CHAPTER I
INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

With Indian economy increasingly witnessing structural transformation from a rural agricultural one to a more urban industrialized one, consumer durable goods sector is fast emerging as an important segment of the economy. Consumption of manufactured durable consumer goods is recognized as one of the most widely accepted measures of standard of living and quality of life. Consumer durable goods manufacturing industry provides the driving force for stimulating rapid economic growth. The growth rate of manufacturing and consumer durable goods industry normally surpasses that of agriculture and service sectors. It is for this reason that the manufacturing of consumer durable goods industry is considered as the backbone of economy.

1.2 DURABLE GOODS

In economics, durable goods or hard goods are the goods that do not quickly wear out or more specifically, one that yields utility over time rather than being completely consumed in one use. Items like bricks or jewels could be considered perfectly durable goods, because they should theoretically never wear out. Highly durable goods such as Refrigerator, Washing Machine, Air-Conditioner and Television usually continue to be useful for three or more years of use. So, durable goods are typically characterized by long periods between

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successive purchases. Examples of consumer durable goods include cars, household goods (home appliances, consumer electronics and furniture) and so on.

Consumer durables involve all type of products purchased by consumers that are manufactured for long-term use. As opposed to many goods that are intended for consumption in the short term, consumer durables are intended to endure regular usage for several years or longer, before replacement of the consumer product is required. In fact about every household will contain at least a few items that may be properly considered to be of a consumer durable nature.

1.3 CAUSES FOR GROWTH OF CONSUMER DURABLES

The main causes for growth of consumer durables are rise in disposable income, availability of newer variants of a product, product pricing, availability of financing schemes, rise in the share of organized retail, innovative advertising and brand promotion and festive season sales.²

1.4 CONSUMER DURABLE INDUSTRY

In India, during 2009-10, in the top 5 million households, 96 per cent of households have colour Televisions, 82 per cent own Refrigerators and 44 per cent own Washing Machines. In the next 7 million households, penetration of colour Television is 69 per cent, 58 per cent for Refrigerators, and 19 per cent for Washing Machines. In the next 12 million households, 50 per cent own colour Televisions, 35 per cent own refrigerators and 8 per cent own Washing Machines.³

1.5 SUCCESS FACTORS FOR INDIAN CONSUMER DURABLE INDUSTRY

Indian consumer durables industry is going through a consolidation phase with Multi National Companies going in for strategies to increase market share. Certain success factors for this industry are identified as follows:

1. **Technology:** Rising competition has resulted in major competitors introducing technologically superior products at competitive prices. This means the technology input is gaining more and more importance. In this regard, the large Multi National Company players score over their Indian counterparts as they can always source technology from their parents. On the other hand, Indian companies rely on the outside sources for their technology requirements.

2. **Knowledge of the local market:** Indian consumer durables market is different from other markets. Hence, understanding these peculiarities is important for the long-term survival. For example, Samsung launched the ‘Super Horn’ brand after it discovered that Indian consumers prefer loud noise. Indian companies are better placed in this regard as they know the market pretty well.

3. **Strong Distribution network:** Though competition means that a proper mindshare of the consumer has to be maintained and the product has to be made visible, volumes in this business are narrow and profitability comes from volumes. To achieve volumes, deep penetration of the market is

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4 www.scribd.com/doc/44975677/ Consumer Durable Industry, pp .11-12
necessary. Indian companies score a point here as being in the market for a longer time; they have developed strong distribution channels.

4. **Good brand image:** Perception of particular brand plays an important role in purchase decision. A typical Indian consumer looks for value for money when he makes purchase of white goods, as the price involved is significant and unlike developed markets, Indians do not have to buy, use and throw mindset. Hence, consumer also looks for reliability of the product. All of them are conveyed through strong brand awareness.

### 1.6 CONSUMER OUTLOOK

India is a country that is changing continuously and also trying hard to keep pace with these changes. The ‘me too’ syndrome is no longer valid as consumers seek customized products. The Indian Consumer’s evolution in the last decade had changed as follows:

- Consumer base becoming younger: Nearly a third of the country’s population is under the age of 14 years.
- Kids graduating from pester power to decision makers.
- People with buying power living longer and developing distinct health needs.
- Multi-tasking consumers fighting against paucity of time and new consumer trends.
- Huge increase in high income groups and spend now- save later mentality leading to high disposable income.
• Consumer wants to be treated as an individual not as part of a large physical mass and the consumer looks for a ‘post buy’ relationship to enhance the value of brand decision making.

