CHAPTER - I

INTRODUCTION AND DESIGN OF THE STUDY
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1.1. INTRODUCTION

The marketing scenario in the world today is changing very rapidly. The boundaries of nations are disappearing for exploiting the opportunities of business. Technological changes are taking place at the flash of an eye and standards are undergoing changes in no time. Buying habits of the consumers are fast varying and so are the fortunes of various organizations.

An organization with an excellent track record suddenly finds its products obsolete, its unparallel consumer base eroded and its financial resources depleted. In order to sustain in such an environment, an organization needs to anticipate the changes in the behaviour of consumers. In today’s business environment time is not only a scarce resource, but also a competitive weapon. The marketer must move faster, quicker and swifter to thrive in these turbulent times. Companies have to react with speed to competitive moves of the rivals\(^1\). The marketing of products is becoming more and more complex process in the context of globalisation, liberalization, and privatization and modernization policy of the Government.

The challenge before marketing managers is two fold:

i) How to fight competition and maintain the market share

ii) How to exploit the opportunities, establish customer base and retain the customer loyalty.

In order to face the above challenges there is a need for new methods of approaching the consumers by studying about the consumers buying behaviour in general and their buying patterns and preferences in particular.

1.2. NEED AND IMPORTANCE OF THE STUDY

The need and importance of studying buying behaviour of consumers is rooted in the modern marketing concept. In order to operationalise this concept, management attempts to solve consumption problems of consumers. However no business can possibly help consumer solve their consumption problems unless the marketer understands the buying behaviour of the consumers and makes an attempt to comprehend the buying process and the factors influencing it\(^2\).

Consumer buying behaviour is dynamic. Therefore it is necessary to continuously study, analyse and understand it and monitor this understanding to the marketing management so that effective decisions can be taken in respect of products, price, promotion and distribution. The profit position of a product hinges on the kind of pre-disposition – positive/negative – that a consumer has developed towards it. It

is essential to study and analyse it in order to understand why he/she has developed such a predisposition. Besides, the Indian marketing conditions in particular the role of the Government and the steadily emerging consumer movement necessitates that marketers in India must understand buying behaviour of consumers- their needs, aspirations, expectations and problems\(^3\).

Thus in substance, it may be said that in the interest of effective marketing decisions, marketers must develop an understanding of their consumers behaviour, the buying process and the factors influencing this process.

1.3. STATEMENT OF THE PROBLEM

The study of behavioral aspect of consumers is of great importance for marketers and this knowledge is applied to find out the consumers wants and needs. In India, consumer legislations since 1960 have created special interest in this subject. The main point for developing successful marketing strategy is a clear understanding of the consumers' mind before, during and after a purchase. As all consumers are not alike and their shopping patterns and preferences are constantly changing, they prefer varieties of products which reflect their own needs, personalities and life styles\(^4\).


After globalization, a wide range of consumer durables started flooding the market. Consumer durables, which were the presence of upper class during the eighties, have suddenly started thronging the middle-income group households. The focus of everyone's attention is shifted towards owning these gadgets and the very social status of the family has come to be assessed by the possession of these assets. A noteworthy development of the nineties is that even the low income groups have started acquiring a wide range of consumer durables.

The changing concept of retail business into 'retail in detail', emergence of giant sized retail business in the name of malls and the government's policy to allow foreign direct investment in retail business also change the life style and the buying patterns and preferences of the consumers in India⁵. In this context the consumer is confronted with a complex set of alternatives in many purchase situations. He has to choose the products and product classes from many varieties worth his money and efforts. Again from each product category he has to make selection from different size, colour, model and brands.

The consumer has also to take decision about when and where to buy the products that he needs or wants, how much he wants to spend on it, or how much he can afford to and how he will pay for it. Some purchase decisions are routines and may not require these considerations. Other purchase situations may be more complex.

In other cases considerations regarding status and prestige are also important. Many products purchases may require the evaluation of a variety of economic, social, and psychological factors. To solve the problems of consumers and marketers, there must be continuous studies in the field of consumer buying behaviors. Hence this study is carried out to understand to the shopping pattern of consumer durables and preferences in Dharmapuri district.

