
CHAPTER I

INTRODUCTION TO THE STUDY

1.1 Introduction

The word 'brand' is being used mostly in the global market. A brand can create value for the business, by enhancing business performance and providing customer satisfaction. In present market scenario, the goods and services being sold constantly recognized by its names, the name that enables the buyers in looking into the goods to immediately are known as brand or brand name. Therefore it has the end goal to recognize the product. The brand can be a sign, term or symbol or maybe a design of the product or on the other hand a blend of them, that helps in isolating a business organization from the other organizational or contenders. The modern shoppers are indifferent in selecting the brand because a very close alternative is easily available in the market. In present market scenario, the technology and knowledge are up-gradating days by day, that change the consumer's perception of the products, and they always prefer to pick a branded product. Thus it is critical to comprehend what the elements that can make an inclination in the minds of customers. The brand is the concepts that differ the product or services. In the crowded marketplace, each organization is seeking for new and more efficient ways to increasing brand awareness and trying to creating brand loyalty. One of the most important tasks involved in ensuring a brand's success is to develop a branding strategy. In the competitive market, brands have been one of the primary marketing tools. A brand is the marketing tool or strategy which can protect customers and suppliers against competitors that they are trying to provide products. Strong brands provide a shelter at a global competition or at the time of economic recession. But in the worldwide market, it is not enough to create strong brands. There is also need to make a secure connection with the consumers for future growth. Since the 1980s, the notion of brand equity has turned out to be an essential component of marketing. So every organization trying to create brand equity, which is the additional, discounted future cash flow achieved by associating a name with underlying product or service. Therefore, it is the worth or a value that particular product or services gave to its customers and firm. It could imply that people would pay an exceptional cost for your brand putting forth. Farquhar (1989) Brand equity is the financial advantages of goods by its image name this additional esteem can consider from the firm, the trade, or the purchaser. At the end of the day, the brand equity is the

procedure which is utilized by the different associations to support in the market for quite a while. Lindsay (1990) proposed that customer impression of the product or brand is the massive source of added value which originates from the publicizing that fabricates a right name image which additionally prompts brand value or equity. There are a lot of reasons to make brand equity one reason might be it can help organizations to pick up an upper hand in the cutting edge time. Another reason is earning an appropriate image in the mind of the buyer so that the customer would loyal toward the organization. So every organization tries to achieve more brand equity and finally sustainable profitability. So it is imperative to comprehend what are the components that are making brand equity. To survive or to stay in the competitive market every business organization or enterprise need to know branding strategies, how the brand can successfully establish in the market and what are the significant role of media and the promotional activities in building the brand and brand equity. So it is essential to know consumer needs, perception towards the brand image, brand personality, and brand loyalty. In a simple term, high equity has excellent value in the commercial center. High brand value implies that the brand can make some positive differential reaction in the market. Indian market is a vast market, and as well as we know, India is the second largest consumer market in the world. The modern Indian consumer, a profile has been changed because of change in education, income, and habit of the consumer, so there is a massive change in consumer brand preference for durables products for the past decade.

Due to the change in lifestyle and income level of consumer their buying preferences are quickly changing and moving toward branded products or considered luxury items, so demand for high-quality consumer durable products such as television, washing machine, refrigerator, and air conditioners, etc. are increasing. In durable segment the washing machine having the popularity in the Indian market. The washing machine market operated by crucial MNC and local players such as Videocon, Voltas, LG, Samsung, Blue Star, Whirlpool, etc. Although, there are few players in the washing machine still there is high competition in the market. The washing machine had no existence in the mid 90's in the Indian market. Today, the circumstance is extraordinary, and in the last 20 years, the washing machine is a most common appliance in Indian household and market after the TV and Refrigerators. Therefore, the washing machine is getting prevalent in the global market. Thus it is very much vital to know how to create the brand equity and value and what are the parameters to build it. So it raises some set of questions; what is a brand?

What is its significance for enterprises from a consumer perspective? What is the consumer perception towards the brand image, brand personality, brand loyalty and brand equity? Why do organizations require focusing on the brand or brand equity? Many researchers have studied that brand's equity of a company's most valuable assets, and play a significant role in marketing strategies. It is imperative to identify the factors that make powerful brand and how it contributes to brand equity.