1.7 CONSUMER DURABLE PRODUCTS

The background of the industry, growth, sales and the market share of Television, Refrigerator, Air-Conditioner and Washing Machine have been discussed in the following pages.

1.7.1 Television

The Television industry started in India in 1970 with the production of Black and White sets. The initial Televisions were all 20 inch (or 51 cm) sets. For 13 years, this was the only size offered in the Black and White Television market, till 14 inch Televisions were launched in 1984.

The government policy on Black and White Television in the initial period was characterized by licensing of manufacturing units for capacity in excess of 10,000 per annum and encouragement to the small sector industry (SSI) sector to set up production facilities with capacities in the range of 2,500 to 5,000 per annum. The year 1983 saw the removal of restriction on capacity expansions and of the ceiling on capacity to be licensed, although the restrictions on foreign technology continued. A notable development was the launch of the 14 inch Black and White Television in 1984, which evoked an even better response from the market, especially since they were affordable for households in the lower economic strata, in both rural and urban areas.

The birth of Colour Television in India can be traced to the Asian Games (ASIAD) held in New Delhi in 1982. After the ASIAD, Doordarshan Kendras were set up in many parts of the country. The euphoria over cricket following India’s victory in the Prudential World Cup in 1983 and in the Benson and Hedges cricket Championship in Australia in 1985 (with the high quality telecast of Channel Nine) provided a great impetus to Colour Television demand. The government encouraged this sector and various State Governments came up with their own Television companies like Uptron, Keltron and Meltron. Older players in the Black and White Television market, like Solidaire, Weston, Dyanora and Televisa, also diversified into Colour Television. By 1989, there were around 200 players in the market.

The second phase of Colour Television growth came on the heels of the 1991 initiated economic liberalization programme, after which there was a reduction in both excise and import duties. Simultaneously, with the opening up of Indian skies to foreign satellite channels in 1991 – 92 and the coming of cable Television, the demand for Television grew further. This was also the period when private and more aggressive domestic players like Videocon, BPL and Mirc Electronics consolidated their presence in the Colour Television market through their focus on both product promotion and technology and the latter through collaborations with international bigwigs (BPL with Sanyo, Japan, Mirc Electronics with JVC, Japan and Videocon with National, Japan). Since the mid – 1990s, the Indian Television market has witnessed the entry of global brands like Akai, Aiwa, Sansui, LG, Samsung and Toshiba. At present, while LG and Samsung operate through fully controlled Indian operations, the Akai, Sansui and
Toshiba brands are marketed by Videocon (Akai was initially with Baron International and later sold to Videocon). Aiwa is now a subsidiary of Sony. The other multinationals (including Sony, LG, and Samsung) entered on their own and quickly captured the imagination of the market with innovations in product quality and features by producing Liquid Crystal Display (LCD) and Light Emitting Diodes (LED) Television.

The penetration levels of Televisions in India is just 24 per cent as compared with 98 per cent in China, 11 per cent in Brazil, 235 per cent in France, 250 per cent Japan and 333 per cent in US. In the west, the colour Television is replaced after every 2 to 3 years, but in India the period of replacement varies between 10 and 12 years.

The major brands in the Indian Colour Television industry are LG, Samsung, BPL, Ondia, Videocon, Sansui, Sony, Akai, Aiwa, Philips, Sharp, Thomson and Daewoo. Competition has also intensified with Chinese consumer electronics player Haier, German company G-Hanz and Japan’s Hitachi having leaped into the colour Television market. The companies which are marketing their Colour Television products under these brands are presented in Table 1.1.
### Table 1.1

**Television**

<table>
<thead>
<tr>
<th>Company</th>
<th>Brands</th>
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<tbody>
<tr>
<td>BPL Limited</td>
<td>BPL</td>
</tr>
<tr>
<td>Videocon International Limited</td>
<td>Videocon, Akai, Sansui, Toshiba</td>
</tr>
<tr>
<td>Mirc Electronics Limited</td>
<td>Onida and Igo</td>
</tr>
<tr>
<td>Sony India Private Limited</td>
<td>Sony</td>
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<tr>
<td>LG Electronics India Limited</td>
<td>LG</td>
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<tr>
<td>Samsung India Electronics Limited</td>
<td>Samsung</td>
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<tr>
<td>National Panasonic India Limited / Matsushita</td>
<td>Panasonic</td>
</tr>
<tr>
<td>Television and Audio Private Limited</td>
<td></td>
</tr>
<tr>
<td>Kalyani Sharp India Limited</td>
<td>Sharp</td>
</tr>
<tr>
<td>Thomson Consumer Electronics India Limited</td>
<td>Thomson</td>
</tr>
</tbody>
</table>

