CHAPTER - I

1.1 INTRODUCTION

Most of the products being sold in the market today are identified by their names. The name which helps the buyers in recalling the product instantly is known as brand name. This name gives the durable and non-durable products a unique personality. It creates an image in the minds of prospective buyers. Branding is analogous to naming of human being. It is for the purpose of identification of product; it becomes more crucial in the consumer durable market where buying decisions of the consumers are based on the brand perception. Branding has a unique and vital role in effective and successful marketing of durable and non-durable products. It helps not only in identification of products but also in differentiating the products in the market. Today it is highly impossible to formulate any marketing strategy in the absence of branding.

1.2 STATEMENT OF THE PROBLEM

It has been rightly said by Al Ries and Jack Trout that “Marketing is not a battle of products, it is a battle of perceptions”, in their book “22 Immutable laws of Marketing”. A customer tends to purchase the brand which he can instantly recall at the thought of buying a product. It is always better to be first in the mind than to be first in the market. The most powerful concept in marketing is to own a space in the prospects’ mind. In order to be perceived first by the buyer, marketers put deliberate efforts in making the product recognizable and perceivable. Branding helps in winning the battle of perception. Companies spend huge amount of time and money on brand building and brand promotion. The marketer needs to know whether the consumers are aware of their brands. What is the consumers’ perception of their brand? Whether the consumers are satisfied with the brand and are they loyal to their brands? This would help to effectively design one’s promotional strategy to achieve not just short term sales but also enhance the equity of a brand.
The normal pattern of behaviour regarding consumer spending and saving appeared to be relatively consistent in the past. Consumers are modifying the behaviours in view of their expectations about an uncertain future. Marketers are aware of this expectation at the macro-level. Marketers are being exposed to a new generation of customers. These new generation customers can be classified on the basis of individual differences in expectations, preferences for wider choice, extent of brand loyalty and willingness to try competing brands so as to perceive higher value satisfaction. In general, the Indian consumers were indifferent in choosing the brand, since a lot of close substitutes were available in the market. Due to technological and knowledge up-gradation, today’s customers prefer to opt for branded products. This is because of an urge for getting proper value against payments made.

Organizations are continuously facing new equations in their operating environment in every direction. Complex competitive status, vulnerable demand forecast, varying consumer preference, existence of too many brands, changing attitude of channel intermediaries, shortening of the product lifecycle, are making marketing decisions extremely difficult and risky. And here comes the role of multidimensional analysis of a particular field. In consumer durable market, the situation is no way better. The durable products such as Mixer Grinder, Television, Refrigerator and Washing machine are getting the status of essential commodities inviting complicacies and uncertainties.

Building a brand identity is the foremost task of a seller to reduce the searching cost of the potential customers. The consumer’s product preference is influenced by the brand services that go with it. It is difficult to imagine that in a normal situation, a consumer will make a purchase without paying enough attention to his needs and desires. But when several brands of a particular product, which are similar in quality of performance and external appearance, are available to the consumers, the quality, easy availability of spare parts, sufficient warranty period,
well designed and technically good, style or pattern of the article, availability of discount and durability, previous advertising information and retailers’ recommendations create a preference in the minds of consumers. Thus, there is a need to take a re-look at analyzing the purchase intention and buyers’ choice towards a particular brand. To match the varying consumer tastes and preferences, marketers have adopted innovative strategies. Today, firms are engaged in the process of creating a lifetime value and relationship with their customers. The company’s image is built and made known by its customers. Business community that is ignorant of consumer preference cannot possibly fulfill its obligations in a meaningful and responsive manner.

Under these circumstances an attempt has been made by the researcher to study the impact of brand factors on the purchase intention of households in general and the impact of product features on the purchase of specific brands of consumer durable products such as Mixer Grinder, Television, Refrigerator and Washing machine.

1.3 BRAND FACTORS Vs PURCHASE INTENTION

i) BRAND HEURISTICS

Research in psychology has demonstrated that individuals often rely on heuristics when coping with even moderately complex learning tasks. One consequence of heuristic-based learning is the phenomenon commonly referred to as blocking (or attention blocking): Once an individual learns to associate a cue with an outcome, this association tends to block subsequent attempts to pair new cues with that same outcome. Essentially blocking arises from individual’s reliance on first impression rather than engaging more complete learning strategies.

