

# *Chapter - I*

## INTRODUCTION

In the process of making a decision to purchase the consumer is exposed to varied sources of information. The consumer's perception of the appropriateness and reliability of these sources contribute to the sources effectiveness and help him to make the final choice. 'Information Search' as such an important pre purchase activity in a purchase decision.

In many purchase situations the consumer is confronted with a complex set of alternatives. He may have to choose among a great variety of products and product classes worth his rupee. From each product category he may make selection from different sizes, colours, styles, models and brands. Also the consumer may make decisions about when and where to buy a certain product, how much he wants to spend on it, or how much he can afford and how he will pay for it. Some purchase decisions are routine and may not require little more than the blink of an eye. Other purchase situations may be more complex. Some products may require more cash outlays. In some others, considerations like safety and health must also have to be examined. Still others may represent status and prestige symbols in the eyes of the beholder.

Many product purchases may require the evaluation of variety of economic, social and psychological factors whereby the consequences of a wrong decision can be costly.

The problem of consumer information can also be expressed in terms of a risk – taking framework <sup>1</sup>. When the consumer evaluates the consequences of his purchase decision, he may perceive some degree of what Bauer called ‘perceived risk’. If the perceived risk factor is light it may not impede the purchase decision to any large extent. Where the degree of risk felt is large, the purchase may, perhaps, be cancelled or postponed. In such cases the consumer may have the option to reduce his perceived risk through search acquisition of additional information prior to purchase.

### **The Need and Importance of Information**

The importance of pre – purchase information in consumer evaluations of products and brands is well documented in the literature of the past. In the area of durable goods purchases, studies have been conducted to determine the amount of search by consumers prior to purchase, as well as to identify the major influence on such search. How many sources of information do consumers consult before they buy? Do the sources vary in number in terms of products? Which source of information is perceived by the consumer to be important?

What factors the consumer considers at the time of making his choice? This study aims at finding answers to some such questions in respect of buyers of Television.

The consumer information problem arises because the search process, to be of greatest value, generally must precede the purchase. At that point the benefit from information to be acquired may be difficult to estimate. Two possibilities may be assumed here <sup>2</sup>. One may be, a consumer with high information requirements and the other with low information requirements.

A consumer with high information requirements will presumably invest more effort into his search. If information is not readily available to that consumer, his effort might be directed at finding more. If such information is accessible to that consumer, his search effort may consist in sorting out those clues that are relevant to him. Either way, the procured information may not fully satisfy the consumers' requirements. The information may also be confusing when messages from different sources contradict each other or the consumers' prior experience with a particular brand or product. Even though, as indicated by one study, consumers who expend high search effort tend to express greater purchase satisfaction than those with low effort, even when the product evaluation falls below satisfaction <sup>3</sup>.

A consumer with low information requirement may be presumed to spend less effort in his search. Some consumers who are acquisition minded and anxious to finalise the purchase, may lack the patience and interest to engage themselves in extended search procedures. Some may lack knowledge of appropriate information sources. Others may abandon the search prematurely on account of its perceived cost and usage of time more worthwhile <sup>4</sup>.

Some social critics charge that the consumer is left behind in a jungle of products and many of these are of incomprehensible technical complexity, wrapped in deceptive packages, in add weights, with dubious standards of quality and incomparable prices <sup>5</sup>. In spite of many devices, measures and laws which bring protection to consumers, consumerism in India is not successful. But steps have been taken in recent years to support consumerism and upgrade consumer protection. According to one author, the reasons why there is so much of interest in consumer protection today are that rising incomes and the range of new products have multiplied the number, value and variety of consumer market transactions. Therefore, there are far more opportunities for consumer deception than ever. Furthermore, the mounting of variety of consumer products is increasing the competitiveness in the economics system. In turn, this may be leading to a deterioration of business ethics, thus giving rise to added interest in consumer protection <sup>6</sup>. This movement toward the consumers' welfare and protection is being called 'consumerism'.

To provide the consumer with market transparency he needs guidelines and product information. Business critics have long maintained that consumer is lacking that information and as a consequence he is ill equipped to make intelligent choices <sup>7</sup>. These critics charge that it is the fault of the business community which is either unable or unwilling to provide the information which consumers require for 'rational' decision making. The provision of adequate and sufficient information has moved into the forefront of the consumerist movement, and it can be said that consumer product information has almost become synonymous with consumer protection <sup>8</sup>.