The Indian Television industry has a size of around Rs.96 billion, comprising Colour Television of Rs.91 billion and Black and White Television market of Rs.5 billion. The top four players (LG, Samsung, Videocon group and Onida) have consolidated their position. Today, they account for 69 per cent of the market, up from 43 per cent a couple of years ago. Two or three factors have caused this change. BPL, once a leader with over 20 per cent market share, has dropped to 5.2 per cent. Second, multinationals brands like Sony, Panasonic, Thomson, and Sharp have lost ground. Third, regional brands like Oscar, Texel, Weston, and Beltek have lost market share. The reason behind this is that the consumer electronic and the Colour Television market is characterized by
continued innovation and use of state of art technology which these companies have been unable to keep pace.\(^6\)

### 1.7.2 Refrigerator

Refrigerators have been manufactured in India since 1950s. Till the 1980s, players like Godrej, Kelvinator, Allwyn and Voltas controlled almost 90 per cent of the market. Earlier, the white goods sector was categorized as a luxury goods industry and was subject to oppressive taxation and licensing. The situation changed after the liberalization of the Indian economy in the early 1990s. The government removed all restrictions and now there are no restrictions on foreign investments and licenses. Post – liberalization, a number of foreign companies entered the market and many domestic players also diversified into Refrigerators. BPL and Videocon, who already had a presence in the consumer electronics market, leveraged their strengths to enter the durables sector.

In India, Refrigerators have the highest aspiration value of all consumer durables, with the exception of televisions. This accounts for the high growth rate of the Refrigerator market. Refrigerators are presently being manufactured in two basic designs which are referred to as Direct Cool (DC) and Frost Free (FF) refrigerator. The direct cool segment continues to dominate Indian Refrigerator market compared to more expensive frost-free models. The growth in this segment though marginal, has been driven by factors like availability of low priced models as due to competitive pricing and a growing middle class. Manufacturers of Refrigerators claim to have improved the quality of the product particularly the reliability of the compressor. In so far as new technology is concerned, the

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concept of Frost Free Refrigerator has been gaining popularity. Capacity wise also, there is a shift in Refrigerator market. Till about two years back, 165 litres had a larger share and now units of capacity 185-300 litres are having increasing market share. Manufactures are encouraged to adopt environment friendly technology like usage of Non-CFC (Non-Chloro-Fluro-Carbons) refrigerant based air conditioners, Non- CFC Refrigerators are manufactured in the country but because of their high initial cost, the demand is somewhat sluggish.

The penetration of household Refrigerators in India, the fifth largest consumer durable in terms of penetration, is 13 per cent compared to well over 90 per cent in Malaysia, Australia, Singapore, Hong Kong and Korea, around 80 per cent in Thailand, close to 40 per cent in Philippines and China and 20 per cent in Vietnam and Indonesia. When comparing the annual commercial sales of HVAC and refrigeration equipment in the US at US$ 200 per capita and in China at US$ 3 per capita with a dismal US$0.25 per capita in India.

The refrigerator industry has become highly competitive as a number of brands have entered the market and the consumer has a wide choice. Table 1.2 shows the companies and their brands.
Table 1.2

Refrigerator

<table>
<thead>
<tr>
<th>Company</th>
<th>Brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>BPL Limited</td>
<td>BPL</td>
</tr>
<tr>
<td>Videocon International Limited</td>
<td>Videocon, Akai</td>
</tr>
<tr>
<td>LG Electronics India Limited</td>
<td>LG</td>
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<tr>
<td>Samsung India Electronics Limited</td>
<td>Samsung</td>
</tr>
<tr>
<td>Whirlpool of India Limited</td>
<td>Whirlpool</td>
</tr>
<tr>
<td>Godrej &amp; Boyce Mfg.co.Ltd.</td>
<td>Godrej</td>
</tr>
<tr>
<td>Voltas Limited</td>
<td>Voltas</td>
</tr>
<tr>
<td>Electrolux Kelvinator</td>
<td>Electrolux Kelvinator, Electrolux and Allwyn</td>
</tr>
</tbody>
</table>

