Introduction and Design of the Study
CHAPTER I
INTRODUCTION AND DESIGN OF THE STUDY

1.1 INTRODUCTION

The world of today is changing fast. India is no exception. Especially after the opening up of the economy, the pace of change that India and its people are experiencing in their socio-cultural milieu is mind boggling. India, with its wide diversity, offers a fascinating scope to study the host of changes which developmental activities have brought about in its social & economic frame work. While it is possible to get some estimates of them acro changes taking place in India, it is impossible to get any accurate measures of the subjective experiences that proceed, accompany or follow such changes. However, the fact remains that the profile of the Indian market is vastly different from what it was earlier. Although these changes are difficult to measure at the microlevel, nevertheless, they have been of great significance to marketers. Any marketer is keen in closely monitoring the changes in terms of numbers and specially keeping regular track of the changing pattern of consumers’ aspirations and competitive actions\textsuperscript{1}.

With the opening up of the Indian economy, marketers today are facing a barrage of new challenges and opportunities; the Indian market is emerging as a dynamic and competitive area where “the only thing that is permanent is change”. The Indian market is going through a period of upheavals. The winds of liberalization or the opening up of the market have brought about changes that would have been unimaginable a decade ago. As barriers come down, new players both from India as well as a broad are entering in different products. Presently there are many national as well as international manufacturers in consumer durable products. They are fighting an intense battle to get a foot hold, while the existing players are putting in all their counter strategies in this battle for survival. The battle is on across all the products-be it consumer non-durable, consumer durable or the service industry – though the degree or nature of battle may vary individually\textsuperscript{2}.
1.2 CONSUMER DURABLE INDUSTRY IN INDIA

The Indian consumer durables industry has witnessed a considerable change over the last few years. Changing lifestyle and higher disposable income coupled with boom in the real estate and housing industry and a surge in advertising have been instrumental in bringing about a sea change in the consumer behaviour pattern. Consumer durables involve any type of product purchased by consumers that is manufactured for long-term use. As opposed to many goods that are intended for consumption in short term, consumer durables are intended to endure regular usage for several years or longer before their replacement is required. Just about every household contains at least a few items that may be considered to be of consumer durable nature. With India being the second fastest growing economy having a huge consumer class, consumer durables have emerged as one of the fastest growing industries in India.

Consumer centric marketing style is predominant in the durables, which in turn revolves round the consumer purchase attitude. The Indian rural market consists of nearly 625 million consumers, almost 74% of the total market share for consumer goods. The rural consumer profile may be different from that of their urban counterparts in terms of education, income, and occupation reference group and media habits. While the average penetration levels for consumer durables in India is quite low, it is more so in the rural areas. There exists huge latent market waiting to be tapped in rural India with the right product and price combination. There is a shift in consumer preference for durables for the past decade with the influx of modern technology. The consumer buying preferences are rapidly changing and moving towards high end latest technology products with acculturation. Driving the consumers towards products which were once considered luxury items has now become a necessity. The changing lifestyle is fueled by the rising income levels. With increasing disposable incomes, the demand for high-end products such as ACs, Plasma and LCD TVs, Camcorders, etc., has increased considerably. The trend has also been facilitated by the easy availability of finance and prevalence of nuclear families. This has led to the growth of high-end categories such as LCD/Plasma/LED/3D HD CTVs. An increasing demand for the high-end categories does not mean that the demand for the low end categories has completely vanished as there is considerable demand for these categories in the rural and semi-urban areas. There is a
stiff global competition prevailing in the market on durables which has led to fall in prices as well. The consumer is brand-conscious, and he is not matching himself to brand loyalty and might even pick up a reliable private label if it offers good price and quality values. Consumer durable penetration is one of the lowest in India and the untapped potential is evidently enormous.