Once product information has been acquired through search, the consumer must evaluate competing alternatives to arrive at a purchase decision. This involves the interaction of different factors like price, brand popularity, availability of the product, reputation and location of the dealer, technical performance, service and availability of spare parts, size, colour, design, warranty, discounts and gifts etc. Based on the evaluation of important factors the consumer makes a purchase decision. However, most of these attributes of the product remain good or not good only in the perceptions of the consumer.

### **An Overview of Indian Marketing Environment**

If people constitute markets, India is the second largest market in the world. The requirements of 750 million people of the country are of enormous magnitude. Geographically, the Indian market is scattered over six lakhs villages and five thousand small and big towns. The Indian market is not only vast and scattered but is extremely complex. The vast population of the land with their extreme diversities in terms of religion, customs and language present the most bizarre market of the world. There are six religions and hundreds of sects and sub-sects. The people speak seventeen different languages and hundreds of local dialects. The diversity in the country and the absence of a common life style and consumption habits is the most challenging characteristic of the marketing environment in India.

Another striking characteristic of the Indian market environment is the regulatory role played by the State. While analysing the Indian market environment, it has to be kept in mind that it is the by-product of an economy characterised by licensing, tariff protections and restrictions over corporate investment. Not only in the matter of investment decisions, but even in the case of pricing, distribution, and competitive aspects of various sectors, the state plays key role. This does not imply that entrepreneurs and marketing men have no role in shaping the market structure in India.

While the control over the economy might have impaired the rate of growth of certain business, it has not eliminated the opportunities for employing innovative marketing strategies. As the mixed economy concept is to stay, and as more and more investment areas are being thrown open to the private sector, India today is nearer to a free market environment rather than to a socialistic environment.

As a corollary to the regulatory role-played by the State, seller's market conditions do prevail in certain sectors of the Indian economy. At the same time the seller's market conditions is not true of all sectors of the Indian economy. In any sectors, there is vibrant competition. Even in those sectors where demand is more and supply is less, competition is present and a choice is available to the customer. Also, there is an emerging trend, which indicates increasing competition in practically all the sector of the economy.

In almost every sector of Indian business, the existing manufacturing capacities are being enhanced. New investment, new manufacturing units, and new business houses are giving a new dimension to the Indian marketing profile. This, in effect, means that the production will not just get sold unless every manufacturer promotes his product or brand. Whether industrial goods or consumer goods, brand competition has become a striking feature of the marketing scene in India.

An idea about the keen competition that is present in the Indian marketing environment will be particularly evident from the level of advertising and sales promotion activities that is going on in the country.

The extreme diversity of the Indian market poses a special challenge in marketing communications. A marketer who has to approach the entire national market of India will find national advertising and nation wide promotion bristling with complexities. The market cannot be reached through any singly language or idiom. Nor can a uniform approach be made to influence the buying behaviour of the vast masses of Indian consumers. The psychographic profile of the Indian consumers varies widely from one segment of the market to the other.

The predominance of the urban market is the feature to the reckoned while analysing India's marketing environment. A major chunk of the consumer goods production is consumed by urban market. The manufacturers of consumer goods and services have mostly been concentrating on this urban market consumer, having a highly discretionary income at their disposal. But of late, this preoccupation with the urban market is giving place to steady exploitation of the hidden

potential of India's rural market. The fast developing rural India is unraveling itself as a demand base for several new product and services.

### **The Indian Consumer**

Every buyer is a product of his own economic and social environment. In applying the theories to understand the behavioural dynamics of the Indian consumer, one has to be cautious. Most of the buyer behaviour models and findings have been developed with the sophisticated western buyer as the focus. But to understand the peculiarities of the India consumer, to construct his buying profile, he has to be studied in relation to his environment is culture and tradition, his educational and economic status, his level of exposure and the degree of his sophistication.

A comprehensive study of the Indian consumer has not been undertaken so far. Of course, quite a few studies have been conducted by academic institutions and individual researches on isolated aspects of the buying behaviour of the Indian consumer.