Refrigerators constitute the second largest product segment within the Indian consumer durables sector in India, with an estimated annual turnover of Rs.49 billion during FY2009 with an estimated sale of 5.1m units. According to FICCI Survey April – March 2008- 2009 Whirlpool and Godrej are the top two players with market shares of 27 per cent and 20 per cent respectively. Electrolux, Kelvinator and LG compete for third and fourth position with market shares of 16 per cent and 14.5 per cent respectively. Videocon (11 per cent), Samsung (6 per cent), BPL (4 per cent), Voltas and Akai are other significant players.  

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1.7.3 Air-Conditioner

In 1902, Dr. Willis Haviland Carrier invented and secured the patent for a weather control concept air conditioning. Ever since, life hasn’t been the same. The air – conditioner market is hotting up as more and more people appear to be convinced about the comfort of an Air-Conditioner. The extremely hot summers have stirred the demand for Air-Conditioner and the industry is experiencing a significant change.

Air-Conditioning products are divided into Non Ducted products and Ducted systems. The non ducted products are divided into two parts: window Air-Conditioner and the mini splits. The ducted systems are divided into central plants, packaged Air-Conditioner, ducted Air-Conditioner. Window Air-Conditioner accounts for about 54 percent of the total market for Air-Conditioner with an estimated market size of about Rs.20 billion.

Room Air-Conditioners operate on electricity or gas and are enclosed in a single cabinet. They blow the conditioned air directly into the room and do not have air ducts leading to and from them. The three chief types are window Air-Conditioners, consoles and self-contained air-conditioners.

Window Air-Conditioners fit into the lower part of a window and can be moved from window to window and thus the name, Window Air-Conditioner. Self-contained Air-Conditioners are the large room air conditioners. Central Air-Conditioners also use electricity or gas. They can supply conditioned air to a number of rooms or to an entire building from once central source. Fans blow the conditioned air through air ducts from the air conditioners to the rooms. Central conditioners have a number of advantages over other kinds. For example, all the
equipment for air conditioning a large area is located in one place. This reduces the cost of cleaning and repairing. Central conditioners can also be zoned i.e. they can supply air of different temperature to different parts of a building.

According to Refrigeration and Air – conditioning Manufacturing Association (RAMA), the penetration of household Air – Conditioners is abysmally low in India at around 2 per cent compared to 20 per cent in Indonesia, 24 per cent in China, 40 per cent in Thailand, 45 per cent in Malaysia.

The size of the room Air - Conditioners industry is estimated at 1.1 m in volume terms, and Rs.24 billion in value terms. According to Federation of Indian Chambers of Commerce and Industry (FICCI) survey of Air - Conditioners, it reveals that Indian Air - Conditioner industry, which has mainly dominated by players like Carrier and Voltas, has been taken over by the new Multi National Companies in the last few years. Air - Conditioner market is dominated by four major players – LG, Voltas, Carrier and Samsung. LG is the market leader with a market share of 29 percent, followed by Voltas (11) and by Carrier and Samsung (9.2 each) in addition to other players like Hitachi and Videocon⁸. Table 1.3 shows the companies and their brands.

Table 1.3

Air - Conditioner

<table>
<thead>
<tr>
<th>Company</th>
<th>Brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mirc Electronics Limited</td>
<td>Onida</td>
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<tr>
<td>Videocon International Limited</td>
<td>Videocon</td>
</tr>
<tr>
<td>LG Electronics India Limited</td>
<td>LG</td>
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<td>Samsung India Electronics Limited</td>
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<td>Whirlpool Of India Limited</td>
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<td>Godrej</td>
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<tr>
<td>Voltas Limited</td>
<td>Voltas</td>
</tr>
<tr>
<td>Electrolux Kelvinator</td>
<td>Electrolux</td>
</tr>
<tr>
<td>Blue Star India Ltd</td>
<td>Blue star</td>
</tr>
<tr>
<td>Daikin Industries Ltd</td>
<td>Daikin</td>
</tr>
</tbody>
</table>

1.7.4 Washing Machine

Washing Machines as a consumer durable product has been in existence in India for the last 10 years. During the last few years, in the Consumer Durable Sector the market for Washing Machines has grown quite fast. The Washing Machine market consists of two broad segments – semi-automatic and fully automatic. The first accounts for a chunk of the market. In terms of loading type, top loading machines sell in greater numbers than front-loading ones. In this industry, it is the fully automatic segment, which in recent times has been getting
the attention of the users as more and more households have both partners working. Consequently manufacturers have started paying more attention to this segment and have started introducing more features in their products. The customers now have a wide range of world class brands to choose from.

