CHAPTER 1

INTRODUCTION

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INTRODUCTION

1.1. INTRODUCTION.

Every business organisation comes into existence with the aim of accomplishing two main objectives, namely economic objective and social objective. These two objectives can be accomplished only if the product produced by the organisation satisfies the needs and wants of the consumers.

In today's competitive marketing scenario, the marketer cannot sell the product what he offers to sell or produces but he can successfully sell only what is desired by the consumer.

But what the consumer desire is not easy to comprehend. This poses a big problem before the marketer. This problem can be solved only by getting the necessary information regarding the consumers and market conditions. If the information reveals that consumers are not satisfied with the marketer's products
or services, he makes decision to adapt it accordingly. This helps the marketers to raise the level of performance of the organization.

Marketer after understanding the needs and wants of the consumers that make up the market takes decisions about the product, price, place and promotion that best suit the consumer segment(s) which is/are targeted (fig. I)

![Diagram of the marketing process](image)

But the consumers do not live in isolation and their needs and wants are not static. They live within a macro and micro environments. These are the factors external to the consumers which indirectly influence them. The micro environments which include culture, subculture, social class, social group, personal and family influences are more influential than the macro environment.
The larger socio-economic conditions of a country i.e. macro environments where the marketers find themselves today are changing very fast. The changing socio-economic scenario together with micro-environment interact with individual consumer's psychological factors which include motivation, perception, learning, personality and self concept and belief and attitude. As a result of this interaction taste, preference, life style etc., of the consumer are also changing.

Since the survival and growth of a company depends upon the satisfaction of the needs and wants of the consumers it serves, it is imperative for a marketer to monitor continuously the trend of the consumer market and its behavior before a sound marketing plan can be developed or modified to serve the consumers.

"Management is the Youngest of sciences and the oldest of arts and the consumer behaviour in management is a very young discipline. Various Scholar and academician concentrated on it at a much later stage. It was during the 1950s that marketing concept developed, and thus the need to study the behaviour of consumers was recognized. Marketing starts with the needs of the
customer and ends with his satisfaction. When everything revolves round the 
customer, then the study of the consumer behaviour becomes a necessity"  

Consumer refers to the individual consumer who purchases goods 
for his or her own personal use or for household use. 

Market is a set of all actual buyers of a product or services. And 
consumer market consists of individuals and households that buy goods and 
services for personal consumption. 

Consumers of a product differ in region, age, sex, family size, family 
life cycle, income, occupation, education, social class, personality, life style, 
occasion of purchase, usage rate, loyalty status, and attitude towards the product. 
Accordingly consumers market which is a set of all the consumers can be divided 
into various segments. Each of the segments has similarity in response to the 
stimuli or market offers of a business organization. 

According to Philip Kotler and Gary Armstrong, “consumer 
behavior refers to the buying behavior of final consumers - individuals and
households who buy goods and services for personal consumption. All of these final consumers combined make up the consumer market.”

Different consumers have various needs and they belong to various age, income, sex, educational and occupational groups. These consumers also purchase variety of goods and services. How the diverse consumers make their choice among the various products is an interesting issue.

In a particular consumer market, consumer’s behaviour is the product of the interaction between the individual’s psychological influences and the environmental influences. Consumer’s decision to purchase goods and services is generally influenced by how those are socially viewed. “Behaviour is, therefore, determined by the individual’s psychological make up and the influence of the others. The dual influence has been summarized in the following simplified equation of behaviour.

\[ B = f(P,E) \]

Consumer behaviour (B) is, therefore, the result of the interaction of the consumers personal influences (P) and the pressures exerted upon them by

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outside forces in the environment (E). Understanding consumer behaviour
requires that we understand the nature of these influences."

Some of the important individual's psychological determinants that
effect consumer behaviour are motivation, perception, learning, attitude, and
personality and self-concept. And some of the external factors that effect the
consumer behaviour are general socio-economic condition, cultural influence, sub
cultural influence, social class influence and personal influence. This external
factors can be bifurcated into macro and micro environment.

Figure 2. shows how the individual consumer is influenced by
various factors.

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Broken lines (..................) denote the force of inter and intra play amongst these factors. External environments (both Micro & Macro environments) do not directly effect the consumer but filter through individual determinants to influence the decision of the consumer. It is denoted by arrow (—►).