Therefore present research, explore the concept of brand equity in consumer durable segment with particular reference to the washing machine. A literature review discovered there are a lot of factors affect consumer purchase behavior which influences brand and various factors which help to make brand equity. After the critically examine different research paper on brand equity the researcher observed some factors like brand personality, brand image, brand loyalty, brand satisfaction, etc. play a useful role to make brand equity.

1.2 Consumer Durables Market in India

The Consumer Durables industry contains durable goods or appliances for domestic use like televisions, refrigerators, AC and washing machines. Gadgets like smartphones and kitchen appliances or equipment such as microwave ovens are also comprise in this category.

The consumer durable segment has been the witness of significant growth in recent years, helped by the distinct programs such as the real estate and housing demand, largest disposable income or the overall increase in the level of population. The consumer durable industry operated by major MNC and local players such as Samsung, Videocon, Voltas, LG, Blue Star, Whirlpool, etc. The consumer durables industry can classify into three segments: Consumer Electronic other Consumer Appliances and consumer electronics.

Table No –1.1 Consumer Durables Goods Classification	
Consumer Appliances/White Goods	Consumer Electronics/ Brown Goods
<ul style="list-style-type: none"> a. Refrigerators b. Washing Machines c. Air-conditioners a. Electric Fans b. Microwave Ovens d. Sewing machine e. Cleaning equipment f. Other domestic appliances 	<ul style="list-style-type: none"> a. Mobile Phones b. Televisions c. laptops d. CD & DVD Players e. Personal computers g. Speakers and Audio Equipments f. Digital cameras g. Electronic accessories

1.2.1 Evolution of the Indian Consumer Durable Segment

Indian durable market has passed through various stages these are:

1. The 1980s and early 1990s (Pre-liberalization stage) - In the era of Pre-liberalization the consumer durable market was closed and only increased product availability. The maximum focuses on the media penetration and advertising. There was less competition in the market or a little number of consumers' durable companies in the stage of pre-liberalization.
2. The mid and late 1990s (Liberalization stage)-After the Liberalization of Indian markets the consumer market open to the whole world and due to the liberalization the giant global players such as LG and Samsung arrival in Indian consumer market. So due to the influx of these MNC, the ultimate focus from promotion to product innovation.
3. The early 2000s(Growth Stage)- In the growth stage when the number of MNC inrush in the Indian market. Then global players ultimate focus on availability and affordability of consumer finance or low penetration of high-quality products such as air conditioners, Refrigerators, Televisions, washing machine, DVD & VCD Players, etc. which lead to pushing the Indian market to grow.

4. The late 2000s (Consolidation stage) - After the growing consumer market in late 2000s the most of the companies look to unification the market share. So to the effort of unification market share, some Indian companies such as Videocon got the global identity in the market. In this stage, companies introduce new desired products such as HD TVs, and an ultimate focus on the rural market because as per Union Budget 2016-17, the decrease in special extra duty and primary customs duty or countervailing duty which can help to target rural market.

1.2.2 Consumer Durables – Key Products

The consumer durable goods are known as a hard good; the durable goods are those goods which used for long periods of time. The consumer durable goods like TV, refrigerators, Air Conditioners, Washing machine, Electric fans, etc. generally continue to be used for many years. Therefore durable goods are naturally characterized by long periods of time with successive purchases.

Table No –1.2 Consumer Durables – Key Products

Colour TVs (CTVs):	In this segment CTVs contributes a large part, from 2014 to 2020 the television (TV) is projected to raise at 20 percent, in 2015 the television segment stood at 8.28 billion US\$, exhibiting a year to year growth of 14.2 % in the year 2015 over 7.78 billion US\$ in the year 2014.
Liquid Crystal Displays (LCDs)	The LCD price has declined because of the low import duty. In this product category, the penetration level is high, and significant growth drivers are introducing the small size models.
Digital Video Discs (DVDs)	In this segment, the significant share around 80 % covered by the organized market.
Refrigerators	In the consumer durable sector, the refrigerators have covered the 31 % market, and it has projected that the refrigerators market size in India to be 45 billion US\$ in 2015. This segment also expected to rise at 10% from the year 2104 to 2020.
Air Conditioners (ACs)	In 2013 the AC had only 13% share in the Indian market, and in 2015 this segment market share raised with sale volume of 10