Based on those theories and findings, Indians as a class present a striking contrast to the people of the West. By and large they are not an adventurous, thrill seeking, highly-strung community. Basically, they are conservative mind and tradition bound people. It is not an aggression to say that more than the future; it is the past that influence their style of living. They do not seek after great events for their happiness. Expensive holidays and sightseeing are something alien to their normal life style. They are content with the small happenings in the

family or community. These are some general characteristics of the Indian people, but it does not mean that Indians are homogeneous people, fitting into a common characteristic.

Due to the diversity in religion and caste, language and cultural styles, customs and calendars, it will be more practicable to classify the Indian consumer on the basis of his economic status as the rich Indian consumer, the middle class consumer and the lower class consumer. Numerically the first group is a negligible minority. Though this group indulges in conspicuous consumption of a high order, it does not form a demand base large enough for any manufacturing firm to concentrate upon. The third category, the lower class consumer group, stands out as striking contrast to the first. Its purchasing power is very low. It receives the benefits of several social, educational and economic programmes of the nation and over a period of years, the upper strata of this group may advance economically and merge into middle class.

It is the middle class that constitutes the largest consuming sector for manufacturing goods in the country today. For any marketer in the country, this group offers maximum scope, the maximum demand potential. The Indian middle class consumer can objectively be further classified into urban middle class and semi-urban middle class consumer because of certain inherent distinctions in the buying habits, motives and need levels. The demand and requirements of city life are vastly different from those of the semi-urban life. This difference will reflect on consumption patterns and buying patterns. A family living in a two roomed flat in a crowded city will be using several consumer items and

gadgets as necessities which may be considered as avoidable luxuries by its semi-urban counterpart.

The urban consumer is relatively better educated. He is willing to learn and is receptive to new ideas. He wants economic and emotional security. He will not normally do something that is likely to upset his emotional ties. His need for love and the level of satisfaction of this need are important factors deciding his emotional balance. He wants social security too. He wants to be part of the social set up in which he lives. The urban middle class buyer lives on a fixed income. The introduction of consumer credit by several marketing agencies in the country has benefited them to a great extent. Practically anything is available to him on instalment payments. These characteristics of the urban middle class man throw some light on his life style and buying motives.

The effective demand of the semi-urban consumer is limited, compared with that of his urban counterpart. This is mainly because of his poor purchasing power. The majority of semi-urban consumers are not monthly wage earners like urban consumers. The literacy level of many of these consumers is still appallingly low. In terms of buying habits and buyer motives, semi-urban consumer are therefore expected to be significantly different from urban consumers. They are by and large more cautious and skeptical in their approach to buy. They are careful while buying and their decisions are slow and delayed.

## **Purpose and significance of the study**

Purchase division is complex in nature. There are many factors influencing buying behaviours such as price, quality and virility, durability brand image / owner's pride etc. Price perception plays a major role in the decision process. A brand loyal consumer is committed to a particular brand and will buy the same brand irrespective of price, situations etc. People are different and do things for different reasons. In this situation, Indian manufactures would like to know how well their products meet the needs of different types of consumers residing in both urban and rural areas.

This study deals with certain aspects of the pre-purchase activities of selected Indian consumers of Television. Its purpose is threefold. Firstly, it is concerned with the search for and use of product information as a part of purchase decision-making, which concerns consumer reaction to alternate product information sources.

Secondly, the study identifies and analyses the factors, which influence purchase decision. Thirdly it compares the Brand choice and selected demographic varieties.

The present study is an attempt to add a little bit to the existing knowledge in the Indian context.

## **Objectives of the study**

Television market is a buyers' market with numerous numbers of brands as well as number of product differentiation in terms of models in each brand (companies). Hence, an attempt has been made in this study to examine the consumer preference towards a company Television. The specific objectives of the study are as follows.

- (i) to examine the Socio – economic background of the respondents.**
- (ii) to examine the factors which influence the buyers decision.**
- (iii) to examine the buyer's behaviour towards a particular model of a company television.**
- (iv) to examine the impact of advertisement on buying decision.**

## **Methodology**

The study is primarily an exploratory type of research and hence required the following methodology for its application.

## **Sample**

Paramathi Velur Taluk was selected as the area for the present study. The people of this areas have a common cultural identify, rituals, manners etc., and thus from culturally homogenous group. The study region is primarily agricultural but also has the modern agro-based industries along with prosperous trade and industrial development. Using convenient sampling a total of 280 consumers are selected from the study area.