Figure 2: Factors influencing consumer behaviour.

Moreover, consumers are bombarded by the marketing stimuli of various companies across the macro and micro environment that surround them. How the consumer respond to the stimuli in terms of product choice, brand
choice, dealer choice, purchase timing and purchase amount is the product of the interaction of these stimuli with the macro and micro environmental factors and the individual's psychological factors.

Therefore, understanding of the consumer market and consumer behaviour is the most crucial factor in determining the success of the marketers.

In earlier times, marketers could understand consumer through the daily experience of selling to them. But the growth in the size of firms and markets have turned the direct contact into almost unrealizable proposition in many cases. "Increasingly managers have had to turn to consumer research for answers to the most important questions about any market called the seven O's of the market place; - such as

Who constitute the market? Occupants
What does the market buy? Objects
Why does the market buy? Objectives
Who participates in the buying? Organizations
How does the market buy? Operations
When does the market buy? Occasions
Where does the market buy from? Outlets

On one side the consumers that make up the entire market possess different behaviour and on the other companies widely vary in their ability to serve different segments of the market.

Rather than trying to compete in an entire market, sometimes against superior competitors, each company must identify the part of the market that it can best serve. Company should take the right decisions in respect of product, price, place, and promotion.

Decisions regarding the product include product variety, quality design, features, brand name, packaging, sizes, service, warranties and returns decisions.

Price decisions include the decisions on list price, discount, allowances, payment period and credit terms. Place decisions include decision on channels, coverage, assortments, locations, inventory and transport. And Promotion decisions include decisions on sales promotion advertising, sales force, public relation and direct marketing. Any wrong decision will cause loss to the company in terms of lose of consumers, good will and market share.

Keeping in view of the importance of consumer market and its behaviour for the success or otherwise of marketer, the topic "consumer market and consumer buying behaviour - A case study of Manipur with special reference to consumer durable goods (TV) and consumer non durable goods (Toilet soap)" has been chosen for the research.

"Durable goods are tangible goods that normally survive many uses." Examples include TV, refrigerator, washing machine etc. whereas the "non-durable goods are the tangible goods that normally are consumed in one or few uses" such as soap, tooth paste, shampoo etc. consumer non-durable goods are consumed fast and purchased frequently.

Manipur has a total population of 23,88,634 persons (Census 2001) and an estimated total of number of households 3,99437 (approximately) comprising different community with different socio-economic and cultural backgrounds. Manipur depends largely on products manufactured outside the state for household consumption. Though the population of Manipur is 0.23% of the total of all India, it deserves the attention of the marketers. For Manipur with

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its decadal growth rate of 30.02% which is higher than 21.34% of all India is a growing market segment of Indian domestic market.

If the detail information of consumer market and consumer behaviour of Manipur is available, it will be an immense help not only to the companies marketing their products in Manipur but also to the aspiring entrepreneurs of Manipur for formulating appropriate marketing strategies for Manipur market. Information obtained from this study may also render service to the policy makers of the state for its economic planning.

1.2 Need for the study.

The field of consumer market and consumer buying behaviour holds great interest to all the segments of people i.e. consumers, marketers, entrepreneurs and policy makers for industrial development of the country.

Consumers benefit from insight into their consumption related decisions; what they buy, when they buy, why they buy, how they buy and the promotional influences that persuade them to buy. The study of consumer market and consumer buying behaviour will enable them to become better and wiser consumers.
To the marketers and future marketers, it is important to recognize why and how individuals make their consumption decisions. If marketers understand consumer market and consumer buying behaviours, they are able to predict their marketing strategies accordingly. Without doubt, marketers who understand consumer market and consumer behaviour have great competitive advantage in the market place. To the entrepreneur who play an important role in developing and contributing to the economy of a nation, the information about consumer market and consumer behaviour will provide them ample opportunities for entrepreneurial venture.

To the policy makers, study of consumer market and consumer behaviour will provide the information needed for economic planning and optimum utilization of resources for the development of the nation. Information will enable them to identify the industries which require to be nurtured.