1.4. OBJECTIVES OF THE STUDY

1. To study the consumers’ buying behavior in general and in particular to durable goods in Dharmapuri District.

2. To study the factors influencing the purchase decision process of consumers of durables.

3. To identify and evaluate their article evaluation process, information search for the products.

4. To analyse the impact of brand loyalty, quality and brand consciousness on the buying behaviour of consumers.

5. To ascertain the influence of novelty, fashion, recreation and shopping consciousness on the buying behaviour of consumers.

6. To examine the association between demographic variables and product and shop selection.

7. To offer suggestions to marketers to maximize the convenience to consumers at the shopping place.
1.5. HYPOTHESES

1. There is no significant association between clusters of buyers of durable products and gender.

2. There is no significant association between clusters of buyers of durable products and age.

3. There is a significant association between clusters of buyers of durable products and status.

4. There is significant association between clusters of buyers of durable products and income.

5. There is no significant association between clusters of buyers of durable products and their educational qualification.

6. There is no significant association between clusters of buyers of durable products and size of the family.

1.6. RESEARCH METHODOLOGY

This research is based on both descriptive and empirical approach. It aims at exploring result based on higher order mathematical and statistical tools.

a) Sources of data

The sources of data are primary as well as secondary. The data collected from the consumer's survey constitute primary data and information gathered through books, journals, magazines, reports, dailies constitute of secondary data. The data collected from both the sources are scrutinized, edited and tabulated. The data are analyzed using SPSS 15.0 (Statistical package for Social Sciences) computer packages. Factor
analysis is applied to find out the major factors influencing buying behaviour of consumer durables.

b) Sample size

Stratified random sampling method was employed to select the sample respondents are chosen from different revenue blocks of Dharmapuri district. Totally, 540 consumers of durable products are selected on simple random sampling method. Out of the sampling, 524 consumers only returned the filled in questionnaires and of them, 500 only are usable. Hence, the exact sample of the study is 500.

c) Data Collection

First-hand information was collected with the help of a well structured questionnaire. The questions are arranged into 14 sections. Section 1 of the questionnaire is framed to obtain general information about the consumers of durables. Section 2 to 14 deals with purchase decision process, selection of shop, influence of the type of promotional offers, influence of advertisement, article evaluation process, gathering information, price consciousness, impulsiveness, effect over choice, brand loyalty, quality consciousness, brand consciousness, novelty and fashion and shopping consciousness respectively. The questionnaire with a covering letter is handed over personally to each and every respondent and they are requested to return the filled in questionnaire.
d) Period of the Study

The study is conducted in Dharmapuri District, Tamilnadu, India during the period of April 2006 to October 2009.

1.7. PILOT STUDY

A preliminary investigation is undertaken by contacting 50 consumers of durables and daily consumables. Stratified random sampling method was applied by covering all the parts of Dharmapuri District (Geographical stratification). The purpose of the pilot study is to test the quality of the items in the questionnaire and to confirm the feasibility of the study. The cronbach alpha method and Hotellings t-square method are applied to check the reliability of the statements in the questionnaire. The tests revealed that the alpha value is 0.897 and t-square value is 233.14 which are statistically significant. This also shows that the questionnaire is valid at 89.7 percent level and data from the normal distribution.
TABLE NO: 1

PILOT STUDY ALPHA VALUE

<table>
<thead>
<tr>
<th>Variables</th>
<th>Alpha value</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Purchase Decision</td>
<td>.897</td>
</tr>
<tr>
<td>2) Basis of purchase</td>
<td>.732</td>
</tr>
<tr>
<td>3) Source of information</td>
<td>.911</td>
</tr>
<tr>
<td>4) Influence of the type of Promotional Offers</td>
<td>.955</td>
</tr>
<tr>
<td>5) Influence of advertisement media/Communication Mix</td>
<td>.924</td>
</tr>
<tr>
<td>6) Article Evaluation Process</td>
<td>.897</td>
</tr>
<tr>
<td>7) Gathering information</td>
<td>.847</td>
</tr>
<tr>
<td>8) Perfectionist/High Quality Conscious</td>
<td>.894</td>
</tr>
<tr>
<td>9) Brand Consciousness/Price Equals Quality</td>
<td>.812</td>
</tr>
<tr>
<td>10) Price Conscious/Value for the Money</td>
<td>.732</td>
</tr>
<tr>
<td>11) impulsiveness/Careless</td>
<td>.856</td>
</tr>
<tr>
<td>12) Confused by over choice</td>
<td>.823</td>
</tr>
<tr>
<td>13) Habitual/Brand Loyal</td>
<td>.887</td>
</tr>
</tbody>
</table>

1.8. TOOLS FOR DATA ANALYSIS

The processing, classification, tabulation, analysis and interpretation of data are done with the help of SPSS (15.0) software package. The following statistical tools and mathematical techniques have been applied depending on the nature of data collected from the respondents.
1. One sample T-test is applied to analyze the respondent's preferences on various elements of purchase decision process in respect of durables.