As Indian consumers continue to attach a high degree of importance to value for money, both manufacturers and traders are compelled to explore every conceivable method to improve operational efficiencies, in order to achieve substantial and profitable business growth. The Indian consumer durables market has undergone a major transformation since the liberalization process, initiated in 1991. The market size, product penetration, the variety and technology of products sold, have experienced a quantum leap. Improved product choice and decline in real prices, matched by increased consumer incomes have driven the market growth rate to dizzy heights. The annual market for consumer durables in India (excluding computers and communication products) is currently above Rs. 25,000 Crores. The rural market is growing at a much faster rate than its urban counterpart, and the former offers encouraging potential for further growth as well. The penetration of durables and home appliances is quite low in India, compared to several other developing countries. The demand for durables has increased because of the transformation of the middle class, in terms of numbers, higher disposable income/affordability and changed lifestyle and liking for new technology products like 3D/LED/LCD TVs and frost free/Side by Side refrigerators of higher capacity, split AC Units, Microwave ovens and Induction cookers, LPG Hobs/Chimneys etc. In view of the wide variety of choices available, consumers enjoy a higher bargaining power.

Further, the demand for many consumer durables is cyclical and seasonal. Prompt and efficient service systems based on call centers and the internet, have become the norm. Product Development and Innovation using cutting edge technology is the call of the day for leading brands. Samsung introduced refrigerators with smaller deep freezers and larger crispers for vegetarians; Electrolux brought out refrigerators with pedal operated door opener, changeable panel door and with long legs (to obviate the need for a stand), Side by side configuration by major brands, integral USB and MP3 with FM radio by Godrej, remote control, and a host of other features.
Indians do exhibit a reasonable degree of brand loyalty with regard to Consumer Goods. When a television or a refrigerator is to be replaced, it is quite likely that it would be replaced with one of a different brand, even if there was nothing unsatisfactory about the earlier purchase. Further, in the same household, television, CD/DVD player, refrigerator, microwave oven and other gadgets may be of different makes. Indian consumers continue to attach a high degree of importance to value for money, which is reflected in their purchase. Low priced and refurbished second hand items obtained from exchange offers in urban areas are sold in the rural markets at low prices. A combined “Dealer push and advertising pull” is evidenced in durables. Creativity in advertising has become quite important as a differentiator, as there is nothing much to differentiate between two competing products on the basis of technology, quality or performance. Advertisements that target lifestyle and emotional appeal creating healthy food, healthy air, detergent free clothes, causing neighbour's envy, and such other aspects, have become important elements of advertising content. Festivals and New Year promotions have become inescapable marketing tools. Most manufacturers are compelled to resort to discounts and promotions to protect their domains during the peak buying periods, and to poach customers from competing brands, the dealers and retailers, and by taking a consideration as most of the retailers are individual owned single outlet dealerships handling multiple brands. Exclusive showrooms are comparatively few in number. There are exclusive outlets of several consumer durable companies such as Sony World, LG Shoppe, ONIDA Arcade, Samsung Plaza, Videocon Mall, Philips and Godrej House as also in Malls creeping up. Less than 10% of consumer durables are sold through organized retail outlets like exclusive company showrooms and multi-brand outlets of durables chains.

1.3 CHANGING CONSUMER PREFERENCES AND SHOPPING HABITS

The prime reason for a paradigm shift in the shopping attitude of the Indian consumer is the change in their preferences and tastes. Due to the increasing use of IT and telecom, Indian consumers have become aware of brands and shops for lifestyle and value brands according to the need and occasion. Consumer will continue to drive the growth in the organized retail by expanding the market and compelling retailers to widen their offerings in terms of brands and in terms of variety. The spending on essential
commodities has been steadily falling over the years, whereas the consumption of discretionary products has been growing at a healthy pace. On the other hand, the share of communication, entertainment, personal care consumption has been rising over the years. Changes in lifestyle have brought about a paradigm shift in consumption, which will undoubtedly continue to drive retail growth in segments like beauty, healthcare, telecom, and entertainment. Moreover, the rising reach of media coverage is increasing consumer awareness about products, their prices and services, which is likely to further encourage growth in the organized retail segment. But the consumer has enough competitors to serve the same product at different prices, with good quality and various promotion strategies. Hence the consumer has the power to prefer, and select a particular brand.