This process of attention blocking can be present in consumer decision making. Once consumers learn an initial attribute/quality association regarding a product, this association subsequently blocks consumers’ attention to others.
For example, if consumers initially associate a particular brand name with high quality, this association may block consumers from identifying the physical characteristics of competing products that are also indicative of high quality. This implies that firms may utilize blocking in their marketing strategies: If blocking exists in consumer choice contexts, a firm can pair a unique product attribute (e.g., brand) with perceived high quality. This association blocks competitors’ attempts to associate other attributes (particularly those favouring their products) with high quality in the minds of consumers.

ii) BRAND KNOWLEDGE

Brand Knowledge can be defined in terms of two components, brand awareness and brand image. Brand awareness relates to brand recall and recognition by consumers. Brand image refers to the set of associations linked to the brand that consumers hold in memory. Marketers should take a broad view of marketing activity for a brand and recognize the various effects it has on brand knowledge, as well as how changes in brand knowledge affect more traditional outcome measures such as sales. Marketers must realize that the long-term success of all future marketing programs for a brand is greatly affected by the knowledge about the brand in memory that has been established by the firm’s marketing efforts. The importance of knowledge in memory to consumer decision making has been well documented (Alba, Hutchinson, and Lynch 1991). Understanding the content and structure of brand knowledge is important because they influence what comes to mind when a consumer thinks about a brand.

iii) BRAND TRUST

Brand trust was defined as the willingness of the average consumer to rely on the ability of the brand to perform its stated function (Chaudhuri and Holbrook, 2002), as the confident expectations of the brand’s reliability and intentions (Delgado, Munuera et al., 2003) and as the confidence a consumer develops in the brand’s reliability and integrity (Chatterjee and Chaudhuri, 2005). In consonance with
previous studies, brand trust was further conceptualized to feature two dimensions: brand reliability and brand intentions (Delgado-Ballester, 2004)\(^5\); Delgado-Ballester and Munuera-Aleman, (2005)\(^6\). Brand reliability has a competence or technical nature and is based on the consumer’s belief that the brand accomplishes its value promise. This reflects a sense of predictability that the brand satisfies the individual’s needs in consistently positive ways. Brand intentions are based on the consumer’s belief that the brand would hold the consumer’s interest when unexpected problems with the consumption of the product arise. Therefore, it describes the consumer’s belief that the brand’s behaviour is guided or motivated by favourable and positive intentions towards the consumer’s welfare and interests.

Recent studies have suggested a positive association between loyalty and trust, defined as containing elements such as honesty, competence, benevolence, reliability and customer orientation (Chow and Holden 1997)\(^7\); (Doney and Cannon 1997)\(^8\); (Morgan and Hunt 1994)\(^9\); (Moorman, Zaltman and Deshpande 1992)\(^10\). In general, trust is viewed as the determinant of relationship commitment and future purchase intentions in the context of buyer-seller relationships and business-to-business relationships (Morgan and Hunt 1994)\(^9\); (Moorman et al. 1992)\(^10\); (Crosby et al. 1990)\(^11\). In addition, trust has been found to be predictive of both purchase and attitudinal loyalty in the consumer market context (Chaudhuri and Holbrook 2001)\(^12\). Consistently, Urban, Sultan et al. (2002)\(^13\) proposed customer trust as an essential element in building strong customer relationships and sustainable market share. Reichheld and Scheffer (2000)\(^14\) also inform that “to gain the loyalty of customer, you must first gain their trust”. With regard to developing brand loyalty, it has been suggested that brand trust is necessary to create brand loyalty (Ringberg and Gupta, 2003)\(^15\); (Urban and Sultan, 2000)\(^16\).
iv) BRAND LOYALTY