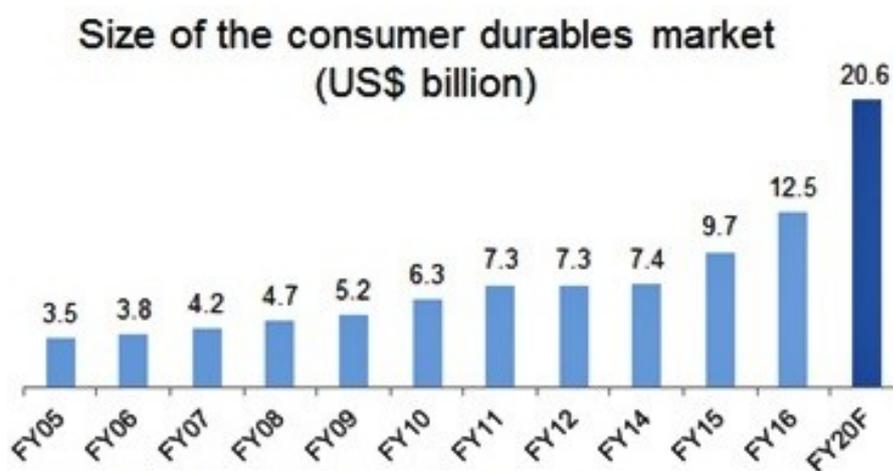
	thousand million units. The ACs are supposed as high-end products, and due to the rise in the disposable income, the split ACs demand is also increasing that is the key drivers for growth, and this is also is expected to grow at 6.7 % during the years 2014 to 2020.
Washing Machine	The washing machine segment size was 727 million US\$ in 2015, and it is also is expected to grow at 8 to 9 percent growth per year. Due to the rising in the disposable incomes and price reduction, the fully automatic washing machines market share is increasing.
Electric fans	The segmented market hugely penetrated and estimated to be 0.83 billion US\$ in 2015 for branded fan

Source: CEAMA, Electronic Industries Association of India, TechSci Research, IBEF

Notes: LCD – Liquid Crystal Display, LED – Light Emitting Diode; (1)Data is as of December 2015

1.2.3 Consumer Durables Industry Size, Share & Growth

It is expected, India is going to become 5th largest consumer durable market by 2025. In 2015, revenue from consumer durables sector in India reached US\$ 9.7 billion, which more expanded to US\$ 12.5 billion in FY16. As per CAGR Consumer durable market expected to grow by 13 percent from FY05 to FY20. Around two-thirds of the aggregate income is accomplished from an urban population and remain is make from the rural community.



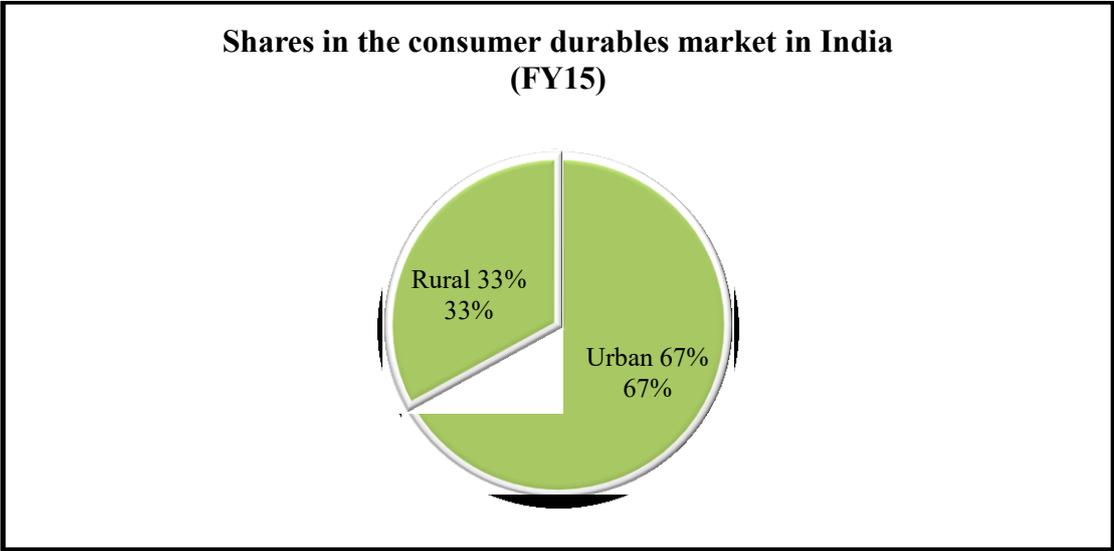
Source: Electronic Industries Association of India,
CAGR – Compound Annual Growth Rate, F: Forecasted