Major growth is projected to take place in fully automatic segment, which accounts for above 23 per cent of the total market to about 30 per cent. There is also a trend for purchasing smaller machines in the range of 3 to 4 kg. capacity as compared to larger machines, as there are more and more nuclear families rather than joint families. In regard to emerging new technologies in the washing machines sector mention may be made of aero power, triple cascade tornado wash, digital intelligence, unique optical sensor and other such innovations and adaptations which are gradually being introduced by the indigenous manufactures. Fully automatic machines are gaining popularity with the change in lifestyle of consumers, increase in income, increase in number of working couples, and due to price competitiveness.

The penetration level of Washing Machine is relatively low in India as compared to global due to many reasons. Many housewives in less affluent households prefer to wash clothes themselves rather than invest in washing machines. Water scarcity in many Indian cities and timely availability are the other major issues. However, it foresees that penetration of washing machine will rise by more than 6 per cent in the next two years.\(^9\)

The Washing Machine industry has become highly competitive as a number of brands have entered the market and the consumer has a wide choice. Some of the companies and their brands are shown in Table 1.4

Table 1.4

<table>
<thead>
<tr>
<th>Company</th>
<th>Brands</th>
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</thead>
<tbody>
<tr>
<td>Mirc Electronics Limited</td>
<td>Onida</td>
</tr>
<tr>
<td>BPL Limited</td>
<td>BPL</td>
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<tr>
<td>LG Electronics India Limited</td>
<td>LG</td>
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<tr>
<td>Samsung India Electronics Limited</td>
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<tr>
<td>Whirlpool of India Limited</td>
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<tr>
<td>Godrej and Boyce Mfg.Co.Ltd</td>
<td>Godrej</td>
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<tr>
<td>Electrolux Kelvinator</td>
<td>Electrolux</td>
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</table>

LG Electronics has registered a remarkable growth of 36 per cent in the Washing Machine Segment in Higher Income. The Fully Automatic Washing Machines segment has recorded a remarkable performance where volumes have grown by 22 per cent and value by 25 per cent. Here again LG Electronics India Limited happens to be the undisputed leader with a 30.7 per cent market share in Fully Automatic Washing Machine and 33.7 per cent market share in Semi Automatic Washing Machine.\(^\text{10}\)

\(^{10}\) ORG-GFK, May, 2009
1.8 MARKET FORECAST OF CONSUMER DURABLES

In 2013, the Indian household appliances market forecast to have a volume of 52.2 million units, an increase of 50.4% since 2008. The compound annual growth rate of the market volume in the period 2008-2013 is predicted to be 8.5%.

The consumer durables market in India was estimated to be around US$ 5.5 billion in 2010-11. More than 8 million units of consumer durable appliances had been sold in the year 2009-10 with colour televisions forming the bulk of the sales with 30 per cent share of volumes. Colour Television, refrigerators and Air-conditioners together constitute more than 60 per cent of the sales in terms of the number of units sold. The market share of key consumer durables is shown below.

**Key Consumer Durables – Share by Volume**

<table>
<thead>
<tr>
<th></th>
<th>Share by Volume</th>
</tr>
</thead>
<tbody>
<tr>
<td>Colour Television Sets (CTs)</td>
<td>33 per cent</td>
</tr>
<tr>
<td>Refrigerators</td>
<td>20 per cent</td>
</tr>
<tr>
<td>Air – conditioners</td>
<td>15 per cent</td>
</tr>
<tr>
<td>Washing Machine</td>
<td>8 per cent</td>
</tr>
<tr>
<td>Others</td>
<td>24 per cent</td>
</tr>
</tbody>
</table>

**Source:** Cygnus Quarterly Report, August 2010, Edelweiss Report on Industrial Production.
1.9 CONSUMER BEHAVIOUR

In the global environment, expectation of consumers towards the products as well as the awareness about the products is very high. On the other hand, producers have introduced several products into the market according to the customer’s taste, preference and choice. Understanding the buying behavior of the target market is the essential task of marketing managers under marketing concept\(^\text{13}\). A marketer, who understands how consumer will respond to different product features, price and advertising appeal, will have an enormous advantages over his competitors.