1.4 NEED FOR THE STUDY

Rural Markets growth has come in a big way from the smaller towns and is expected to be the next growth opportunity for the consumer market. Products like mobile phones, televisions and music systems are the ones which have witnessed high growth among the rural market. Today in a competitive market, the problem is about the survival of the marketers in the market. The marketers in order to survive in the market offer good price, quality, packaging, design, distribution channel, and proper brand image strategy which are needed to achieve revenue, sales, and market share. A good brand image strategy differentiates company brand from other competitors brand in consumer mind. In this study, brand image is considered as important cues, which leads consumer durable product category, within a highly competitive and brand conscious market in India. The demand for consumer durables has been rising with the increase in disposable income coupled with more and more consumer falling under the double income families. Also, the growing Indian middle-class plays role in increasing the demand. In the case of more expensive consumer goods, such as refrigerators, washing machines, color televisions and personal computers, retailers are marketing their products more aggressively by providing easy financing options to the consumers by partnering with banks. The easy-availability of consumer financing is beneficial mainly for the lower and middle income group, especially when the cost of capital and flexibility of the scheme is
in their favor. As the industry has a high fit competition, the researcher has the following questions which need to be addressed:

- To examine brand image on the consumer durable products.
- How far brand quality, brand awareness, and brand features had a significant effect on brand equity.

1.5 STATEMENT OF THE PROBLEM

The Indian market is flooded with various products be it branded or non–branded. Very few consumers have knowledge of places for buying the product. It is not just the surge in the number of brands entering the market but the increase in the Retail Industry which has made highly sophisticated products accessible to consumers. Consumers’ buying behavior had different dimensions again. The factors that influence the buying decisions are commonly price, quality, advertisement, recommendation from the dear and near ones etc. This research work finds the consumers perception on buying consumer durables which is mostly affected by the factors such as: structural add – on, Word of mouth, Technical features, Durability and Ground reality.

1.6 OBJECTIVES OF THE STUDY

Based on the broad perspective drawn for the study the following objectives have been framed:

1. To study the importance of branding in marketing of consumer durables.
2. To analyze the level of awareness towards various brands of consumer durables.
3. To ascertain the level of preference of consumer in selecting the brand of consumer durables for purchase.
4. To assess the factors influencing the purchase decision towards various consumer durables.
5. To find the agreeability of consumer towards branding strategies by the marketers in selling consumer durables.
6. To offer suggestions and to improve strategies creating better loyalty towards consumers on purchase of consumer durable.
1.7 SAMPLING DESIGN

The present study proposes to cover the Consumer Perception of Durable Goods in Coimbatore City. As census method is not feasible, the researcher has proposed to follow sampling. The research has adopted structured convenient stratified sampling technique to collect the required data. Two stage sampling technique has been used in the study to select the respondents. 500 respondents were selected on the basis of zone viz Coimbatore North, South, Central, and west.

1.8 RESEARCH METHODOLOGY

Stage 1: This stage of the research was pure exploratory in nature. This was done in two phase. The initial phase was to undertake detailed secondary search about consumer durable industry in India, its characteristics, major players in the market, market segmentation and buyer’s preferences, buying pattern etc., This was considered as desk research (i.e.) reviews of available secondary literature on the study focused. It was followed by assessment of buyer behavior towards electronic consumer durables.

Stage 2: The second stage was carried on the basis for preparing the interview schedule for the next stage. A descriptive research was carried out at the first stage by applying a survey method. Data for the study were collected from the users in Coimbatore city. The tool used for data collection was an interview schedule, which covered the demographic profile of the users, details about the factors considered before buying and the level of satisfaction derived by the users.

1.9 AREA OF THE STUDY

The survey was conducted in Coimbatore City.
1.10 SAMPLING FRAME WORK

The researcher has adopted structured convenient stratified sampling technique to collect the required data. Two stage sampling technique has been used in the study to select the respondents. As the consumer durable market is endless and vast in the Coimbatore city, a major brands viz., BPL, Videocon, Samsung, LG, Ken star were taken for the study as these brands provide common product category.

The entire company dealer’s lists were collected and through them a selective of 500 respondents were taken at rank and the survey was made. These 500 respondents were collected on the basis of zone: Coimbatore North, South, east and west the sample respondents were distributed with questionnaire in the dealer show room of the respective brand outlets and the opinion were collected.

1.11 FRAMING OF QUESTIONNAIRE

The researcher used Questionnaire as the data collection tool. The data used in the study were collected by means of Questionnaire by face to face interview.

1.12 DATA SOURCE

The study is based on the primary data. The required primary data was collected with the help of well-structured Questionnaire after testing its reliability and validity measures. The secondary data needed for the study were sourced from consumer durable Association bulletins, research works published in the Journals, Magazines and unpublished thesis of various degree, diploma and also from research work.