1.1 Size of the consumer durables market

Indian consumer sector widely separated into urban and rural markets, and which is attracting marketers from across the world. The industry has comprised an enormous middle class or large high class and a small economically weak class, with spending anticipated to more than double by 2025. India now placed second among all nations in the global consumer confidence index with a score of 128 points for the quarter ending June 2016, after Philippines (132). More, in the discretionary spending category, 65 percent respondents from India determined the next 12 months as being good to buy, thus assure once again that India leads the global top 10 countries for this parameter during the quarter. (IBEF, 2017)

Consumer Durables Industry Share: Urban and Rural Areas Contribution

India has a vast market which is scattered. In Indian market divided into two part which is known as rural and urban mostly consumer belongs from the rural area. But due to the little disposal income of rural consumer their purchasing power is also less. But in modern India or era of technology, the people want to spend luxury or relax life, so they need the goods which help to get the more relaxing life.



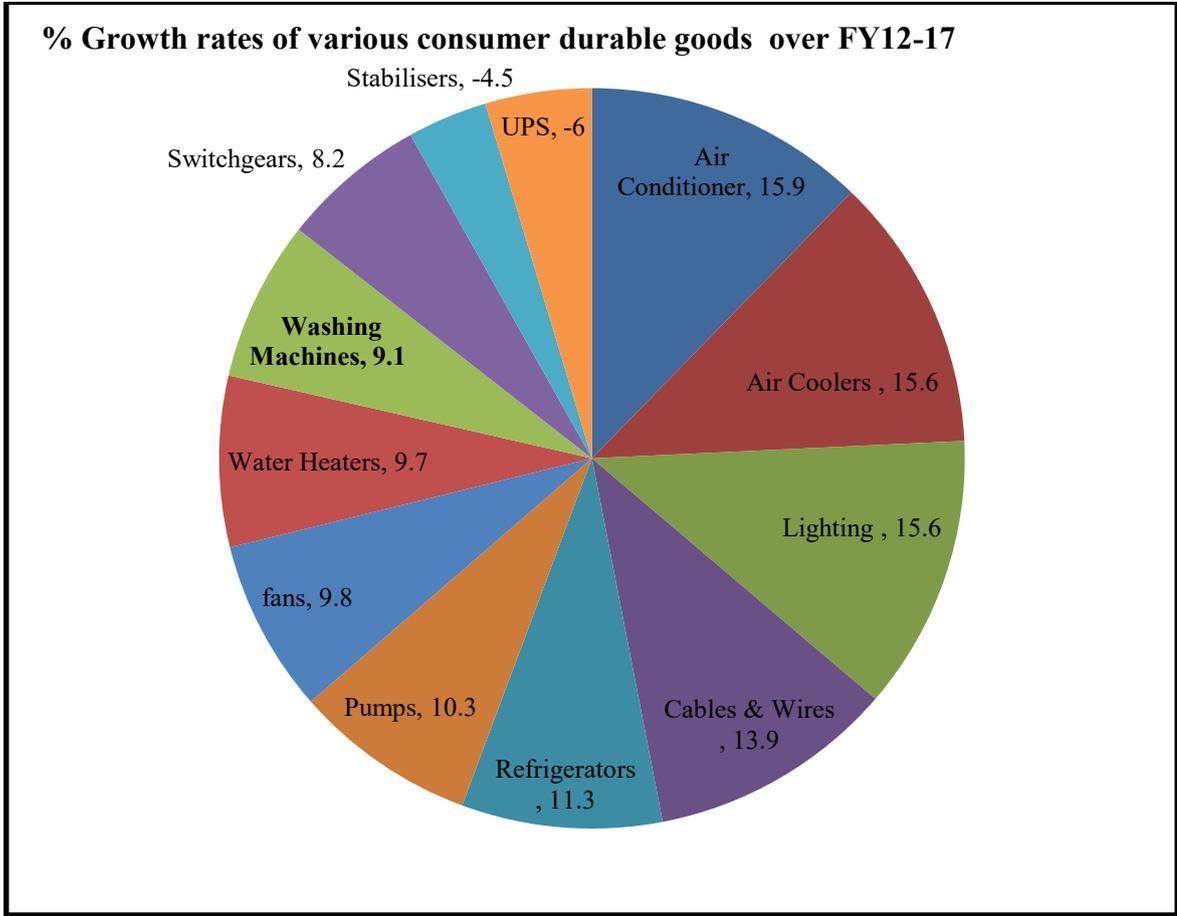
Source: Ministry of Urban Development, TechSci Research, Ministry of External Affairs, IBEF