2. Factor analysis by principle component method is applied to analyze the various elements of purchase decision process in respect of durables.

3. One-way analysis of variance (ANOVA) is used to identify the significant differences among the various elements of buying behaviour with regard to durables.

4. K means cluster analysis is applied to classify the respondents into various groups based on the mean scores of various elements of buying behaviour of consumers of durables.

5. Paired sample t-test is used to find the mean values of various elements of buying behaviour of consumers in respect of durables

6. Non-parametric Chi-square test is employed to find the association between clusters of buyers of durables and various demographic characteristics. and

7. Karl Pearson's coefficient of correlation is used to find the relationship between the variables of the study.

1.9. SCOPE OF THE STUDY

The study aims at analysing consumer behaviour relating to consumer durables. The products selected for the study are consumer durables which include Refrigerator, washing Machine, television, Air-Conditioner and
Microwave oven. The scope of the study has been limited to certain buying behavioral aspects of purchase decision process, namely (Information search, product awareness, interest, product evaluation process, brand preference, factors of motivation, price and quality consciousness, purchase and post purchase behaviour). The study broadly aims at examining perceptions of the consumers mainly in terms of the information gathered, sources of information, location where the purchase is made and the ultimate purchase decision.

1.10. LIMITATIONS OF THE STUDY

The study takes into account certain factors influencing the purchase decision process.

- Due to time and cost constraints the sample size of the study is restricted to 500 and it covers the consumers of Dharmapuri district only.

- The products selected for study are from consumer durables viz. Refrigerator, Washing Machine, Television, Air-Conditioner and microwave oven, the study is conducted with a macro approach.

- Individual products are not selected for the study. Individual name of the brands are not taken for study. Since the study focuses mainly on the factors influencing the buying behaviour of consumers. However the role of dealers have been analysed through the views of the consumers.
1.11. CHAPTER ARRANGEMENT

The study has been organized into seven chapters. The contents of each chapter are given below:

CHAPTER - I INTRODUCTION

This chapter deals with the introductory part of the study. It includes introduction, need and importance of the study, statement of the problem, Objectives of the study, Research methodology, Hypotheses, Scope of the study, Limitations of the study, Expected contribution from the study and the chapter scheme.

CHAPTER- II REVIEW OF RELATED LITERATURE

Second chapter sketches a detailed review of the literature relevant to the present study. Previous studies and research findings on purchase decision process, information search, evaluation of alternatives, purchase decision, post purchase evaluation, and the factors influencing the buying behaviour of shopping pattern and preferences are included in this chapter.

CHAPTER- III CONCEPTUAL FRAMEWORK OF SHOPPING PATTERN OF DURABLE PRODUCTS

This chapter outlines conceptual framework of shopping pattern and preferences, growth of durable goods industry: opportunities and potential future growth in India and profile of Dharmapuri district, Tamilnadu, India.
CHAPTER-IV ANALYSIS OF FACTORS OF BUYING BEHAVIOUR OF CONSUMERS IN RESPECT OF CONSUMERS DURABLES BY T-TEST AND FACTOR ANALYSIS

This chapter highlights the application of t-test and factor analysis on the demographic and socio-economic factors affecting the buying behaviour of consumers in respect of consumer durables.

CHAPTER-V ANALYSIS OF BEHAVIORAL CLASSIFICATION OF CONSUMERS OF DURABLE PRODUCTS

This chapter presents application of Cluster analysis for classification of consumers of durables.

CHAPTER-VI IMPACT OF DEMOGRAPHIC VARIABLES ON THE BUYING BEHAVIOUR OF CONSUMER DURABLE

This chapter presents application of ANOVA technique to analyse the impact of demographic variables on the buying behaviour of consumers with regard to consumer durables.

CHAPTER-VII SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSIONS

In this chapter recapitulates the key findings and conclusion. Based on these findings, a few suggestions have been made.