Brand loyalty can be defined as relative possibility of customer shifting to another brand in case there is a change in product’s features, price or quality. As brand loyalty increases, customers will respond less to competitive moves and actions. Brand loyal customers remain committed to the brand, are willing to pay higher price for that brand, and will promote their brand always. Brand loyalty is measured through methods like word of mouth publicity, repetitive buying, price sensitivity, commitment, brand trust, customer satisfaction, etc. Brand loyalty exists when the consumer feels that the brand consists of right product characteristics and quality at right price. Even if the other brands are available at cheaper price or superior quality, the brand loyal consumer will stick to his brand. Brand loyal consumers are the foundation of an organization. A company having brand loyal customers will have greater sales, less marketing and advertising costs, and best pricing. This is because the brand loyal customers are less reluctant to shift to other brands, respond less to price changes and self-promote the brand as they perceive that their brand has unique value which is not provided by other competitive brands. It also restrains new competitors in the market. Brand loyalty is a key component of brand equity. To develop brand loyalty, organizations should know their market, target them, support their product, ensure easy access of their product, provide customer satisfaction, bring constant innovation in their product and offer schemes on their product so as to ensure that customers repeatedly purchase the product. Brand loyalty can be developed through various measures such as quick service, ensuring quality products, continuous improvement, wide distribution network, etc.

v) PERCEIVED QUALITY

Perceived quality refers to the customer’s perception about the total quality of the brand. While evaluating quality, the customer takes into account the brand’s performance on factors that are significant to him and makes a relative analysis
about the brand’s quality by evaluating the competitor’s brands. Thus quality is a perceptual factor and the consumer analysis about quality varies. Higher perceived quality might be used for brand positioning. Perceived quality affects the pricing decision of the organization. Superior quality products can be charged a price premium. Perceived quality gives the customers a reason to buy the product. It also captures the channel member’s interest.

vi) BRAND ASSOCIATION

Brand association is anything which is deep seated in customer’s mind about the brand. Brand should be associated with something positive so that the customers relate your brand to being positive. Brand associations are the attributes of brand which come into consumers mind when the brand is talked about. It is related with the implicit and explicit meanings which a consumer relates/associates with a specific brand name. Brand association can also be defined as the degree to which a specific product/service is recognized within its product/service class/category. While choosing a brand name, it is essential that the name chosen should reinforce an important attribute or benefit association that forms its product positioning.

Brand Associations are not benefits, but are images and symbols associated with a brand or a brand benefit. Associations are not “reasons-to-buy” but provide acquaintance and differentiation that is not replicable. It is relating perceived qualities of a brand to a known entity. For instance- BMW is associated with sophistication, fun driving, and superior engineering. Most popular brand associations are with the owners of brand, such as - Bill Gates and Microsoft, Reliance and Dhirubhai Ambani. Positive brand associations are developed if the product which the brand depicts is durable, marketable and desirable. The customers must be persuaded that the brand possesses the features and attributes satisfying their needs. This will lead to customers having a positive impression about the product. Positive brand association helps an organization to gain goodwill and obstructs the competitor’s entry into the market.
vii) BRAND EQUITY

Brand equity has generally been defined as the incremental utility with which a brand endows a product, compared to its non-branded counterpart. The concept of brand equity refers to the basic idea that a product's value to consumers, the trade and the firm are somehow enhanced when it is associated or identified over time with a set of unique elements that define the brand concept. Clearly, such equity endowments come from current or potential consumer learning which influences how the product is encoded and acted upon by consumers. It stands to reason that such learning is dynamic and influences consumer choice processes and outcomes either directly or indirectly by influencing the effectiveness of the branded product's marketing mix elements.

Different definitions of brand equity have been offered in the literature. Aaker (1991)\textsuperscript{17} defined brand equity as a set of brand assets and liabilities linked to a brand, its name and symbol, which add to or subtract from the value provided by a product or service to a firm and/or to the firm's customers. Keller (1993)\textsuperscript{18} offered a cognitive psychology perspective, defining customer-based brand equity as the differential effect that brand knowledge has on consumer response to the marketing of that brand. Adopting an information economics view, Erdem and Swait (1998)\textsuperscript{19} argue that consumer-based brand equity is the value of a brand as a credible signal of a product's position. More generally, brand equity is often referred to as the added value to the firm, the trade, or the consumer with which a brand endows a product (Farquhar 1989)\textsuperscript{20}, or similarly, as the difference between the value of the branded product to the consumer and the value of the product without that branding (McQueen, 1991)\textsuperscript{21}. These definitions share the view that the value of a brand to a firm is created through the brand's effect on consumers. Most brand equity conceptualizations are further linked to consumers by emphasizing consumer-based concepts such as brand associations (Aaker 1991)\textsuperscript{17}, brand knowledge (Keller 1993)\textsuperscript{18}, perceived clarity and credibility of the brand.
information under imperfect and asymmetric information (Erdem and Swait 1998). It is clear that brand equity accrues over time via consumer learning and decision making processes. Thus, there is a need to know how consumer learning and choice processes shape and drive brand equity formation.