Figure 1.2 Shares in the consumer durables market in India

As per Ministry of Urban Development, TechSci Research, Ministry of External Affairs the demand in urban markets is required to increment for inferior products like LED TVs,

laptops, washing machine, AC and in rural markets durables like refrigerators as well as consumer electronic goods are expected demand in the coming years. In Indian consumer durable market, the urban markets contribute the significant share (67 percent), and rural consumer market provides 25 percent of total revenues in the consumer durables sector in India in FY15.

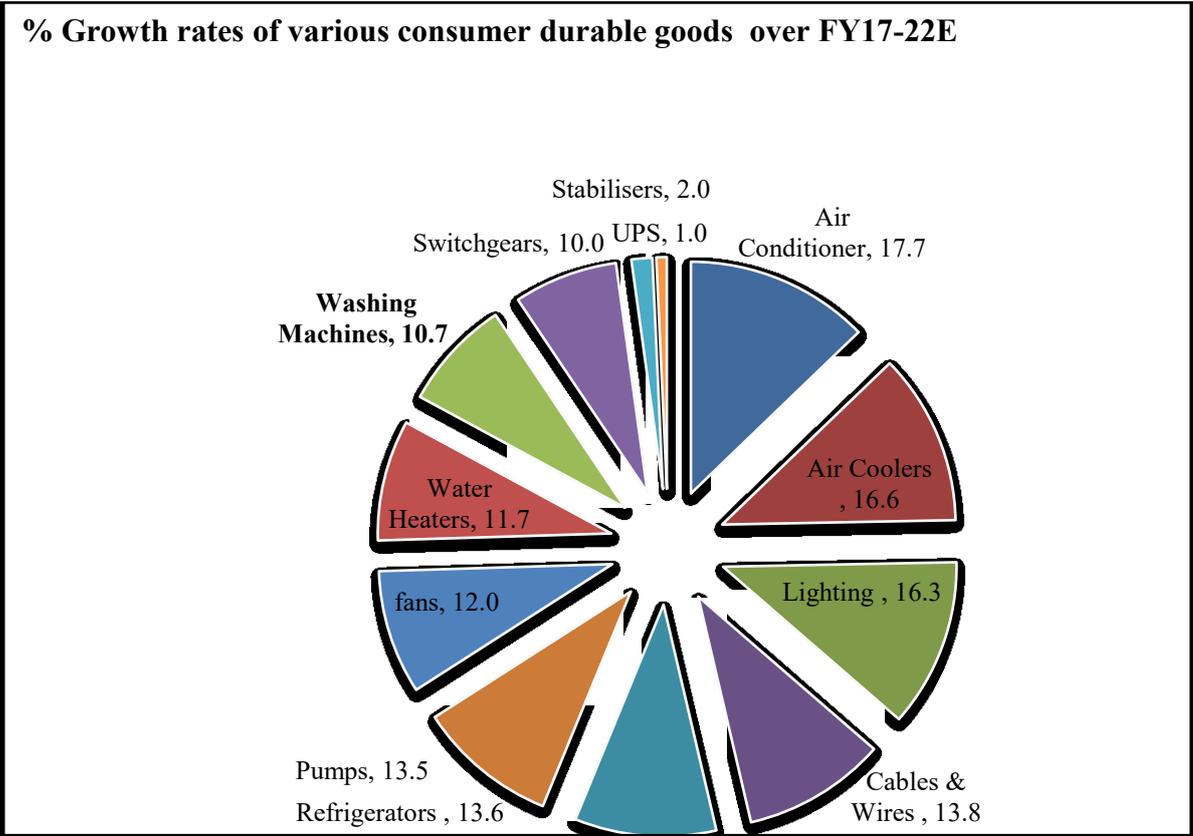
Consumer Durables Industry Growth: In the FY 12-17, the various consumer durable goods such as Air Conditioner, Air Coolers , Lighting , Cables & Wires ,Refrigerators, Pumps, Fans, Water Heaters, Washing Machines, Switchgears ,Stabilisers and UPS market % growth rate are 15.9, 15.6, 15.6,13.9,11.3, 10.3, 9.8, 9.7,9.1, 8.2,-4.5 and -6 respectively. AC, air cooler, and lighting have a healthy market growth rate, and Stabilisers and UPS are declining their market growth in the FY12-17.