When a buyer takes decision to buy, there is no rigid rule to bind him. Sometimes the decisions are taken on the spot or after evaluating various alternatives available and reassuring himself with the opinion of those who have already purchased the product.

The buyer is also influenced by the social environment in which he lives – his family, society, neighbours, friends, colleagues. Every component of his social environment leaves an imprint on him and influences his buying behavior\(^\text{14}\).

At present, several products with distinguished features are available in the market for durable and non-durable products. The study is confined to consumer’s preference towards durable products that are available in the market and how does a consumer select a product among alternatives. The research study has analyzed the features of various durable household products and how the consumers are going to select the durable products with limited means. It is assured that the study


would give more information, inferences and other unique feature of the products that are going to be selected by the customers.

1.10 STATEMENT OF THE PROBLEM

Today, business around the world recognizes that the consumer is the king. Knowing why and how people consume products helps marketers to improve their existing products, to know what type of products that are needed in the market and how to attract consumers to buy their products. The era of liberalization, privatization and Globalization has brought changes in society and lifestyle of people. The study of consumer behaviour focuses on how individuals make decision to spend their available resources (time, money and effort) on consumption related items. In the wake of liberalization, media explosion and societal changes in India, roles of different members in a family are changing. The voice of women has become stronger in the affairs of the family particularly in purchase decision. Presently not only women but also the family members are actively participating in the family purchase decisions with regard to all high value items particularly consumer household durable goods. A whole range of consumer durables started flooding the markets. Television, Washing Machines, Refrigerator, Air - Conditioner and other durable products, which were the preserve of upper class during the seventies, have suddenly started thronging the middle-income group households. The focus of everyone's attention has shifted to owning these gadgets and the very social status of the family has come to be assessed by the possession of these assets. A note worthy development of the eighties is that even the low income groups have started acquiring a wide range of consumer durables. The understanding of how the consumer forms a purchasing
decision and the product attributes, will help the marketers to predict what the consumer may choose and if there exists homogeneous groups, marketers can also segment the market, either on the basis of the psychological characteristics or product attributes in order to better reach the target market. It is also important on the part of the sellers to retain their customers for a very long period as the competition level has been soaring. Therefore, the supply of quality products, popular brand, reasonable cost and supply in time are considered as very important for regular customers. So, it is necessary to study whether pre-purchase decision helps the consumer to choose a better product and whether he is satisfied with the product. Hence, the researcher endeavours to study the consumer behaviour with respect to consumer household durable products in Virudhunagar District.

1.11 SCOPE OF THE STUDY

The standard of living of the people in the towns and urban centres is changing fast. It is evident that the sample respondents in the study area owned more number of durable household products for their day-to-day requirements. The buying behaviour of consumers of Television, Washing Machine, Refrigerator and Air-Conditioner are alone covered in the present study. Moreover, the consumers of seven Municipalities in Virudhunagar District are taken into account. It also covers the analysis of information in respect of pre-purchase behaviour of urban consumers and their brand preferences of consumer household durable products in the study area.
1.12 OBJECTIVES OF THE STUDY

The specific objectives of the study are:

1. To know the important consumer behavioural models which are related to buying decisions of the consumers
2. To examine the relative importance of the sources of information used by the consumers in the purchase of household durable goods
3. To study the extent of consultation by the consumers with their family members
4. To find out the role of influencers in the purchasing decision of the consumers
5. To identify the relationship between brand preferences and profile variables of the consumers
6. To analyze the attitude of the consumers towards sales promotional schemes of durable goods.

1.13 HYPOTHESES OF THE STUDY

The following are the hypotheses framed for the present study keeping in mind the specific objectives of the study:

1. There is no significant association between the sources of information and time taken to buy the household durable products.
2. There is no significant association between the sources of information and the level of planning to buy the household durable products.
3. There is no significant association between the sources of information and the number of shops visited to buy the household durable products.
4. There is no significant relationship between the influencers and the purchase of household durable products.

5. There is no significant relationship between the demographic variables, namely, age, sex, education, occupation, income and size of the family of the consumers and the extent of consideration of influencers’ suggestion.

