income uncertainty. For that purpose, first they characterized how the extent of uncertainty bears theoretically on the cross-sectional distribution of the durable/non durable ratio, the probability of costly adjustment, and the size of adjustment. Then, they brought such predictions to bear on a data set with extensive information on disaggregated durable goods and subjective measures of future income uncertainty. Their data featured two conceptually distinct sources of variation: cross-sectional heterogeneity of the sampled households' dynamic problems, and history-dependent heterogeneity in their situation at the beginning of the observation period. From the study they could conclude that the latter should affect the likelihood but not the size of stock adjustment decisions, and find broad support for theoretical predictions in formal selection-controlled regressions based on this insight.

The focus of the article by Jain et.al. 56 is on the effect of price on the adoption of durables. According to them, most empirical research on the timing of adoption of new products has centered on the growth without explicitly incorporating any marketing-mix...
variables. Recently, some researchers have pursued ways of enriching the Bass model by including such controllable variables as price and advertising. Our interest in this article is to propose diffusion models that incorporate price. They used these models to study the price effect for four durable products. They reported the estimation results and discuss the insights they provide. In particular, their empirical results suggest that price influences consumers' decisions on whether or not to buy and the diffusion process governs the timing of purchase given the decision to buy. Moreover, they find that the estimated coefficient of imitation in the Bass model is understated if price is inappropriately modeled.

K Conrad et al. 57 viewed that if a tax on energy affects the demand for a nondurable good, the stock of a durable good, and the proportion of the energy consumption per unit of service of the durable good, an integrated approach for investigating consumer demand for durables and nondurables is required. The purpose of their paper was to employ the concept of a variable expenditure function with quasi-fixed durable goods as arguments in order to derive a demand system for nondurable goods in prices of the nondurables, in the stocks of durables, and in variable expenditure.

From the envelope condition desired stocks of durables can be calculated and investment demand for durables can be determined. For an application the authors choose a variable expenditure function based on the almost ideal demand specification, and evaluate alternative environmental policy measures using the equivalent variation for comparing the welfare effects.

The study made by Saxena\textsuperscript{58} examined the impact of rural fairs. The study could identify that the changes in the rural economy and the pattern of shopping in fairs. The development of permanent shops in the rural areas, and the easy accessibility of the rural folks with the nearest city have all changed the shopping pattern of the rural folks. However, the study could also identify the significant influence of fair in rural consumption.

Rajagopal\textsuperscript{59} in study attempted to study the factors influencing the consumption pattern. The study could identify that the lack of adequate income and the irregular occupation are the major causes influencing the demand for any product. The demand for any commodity purchase is being determined by the long standing customs, inter class and inter-factor dependency or beliefs.

Kuchi Sayulu\textsuperscript{60} in his study came out with the conclusion that the retailers of the rural areas should develop strategy based on the circumstances and understanding of the needs of the rural consumers. He also concluded that the price priced product would be more successful in attracting the rural customers than the high price product.

The reason put forth by the researcher is the low income of the rural customers. The study also suggests that for successful sale of the product in the rural areas the manufacturers should take a lead in opening up channels of communication with rural outlets as an extension of their promotional activity and sales representatives should visit the rural stores regularly.


Pummy Kaul in his article revealed that integrating the product message into song and dance events, film based skits, puppet shows and magic shows is becoming increasingly popular. He further observed that more than the medium, the consumer wants a product with a quality assurance. He concludes that rural customers are even more particular about quality than their urban counterparts.

Ashish Bhasin examined and revealed that in the case of rural India the products are sold through a mix of distributors and dealers' push. He also viewed that the advertising mix in the case of rural India has many pitfalls. Television and radio creates awareness about the product to a major segment of the population when compared to print media and other sources.

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