Source: Industry, Edelweiss research

Figure 1.3 Growth rates of various consumer durable goods over FY12-17

Consumer durable goods market growth over FY17-22E: in the FY17-22E, the various consumer durable goods such as Air Conditioner, Air Coolers , Lighting , Cables & Wires ,Refrigerators, Pumps, Fans, Water Heaters, Washing Machines, Switchgears ,Stabilisers and UPS market % growth rate are 17.7,16.6, 16.3, 13.8,13.6, 13.5, 12.0, 11.7, 10.7, 10.0, 2.0 and 1.0 respectively. In the FY17-22E it is expected that AC, air cooler, and lighting will remain critical products of consumer durable segments. In the FY17-22E it is also being expected that every consumer durable goods are positively improving their market growth rate.



Source: Industry, Edelweiss research

Figure 1.4 Consumer durable goods market growth over FY17-22E

1.2.4 Consumer Durables Industry – GST Implications

GST has introduced new tax rates from 7 to 28% in consumer durable segment. In the consumer durable industry, GST’s impact probably remains neutral otherwise negative, particularly for organizations that have the benefit of tax exemption. GST will advantage the consumer durables companies; firstly, it would be a slight price gap between unorganized and organized players. Secondly, logistics expenses concerning non-

operational and operational sectors will turn down. Third, it will get the better operational productivity of big organized players in coming years.

Table No –1.3 GST Implications

<i>Products /Goods</i>	<i>Old Rates</i>	<i>New Rates As Per GST</i>	<i>Effects</i>
Stabilizers	18%	18%	Neutral
UPS	18%	18%	Neutral
Fans	20/26%	28%	Negative
Domestic Appliance	26%	28%	Neutral
LED Lighting	15%	12%	Positive
Air Conditioner	26%	28%	Neutral
Washing Machines	26%	28%	Neutral
Refrigerators	26%	28%	Neutral
Solar Water Heater	0%	5%	Negative

Source: Ministry of Finance, Edelweiss research

1.3 Consumer Behavior

Consumer behavior is complicated and the progressive process in which all marketing decision based on the belief in consumer behavior. In general, Consumer behavior is the study of individual or groups to know their purchasing choice and satisfy their needs. Consumer behavior is processed in which individual purchase and using goods and services. After the existence of consumer behavior concept, the seller has vanished, and the buyer has arisen so due to this pattern manufacture consideration from goods to consumer especially focus on consumer behavior. In the marketing concept from whole selling approach to consumer-oriented marketing has occurred in buying behavior which becomes an independent practice. In the modern era, the growth of consumerism indicates the importance that given to the consumers. Consumer behavior is the actual study of how consumers decide to consume their available resources like time, money and their effort. Due to the diversity of individual, it is the difficult or challenging task to marketer the understand consumer behavior. So marketer perceived the need to collect the extent knowledge of consumer buying behavior. Because this extent knowledge works as essential tools which help the marketer to predict the future buying pattern of customer and also contribute to building marketing strategies in line to set up a long-term relationship with the customer. In the simple word consumer behavior is usually the study

of individual or organization it is the mechanism to know consumer search, selection, and adoption of products or services to satisfy the need and its impact on the consumer and society. It is considering the consumer behavior is critical for long-term success and survival of any organization or firm. Consumer behavior is always an important area of marketing management. As per marketing notion, the marketer should be able to know the needs and wants of the customer and provide the goods and services higher efficiently than the competitors. If we are targeting the customer-oriented marketing, then our aim should understand the need and wants of consumers and then provide the right product or services which lead to customer satisfaction so we should follow the famous line “*make what you can sell*” rather than “*sell what you make.*”