1.3. **Objectives of study.**

The main objectives of the study is to examine the consumer market and consumer buying behaviour in Manipur with a view to assess its relevance and to suggest appropriate marketing strategies.
The specific objectives are :-

i) To understand the consumer market of Manipur with special reference to non durable goods (toilet soap) in terms of parameters such as – brand availability, number of households using single or more brands, usage rate, monthly average consumption and expenditure, market share of brands, per capita consumption and the share of Manipur consumer market in the Indian domestic consumer market of toilet soap.

ii) To explore consumer market of Manipur with special reference to durable goods (TV) in the following aspects – number of households presently owning TV set(s), Number of households owning a single TV set or more TV sets, brand preferred by the people who do not presently owned TV set, shares of TV brands of the penetrated market, annual growth rate of TV sets purchase, brand presently available in Manipur, sales of TV sets in the year 2001, market share of TV brands and share of Manipur TV market in the Indian domestic market of TV.
iii) To examine consumer buying behaviour of non-durable goods (toilet soap) and durable goods (TV) in some important aspects such as – consumer's background, awareness level of different brands, sources of information, product factors, marketing factors, buying roles, consumer's preferable (use) brand, outlets of purchase, purchase amount, purchase occasions, mode of purchase, consumer's satisfaction with the brand presently in use, brand loyalty, types of buying behaviour and comparative study of consumer buying behaviour between non-durable goods (toilet soap) and durable goods (TV).

iv) To study the consumer buying decisions in relation to promotional strategies and reference groups.

v) To suggest appropriate marketing strategies for consumer non-durable goods (toilet soap) and durable goods (TV) markets of Manipur.
1.4. Hypothesis.

The hypothesis governing the study is

"The consumer of Manipur are falling prey to the strategies of the various marketing organisations as their buying decisions are far from sound and rational".

Hence, the assumption that will govern the proposed study are (i) Consumer's brand preference is dependent on promotional strategies i.e., advertising, discount and free gift offers of the company. (ii) Consumer's brand preference is dependent on its reference group i.e., recommendation of friends, family, relatives and colleagues.

1.5. Research Methodology.

The research methodology which has been adopted for conducting this study is discussed as under:

(a) Research design.

The research design that is chosen is both exploratory and conclusive in nature. Exploratory research for understanding the
insights of the consumer market and consumer buying behaviour.

Conclusive research for testing the formulated hypothesis.

(b) Data collection Method.

(i) For primary data, questionnaire method which is the most suitable means for market survey has been adopted for procuring the primary data to take up the present work.

As Good Scates says "The questionnaire method is useful instrument for collecting information. It can also be mentioned what the Pearson says "unity of all sciences consists of its method and not the materials alone" Regarding collection of data which is the major source of material, Mark Abram says, "A social survey is a process by which questionnaire, facts are collected about social aspects of a community's composition and activities”

For the purpose of the study, structural undisguised questionnaire consisting of both open-ended and multiple choice questions is designed.
For secondary data, National demographics, books, journals and census data of 2001 have been referred for inferring the present consumer market and consumer buying behaviour of toilet soap and TV.

(c) Sampling design.

In all 752 households are taken from 4 valley districts and one hill district of Manipur out of the total of 9 districts. Method of selecting households to be chosen for the study is Area sampling. District wise names of the area from where sample households are chosen along with the number of households covered from the area are given below.

<table>
<thead>
<tr>
<th>District</th>
<th>Name of the area</th>
<th>Number of households</th>
</tr>
</thead>
<tbody>
<tr>
<td>I. Bishnupur</td>
<td>Bishnupur</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Moirang</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Ningthoukhong</td>
<td>33</td>
</tr>
<tr>
<td></td>
<td>Nambol</td>
<td>40</td>
</tr>
<tr>
<td>Bishnupur</td>
<td>Total</td>
<td>173</td>
</tr>
<tr>
<td>Region</td>
<td>Subregions</td>
<td>Total</td>
</tr>
<tr>
<td>-----------------</td>
<td>-------------------------------------</td>
<td>-------</td>
</tr>
<tr>
<td>II. Thoubal</td>
<td>Thoubal</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Kakching</td>
<td>51</td>
</tr>
<tr>
<td></td>
<td>Mayang Imphal</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>151</td>
</tr>
<tr>
<td>III. Imphal East</td>
<td>Khurai</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Khetrigao</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Singjamei</td>
<td>40</td>
</tr>
<tr>
<td></td>
<td>Langthabal</td>
<td>31</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>151</td>
</tr>
<tr>
<td>IV. Imphal West</td>
<td>Uripok</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Tera</td>
<td>50</td>
</tr>
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<td></td>
<td>Khumbong</td>
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<td></td>
<td>Thangal Bazar</td>
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</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
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</tr>
<tr>
<td>V. Churchandpur</td>
<td>Churchandpur</td>
<td>50</td>
</tr>
<tr>
<td></td>
<td>Tuibong</td>
<td>48</td>
</tr>
<tr>
<td></td>
<td><strong>Total</strong></td>
<td>98</td>
</tr>
<tr>
<td></td>
<td><strong>Total number of households for the study</strong></td>
<td><strong>752</strong></td>
</tr>
</tbody>
</table>
Operational area of study.