6. There is no significant association between product categories and types of promotional schemes.

7. There is no significant relationship between the demographic variables, namely, age, sex, education, occupation and income of the consumers and the brand preference of Television

8. There is no significant relationship between the demographic variables, namely, age, sex, education, occupation and income of the consumers and the brand preference of Washing Machine

9. There is no significant relationship between the demographic variables, namely, age, sex, education, occupation and income of the consumers and the brand preference of Refrigerator

10. There is no significant relationship between the demographic variables, namely, age, sex, education, occupation and income of the consumers and the brand preference of Air-Conditioner.
1.14 PILOT STUDY

A pilot study was conducted to ascertain the feasibility of conducting an inquiry about consumer behaviour and purchase decision with reference to selected household consumer durable products in Virudhunagar District. The researcher contacted 30 consumers through selected dealers of consumer durable goods by using convenience sampling method. The study had confirmed the feasibility of the inquiry and the quality of items in the questionnaire schedule.

1.15 METHODOLOGICAL DESIGN

This section attempts to discuss the methodology adopted for the present study. Designing suitable methodology and selection of analytical tools are important for a meaningful analysis of any research problem. This section is devoted to the description of the methodology which includes method of research, sources of data, sample design, collection of data, period of study and tools of analysis.

1.15.1 Method of research

The researcher has adopted survey method to study the consumer behaviour of household durable products in Virudhunagar District.

1.15.2 Sources of data

The researcher has used both primary and secondary data for his present study. The information collected from the customers’ survey constituted primary data and the information gathered from books, journals, magazines, reports and websites were secondary data. The data collected from both these sources were scrutinized, edited and tabulated.
1.15.3 Construction of Structured Schedule

A schedule consisting of logical questions was prepared for the study with three sections. The first section was to incorporate general information about the consumers of four household durable goods. The second section of the schedule was framed to obtain the sources of information for pre-purchase decision making and factors influencing the consumers in the decision making process. The last section dealt with the family involvement in decision making, attitude towards sales promotion and brand preference of the consumers.

The drafted scheduled was tested directly with 40 consumers and the exercise ensured the adequacy of the questions in the schedule.

1.15.4 Sample design

Multi-Stage Stratified Random Sampling Method has been adopted in the present study, with Virudhunagar District as the universe, Municipalities as the strata, Dealers of consumer household durable goods in Municipalities as the primary unit and the Consumers as the ultimate unit of the study.

The Virdhunagar District comprises of seven Municipalities, namely, Aruppukottai, Rajapalayam, Sattur, Sivakasi, Srivilliputtur, Thiruthangal and Virudhunagar. There are 35 authorized dealers in seven Municipal Towns of Virudhunagar District. The number of dealers in seven Municipalities is 4 in Aruppukottai, 6 in Rajapalayam, 4 in Sattur, 7 in Sivakasi, 4 in Srivilliputtur, 3 in Thiruthangal and 7 in Virudhunagar.

A list of consumers, those who have purchased the selected four consumer household durable products, namely, Television, Washing Machine, Refrigerator and Air-Conditioner during the period from April,2009 to March,2010, was
obtained from each dealer. The proportionate simple random sampling technique has been used to select 300 consumers from the list obtained from the dealers. The total number of dealers, consumers from each municipality and the number of selected sample consumers are furnished in Table 1.5.

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Name of the Municipalities</th>
<th>No. of dealers</th>
<th>No. of Consumers</th>
<th>Sample Respondents (9.18%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Virudhunagar</td>
<td>7</td>
<td>738</td>
<td>68</td>
</tr>
<tr>
<td>2.</td>
<td>Rajapalayam</td>
<td>6</td>
<td>562</td>
<td>52</td>
</tr>
<tr>
<td>3.</td>
<td>Srivilliputtur</td>
<td>4</td>
<td>312</td>
<td>29</td>
</tr>
<tr>
<td>4.</td>
<td>Sattur</td>
<td>4</td>
<td>306</td>
<td>28</td>
</tr>
<tr>
<td>5.</td>
<td>Sivakasi</td>
<td>7</td>
<td>712</td>
<td>65</td>
</tr>
<tr>
<td>6.</td>
<td>Thiruthangal</td>
<td>3</td>
<td>269</td>
<td>25</td>
</tr>
<tr>
<td>7.</td>
<td>Aruppukottai</td>
<td>4</td>
<td>368</td>
<td>33</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>35</strong></td>
<td><strong>3267</strong></td>
<td><strong>300</strong></td>
</tr>
</tbody>
</table>

Source: Survey data.