1.3.1 Need to Study the Consumer Behavior

Consumer behavior is always an important concept in all marketing activities and marketing management. The primary objective of studying the consumer behavior as a discipline because it plays the vital role in human life the most of the people spent their time in the market for shopping or maybe enjoying other activities. So the consumer knows very well and having analytical thinking about goods and services further, that discusses with their friends thus consumer lifestyle and behavior is changing, and it impacts on their purchasing. The consumer buying behavior choice depends on various factors that are the surrounding the customer like income, demographics, social class, and culture religion, etc. Therefore there are lots of factors whether it is internal and external influence the consumer behavior. The knowledge about the consumer behavior aid to the marketer to predict the future consumption pattern or behavior of individual and it also helps to know how the consumer behaves indifferently in the similar situation. So the study of the consumers provide the roadmap to the marketers for future prediction and also provide the aid to understanding internal and external factors of the individual that act out different consumer behavior. The consumer behavior study helps to marketer or organization differently—

- a) It contributes to scrutinize the market environment
- b) It helps to segment, target and positioning of market
- c) It contributes to design the marketing strategy
- d) It helps know individual buying behavior
- e) It contributes to developing a marketing mix

To understanding the purchase pattern of consumer concerning the consumer durable goods is necessary because it follows the influence of brand, price, quality or purchase, etc. Accordingly, it can say that all success and failure depend upon the purchasing pattern of the consumer. The use of consumer durable goods is becoming more popular in recent years in India. The different type of durable consumer product is in the market, so consumer preference and taste are different toward various goods and services. Every organization and firm have an ultimate motive the customer satisfaction, and it comes after the fulfilling the need and wants of the customer. And for fulfilling the needs and wants every marketer to need to the study consumer taste, demand, product quality, identify the opportunity, powerful channel of distribution, price, promotional strategy. Thus the marketing concept is more customers oriented. Hence the study of consumer behavior is vital to all marketing activities.

1.4 Brand and Its Role in Influencing Consumer Behavior

Since market position regularly changing, the role of brand management has become a vital part of the business. As per the present scenario in the retail market, it is essential that every business organization is managing their brand and also need to consider their customer. In the current business environment, the consumer is affected by various brands and products. The consumer buying behavior choice depends on various factors that are the surrounding the customer like age, income, demographics, social class, and culture, religion, etc. Apart this brand is one of the factors that have an impact on consumer behavior. In this way, as a matter of first importance, we need to think about the brand in present market scenario, the products being sold constantly recognized by its names, and the name that enables the buyers to recall the goods immediately is known as brand or brand name. The brand is a junction of name, symbol, and design. The brand is important to both consumer and owner. Owner point of view if the brand has some value in the market then they may able to get maximum share of the market and can stay in the competitive business environment, so it is one kind of assets for owner.

Now consumer point of view if the consumer is getting the product which is satisfying their needs and wants then customer feel happy and satisfy with the brand which makes them more loyal and active toward the brand. *According to the David Ogilvy “Brand is something that remains us when our factory burned.”* If we look at the history of the brand, it told us individual used the brand as a mark or identification. In the prior time, the brand used to distinguish from one manufacturer to another. Present scenario brand is not

only identifying the goods but also used to make a purchase decision. The various researchers tried to identify the influence of brand name on investment decision. Alamgir & Nasir (2011) revealed that when the consumer purchased a car, brand names do influence his/her choice. The study also indicates that branded cars have a significant impact on consumer mind and consumer prefers to purchase well known branded car even consumer are not interested in buying a new unknown brand car because of lack of information and trust about the lesser known brand. Chovanová et al. (2015) hypotheses focused on the buying the brand and between the age of respondents and brand preference. The study stated that purchasing of branded products and preference, origin depends on the age of consumers and the brand has an impact on customer decision-making process. Singh & Kumar (2014) study found how the rural and urban population perceives the notion of "brand." The primary objective of this study was comparing the buying behavior of rural & urban consumer & find out their preference while taking a purchase decision regarding mobile phones. Brand more influences the urban consumer style compared to rural consumer. Saeed et al. (2013) found the significant relationship between all three variable brand image, brand loyalty and customer satisfaction is help to make or blooming brand. So marketer must pay attention to these three variables to build a brand. Gowri (2012) In the modern society consumers knowledge is upgrading, and that change their perspective toward the products. In the crowded market, different brands having similarity in quality, performance, and external appearance, etc. Therefore, there is a need to investigate breaking down the purchase intention and purchasers' decision towards a specific brand. The researcher found the impact of brand, brand knowledge, brand trust, loyalty, association, perceived quality and brand equity on the buying decision of various brands of television.