The study is conducted in 4 valley districts of Manipur (i.e., Thoubal District, Bishnupur District, Imphal East district and Imphal West District) and one hill district of Manipur (i.e., Churchandpur).

Processing of data, findings and conclusions.

Responses, which are obtained through questionnaire method are presented in different tables showing the percentage of respondents or responses with respect to each item. Findings and conclusions are drawn on the basis of the data collected with proper interpretations relevant to the purpose of the study.

Statistical tools for data analysis.

The estimation of purchase and consumption value of toilet soap and TV sets in the Indian domestic market are done with the help of Time Series Analysis using least square method\(^7\). For testing the assumption, which govern the hypothesis of the study, Kolmogrov Smirnov D\(^8\) Test is used.

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(g) **Presentation format:**

Tabular and descriptive style of presentation is used. Tabular style of presentation is used for easy grasping of the whole data. Descriptive style of presentation is used with simple and clear language for clear understanding of information extracted from the figures given in the tables.

(h) **Limitation of study.**

Out of the 9 district of Manipur, only 5 districts i.e., 4 (four) valley and one hill districts are covered for the study. Because of the law and order problem, 4 hill districts of Manipur could not be covered. Data for year wise purchase of toilet soap and TV set in the Indian domestic market are available upto 1993-94 and data for year wise consumption value of toilet soap and TV in the Indian domestic market are available upto 1997-98 only. So, data for the year 2001 are estimated on the basis of the past trend and used in the analysis of the present study.
Hence, conclusion drawn on its basis cannot be used as panacea. However certain useful generalization can definitely be made to the advantage of marketer, entrepreneur, and policy makers.

1.6. Study design.

The entire report of the study has been presented in the following form.

**Chapter 1:** With the caption INTRODUCTION attempts to introduce in brief the concept of consumer market and consumer behaviour highlighting its importance to the Business organization. Need for the study, Research methodology used and the design of the study are the other components of this chapter.

**Chapter 2:** With the heading CONCEPTUAL VISION OF CONSUMER MARKET AND CONSUMER BUYING BEHAVIOUR AND ITS IMPLICATIONS TO BUSINESS ORGANISATIONS covers the theoretical vision of consumer market and
consumer behaviour, current trend of consumer behaviour and consumer oriented marketing strategy.

Chapter 3: With the title PRESENT SCENERIO OF CONSUMER MARKETS OF MANIPUR presents a comprehensive examination of consumer non-durable goods (toilet soap) and consumer durable goods (TV) markets of Manipur.

Chapter 4: With the heading PRESENT SCENERIO OF CONSUMER BUYING BEHAVIOUR IN MANIPUR explores the consumer buying behaviour of non-durable goods (toilet soap) and durable goods (TV) in Manipur.

Chapter 5: With the caption CONSUMER BUYING DECISIONS VIS-À-VIS PROMOTIONAL STRATEGIES AND REFERENCE GROUPS examines mathematically the importance of promotional strategies and reference groups in the consumer buying decisions. It begins with the testing of assumptions governing the hypothesis of the study and concludes with the validation of the hypothesis.
Chapter 6: With the title MARKETING STRATEGY DEVELOPMENT FOR NON DURABLE GOODS (TOILET SOAP) and DURABLE GOODS (TV) MARKETS IN MANIPUR presents the conclusions and discusses the appropriate marketing strategies for Manipur consumer market.