1.4 OBJECTIVES OF THE STUDY

The specific objectives framed for the study includes the following:

1. To study the background characteristics of the households who have been using the durable products namely Mixer Grinder, Television, Refrigerator and Washing Machine.

2. To assess the influence of brand factors such as brand heuristics, brand knowledge, brand trust, brand loyalty, perceived quality, brand association and overall brand equity on buyer’s intention to purchase branded durable goods.

3. To assess the influence of product features on the purchase of the durable products Mixer Grinder, Television, Refrigerator and Washing Machine.

1.5 HYPOTHESIS OF THE STUDY

In the light of the various issues and objectives discussed, the study is intended to test the following hypotheses.

1a. The brand factors such as brand heuristics, brand knowledge, brand trust, brand loyalty, perceived quality, brand association and overall brand equity has a significant influence on the purchase of specific brands of mixer grinder.

1b. The product features has a significant influence on the purchase of various brands of mixer grinder.

2a. The brand factors such as brand heuristics, brand knowledge, brand trust, brand loyalty, perceived quality, brand association and overall brand equity has a significant influence on the purchase of specific brands of television.
2b. The product features has a significant influence on the purchase of various brands of television.

3a. The brand factors such as brand heuristics, brand knowledge, brand trust, brand loyalty, perceived quality, brand association and overall brand equity has a significant influence on the purchase of specific brands of refrigerator.

3b. The product features has a significant influence on the purchase of various brands of refrigerator.

4a. The brand factors such as brand heuristics, brand knowledge, brand trust, brand loyalty, perceived quality, brand association and overall brand equity has a significant influence on the purchase of specific brands of washing machine.

4b. The product features has a significant influence on the purchase of various brands of washing machine.

5. The brand factors significantly influences the purchase intention.

1.6 METHODOLOGY OF THE STUDY

Methodology is a way to systematically solving the research problems by applying the various research techniques along with the logic behind the problem.

1.6.1. Research Design and Methodology

The present study is an empirical analysis of predicting the purchase intention and the purchase of specific brands of durable products namely Mixer Grinder, Television Refrigerator and Washing machine through brand factors and product features.

1.6.2 Data Collection

For the present study both primary and secondary data were used. Primary data were collected from the respondents with a help of a structured questionnaire. The secondary data were collected from published books, magazines, journals and research publications.
1.6.3 Sample Size

500 samples were selected from Coimbatore city by adopting Snow ball sampling method.

1.6.4 Pilot Study

To identify the questions, which are redundant and to modify the questions for which the response could not be obtained directly, a pilot study was conducted and the questionnaire was pre tested.

1.6.5 Period of Study

For the purpose of this study primary data have been collected from the respondents (households) for a period of six months from August 2010 to January 2011.

1.6.6 Tools and Techniques Used for Analysis

To analyze the collected primary data, descriptive analysis (simple percentage method), discriminant factor analysis and regression coefficient analysis are used.

1.7 LIMITATIONS OF THE STUDY

i) The findings are based on the responses given by sample respondents which they had to recollect and furnish from their memory. Hence it may be subject to ‘recall biases’.

ii) The primary data was collected by adopting snow ball sampling technique. The normal sampling errors found in such techniques are also associated with this study.

iii) The study is confined only to Coimbatore district. The conclusions drawn from the study are applicable only to the study area or any other similar situation; hence any wide generalization is not desirable to other dissimilar situations.
1.8 CHAPTER OUTLINE

Chapter I - Provides an introduction to brand, statement of the problem, description of brand factors, objectives, hypotheses, methodology, profile of the study area and limitations of the study.

Chapter II - Outlines the theoretical and conceptual framework of the study.

Chapter III – Contains the reviews of the literature from earlier research works.

Chapter IV – Provides a detailed analysis and interpretation of the background characteristic of the households and the results of discriminant factor analysis and regression coefficient analysis.

Chapter V – Summarizes the discussions along with research implications.