## **Product Selection**

Television was selected as the product for the present study. It is chosen for several reasons. Generally television buyers are of two types – namely, first time buyers and other buyers who are changing over from Black and White to Colours TV sets. The purchase of a television is still invariably high involvement decision as the item is fairly expensive by Indian standards and is bought very infrequently (typically, once or twice in a lifetime). Consumers are often found to deliberate their decision as which brand of Television set they should buy at the time of purchase. Today, there are at least 20 brands of national repute. Consumers are invariably found to collect information about the brands in terms of features, styling and the price.

## **Data Collection**

A two-part questionnaire has been developed to assess the buying behaviour in terms of information sources, usage pattern and brand choice. Part: I Multiple choice type of questions were asked to study the consumers buying behaviour in terms of information search, information sources, brand choice etc., Part: II Personal data regarding age, education, occupation and income were collected for classification purpose.

A pilot study was conducted among 20 consumers of Velur Taluk to test the quality of items of the questionnaire. The finalised questionnaires were distributed to respondents who were well informed on nature of the study. One questionnaire pre household was distributed and the male head of the household was asked to fill-in the questionnaire.

The questionnaires were personally collected after verifying the correctness of the answers. A copy of the questionnaire is provided in the Appendix A.

## **Framework of Analysis**

For classification of consumers the simple percentage analysis is used. Chi – square test was applied for examining the association and difference between brand choice, usage pattern and Socio – economic variables of consumers. Bar diagram, Pie – diagrams were used to understand the results more clearly.

## **Limitation of the Study**

Any study based on consumers survey through pre designed questionnaire suffers from basic limitation of the possibility of difference between what is recorded and what is the truth no matter how carefully the questionnaire was designed and field investigation has been conducted.

Besides the usual limitations of any behavioural and attitudinal study, the present study posed the following limitations.

- (i) Only a limited number of sample size were takes into consideration because of time constraints.
- (ii) The results may not use for long time, because so many new brands are entering the market.
- (iii) The limitations association with convenience sampling technique is applicable to the present study and so findings cannot be generalised.

## **Chapterisation**

The plan of the dissertation is distributed in the following manner.

- Chapter I on Introduction, introduces the subject matter, explain the problems and characteristics of Indian consumer market, narrates the importance and sets out the objectives of the study. It also explains the methodology adopted.
- Chapter II on Review of literature includes evolution of the concepts used in the study, some models of buyers behaviour and other literature which are relevant for the study.
- Chapter III on Analysis Part – I provides a detailed analysis of information search, sources of information, place of purchase and reason for preferring a particular brand. Further it gives in detail the most important product attributes that contributed the final brand choice Televisions.
- Chapter IV on Analysis Part – II provides detailed of the composition of respondents in terms of Income, Age, Occupation, Education etc. Further it also analysis the association at Age, Income, Education and Occupation with their brand choice behaviour in Televisions.
- Chapter V is on Summary of findings and Conclusion. It presents the summary of findings of the study and an overall conclusion.

## Foot Notes

1. Raymond A. Bauer, "Consumer Behaviour as Risk Taking", Dynamic Marketing for a changing world, Robert S. Hancock, Chicago, American Marketing Association, 1960, PP. 389 – 98.
2. Helmut Becker, Consumer Information and the Image of Advertising in Germany, with Significant comparisons To America, Unpublished Phid., dissertation, Indiana University, 1971, P.9.
3. Richard N. Cardoza, "An Experimental study of consumer Efforts, Expectation and satisfaction, "Journal of Marketing Research" Volume II, August, 1965, PP. 44 – 49.
4. Staffan B. Linder, The carried leisure class, New York, Columbia University Press P. 70.
5. Vance Packard, The Hidden persuaders, New York, David Mckay company, Inc.1958. Quoted Helmut Backer. Op. Cit. P. 1.
6. Louis L. Stern, "Consumer protection Via Increased Information", Journal of Marketing, Vol. 31, April 1961, P. 48.
7. Louis L. Stern, Ibid.
8. Vane Packard, OP. Cit., and Richard N. Farmer "would you want your daughter to Marry a Marketing Man?", Journal of Marketing, Vol. 31, January 1967, PP.3 – 7.