According to Table 1.5, out of 3267 consumers, 300 consumers (9.18 per cent) have been proportionately selected from seven Municipalities in Virudhunagar District for primary data collection.

**1.15.5 Collection of data**

The primary data were collected from 300 sample respondents in the study area. To collect the primary data, the drafted scheduled was used in the field survey. Direct personal interview method was adopted to collect primary data regarding characteristics of the sample respondents, family profile, extent of consultation with their family members, influencers and other aspects to the overall objectives of the study.
The secondary data relating to marketing practices and the like were obtained from the journals, books and websites.

1.16 AREA OF THE STUDY

The study was confined to entire Virudhunagar District covering seven Municipalities. The respondents were selected carefully by giving due importance to dealers of each Municipality in the study area.

1.17 PERIOD OF STUDY

The primary data have been collected during the period from April, 2010 to March, 2011. The survey covered a period of one year i.e. 2010-2011.

1.18 ANALYSIS OF DATA

Data collected from various sources were properly sorted, classified, edited and tabulated in a proper format and tested with appropriate statistical tools, namely, Percentage analysis, Regression analysis, Analysis of variance, Chi-square test, Garrett Ranking and Factor analysis. Statistical Package for the Social Sciences (SPSS), a computer software package of statistical tool, was also used to check the accuracy of procured data.
1.19 TOOLS OF ANALYSIS

1. In order to examine the relationship between degree of consultation and consumer profile variables, Chi-square test\(^{15}\) of the following formula was applied.

\[
\text{Chi-square} = \sum \frac{(O-E)^2}{E}\text{with (c-1)(r-1) degree of freedom}
\]

Where,

- **O** - Observed Frequency
- **E** - Expected Frequency

\[
E = \frac{\text{Row Total X Column Total}}{\text{Grand Total}}
\]

- **R** - Number of rows
- **C** - Number of columns

2. In order to find out the determinants of consultations, the following Multiple Log Linear Regression Model was used.

\[
\log Y = \beta_0 + \beta_1 \log X_1 + \beta_2 \log X_2 + \beta_3 \log X_3 + u
\]

Where, **Y** - Degree of consultation

- **X\(_1\)** - Age
- **X\(_2\)** - Education
- **X\(_3\)** - Family size

3. The Analysis of Variance (ANOVA) was used to test the difference of means across various product categories.

4. The Factors Analysis was used to extract the important factors of belief structure of consumers towards sales promotion dimensions.

5. Garrett Ranking Technique was adopted to identify the factors which influence the purchase of consumer durable goods.

6. The Chi-square test was also applied to examine the brand preferences of the consumers and their profile variables.

1.20 LIMITATIONS OF THE STUDY

The study has the following limitations:

1. The geographical area was limited to seven Municipalities of Virudhunagar District.

2. Since time was a limiting factor for the study, the researcher could concentrate only on selected durable goods, namely, Television, Washing Machine, Refrigerator and Air-Conditioners, apart from respondent’s bias.

3. The schemes compiled also do not represent an exhaustive calendar of categories in practice.

Hence, generalizations drawn have to be viewed keeping in mind these limitations. If such a study is conducted over a few years, trends can be analysed. Linking incentives to the outcome (sales) would provide a better understanding of the rationale for designing promotions.
1.21 CHAPTERIZATION

The report of the present study, “Buying Behaviour of the Consumers - A Study with Reference to Household Durable Products in Virudhunagar District,” has been organized and presented in seven chapters.

CHAPTER I deals with the production and market analysis of consumer durables, Indian consumer durable industry, statement of the problem, objectives of the study, hypotheses, scope of the study, Methodological design, limitations and chapterization.

CHAPTER II discusses the review of past literature relating to the present study.

CHAPTER III describes profile of the study area and the consumer behaviour.

CHAPTER IV analyses the pre-purchase behaviour of the consumers in Virudhunagar District.

CHAPTER V examines the role of Influencers in taking the buying decision of the consumers.

CHAPTER VI analyses the brand preference of consumers in the study area.

CHAPTER VII presents the summary of findings, suggestions and conclusion.