Nasab & Alroaya (2013). The study found the effect of a brand like Sony and LG products on customer satisfaction. The research indicates the customer loyalty is positively related to satisfaction and other results show that customer loyalty has the positive relation to value, emotion, resistance to change, trust and brand equity. Jisana and Basheer (2014) consumers in Kerala market are using almost all the home appliances for their comfortable lifestyles such as Washing Machine, Refrigerator, and Air Conditioners. People are considering brand and features of the product before making purchases. Chang et al.(2008) examine whether brand attitude and brand images, brand preference and purchase intentions were the consequences of brand equity. The research concluded that brand

attitude would have a more significant impact on brand equity than brand image. There exists direct positive effect of brand equity on brand preference Rajeswari et al. (2014) discussed consumer buying behavior and factor influence the purchase decision of durable goods. The respondents were using the product a mixer, grinder, washing machine, refrigerator, TV, laptop, AC, etc. It found when the consumer goes for buying the most influencing factors are the family member and friend suggestion while price, quality, offer a discount, brand name, color, technical feature, brand image were common factors on consumer durable goods. Hasan (2014) In the changing environment, the fierce completion is making the imperative to understand the durable consumer market. The market survival depends upon customer satisfaction, and customer satisfaction depends on the perception and preference of particular brand. The study found quality; technology innovation and a multitude of brands name across the price were the dominant factors which influence in consumer brand preference on consumer durable goods. Momani (2015) brand aspect such as loyalty, marketing communication, and origin of the brand had a significant or positive effect on the purchasing decision of the Jordanian consumer, although quality and historical custom did not have any impact.

Through the various literature, it indicates that the brand has the power to influence the consumer behavior. The consumer has their choice to make the decision or to consume their available resources like time money and their effort. Due to the diversity, it is a difficult task to understand consumer behavior in this dynamic environment. So marketer perceived the need to collect the extensive information about the consumer buying behavior. Because it helps to the marketer to predict the future buying pattern of customers and it also contributes to building marketing strategies. In the other word, consumer behavior is influenced by so many factors whether it is internal or external, but through the various pieces of literature, it indicates that brand is one of the factors which influence the consumer behavior. Hence we can say that brands play a vital role to change the consumer behavior in the modern era or the luxury world.

1.5 Concluding Remarks

In the first chapter, the researcher has introduced about research area and explored the concept of consumer durable industry or the role of brand in consumer behavior. The researcher has taken consumer durable industry concerning the washing machine, so it is imperative to discuss the consumer durable industry growth, size, and market share because it indicates future market opportunities. In this dynamic environment, the brand and the value of brand depend upon consumer or purchasing pattern of consumers. The consumer is making the brand and creating the value of the brand in the market. Thus it is imperative to study consumer behavior in the durable industry. Consumer durable is the growing sector in India because the consumer is looking for the durable product for their comfort and luxury life. Consumer durable industry is providing the goods to the consumer for day to day life. It expected that India becomes 5th largest consumer durable market by 2025. The Indian consumer durable market contributed by two significant markets urban or rural. Around two-thirds of the total revenue is achieved from an urban population and rest from the rural community. Consumer durables industry is growing, and it is also being expected that every consumer durable goods positively improve their market growth rate by FY17-22E. Furthermore, GST has introduced new tax rates from 7 to 28% in consumer durable segment and most probably the impact will remain neutral otherwise negative, particularly for organizations that have the benefit of tax exemption.

Consumer behavior is always an essential concept in all marketing activities. The foremost, reasons to discuss consumer behavior in present research because it plays a vital role in purchasing decision. Nowadays consumer is well aware of the goods and services, and their lifestyle is changing, that keeps impacts on their behavior. The consumer buying behavior depends on various factors that are the surrounding the consumer. Through the multiple reviews of the literature, it exposed that brand influence the consumer behavior. The brand keeps worth in the market, and people focus on brand while purchasing the goods and services from the market. Therefore marketer needs to keep in-depth information about consumer behavior, which helps the companies to predict future consumer behavior or contribute to making marketing strategy. Hence if the companies want to make a brand in the fierce competition companies needs to study the consumer behavior.