1.13 FIELD WORK AND COLLECTION OF DATA

The field work for the study was conducted during the period between December 2010 and July 2011. Personal interview by the researcher was the major tool of data collection. Questionnaire was used during the interviews. The data were recorded by the researcher in the questionnaire. The schedules thus filled up were thoroughly checked to ensure accuracy, consistency and completeness. On an average each interview took about 45 minutes. The data thus collected were categorised and posted in the master table for further processing.
1.14 STATISTICAL TOOLS APPLIED

According to the nature of data and interpretations required, appropriate statistical tools have been applied. The following tools have been applied in the study: Summary Statistics (Mean, Standard Deviation) and Co-efficient of Variance (CV), Frequency Distribution, Likerts Scaling, Weighted Average, Reliability Analysis, Rotation Factor Analysis, ANOVA and Cluster Analysis.

- Summary of statistics has been applied to measure mean, SD and CV to find the variation between the users, perception towards consumer durables.
- The frequency distribution of the variables has been used to calculate distribution value of variables tested.
- Weighted Arithmetic Means and Likert’s Summated Scales helped in interpreting the awareness level of the respondents, level of perception, and level of satisfaction derived by the sample group towards the product features of consumer durables.
- Reliability Analysis helped to measure the perception towards various features.
- Rotation Factor analysis was performed to measure features of consumer durables that influence purchase decision.
- ANOVA was used to predicate the relationship between the dependent variable and Independent variable.
- Cluster analysis determines internal immensity. i.e., similarities exist among the respondents or items and normal heterogeneity i.e., the differences exist between different groups of respondents or items.

1.15 HYPOTHESIS OF THE STUDY

- **Ho:** There is no association between the Gender of the respondents and the Product purchased under different brands
- **Ho:** There is no association between the Gender of the respondents and the sources of information for purchasing the products under various brands
- **Ho:** There is no association between the Gender of the respondents and the media of information for purchasing the products under various brands.
- **Ho:** There is no association between the Gender of the respondents and the tenure of awareness for purchasing the products under various brands.
Ho: There is no association between the Gender of the respondents and the factors influencing purchase of various brands.

Ho: There is no association between the Gender of the respondents and Attributes of purchasing the products under various brands.

Ho: There is no association between the Gender of the respondents and the level of satisfaction for purchasing the products under various brands.

Ho: There is no association between the Age group of the respondents and the purchase of various brands.

Ho: There is no association between the Age group of the respondents and the source of information for purchasing various brands.

Ho: There is no association between the Age group of the respondents and the media of information for purchasing various brands.

Ho: There is no association between the Age group of the respondents and the Tenure of awareness for purchasing various brands.

Ho: There is no association between the Age group of the respondents and the factors influencing for purchasing various brands.

Ho: There is no association between the Age group of the respondents and the Level of satisfaction for purchasing various brands.

Ho: There is no association between the Monthly income of the respondents and the purchase of various brands.

Ho: There is no association between the Monthly income of the respondents and the sources of information for purchasing various brands.

Ho: There is no association between the Monthly income of the respondents and the Media of information for purchasing various brands.

Ho: There is no association between the Monthly income of the respondents and the level of awareness for purchasing various brands.

Ho: There is no association between the Monthly income of the respondents and the tenure of awareness for purchasing various brands.

Ho: There is no association between the Monthly income of the respondents and the attributes of various brands for purchasing various brands.
Ho: There is no association between the Occupation of the respondents and the products purchased under various brands.

Ho: There is no association between the Occupation of the respondents and the sources of information for purchasing various brands.

Ho: There is no association between the Occupation of the respondents and the Media of information for purchasing various brands.

Ho: There is no association between the Occupation of the respondents and the Level of information for purchasing various brands.

Ho: There is no association between the Occupation of the respondents and the Tenure of information for purchasing various brands.

Ho: There is no association between the Occupation of the respondents and the Attributes of brands for purchasing various brands.

1.16 LIMITATIONS OF THE STUDY

All possible care and efforts has been taken to avoid the statistical discrepancy and reliability of data supplied both at the time of collection of data and secondary review collection. However, the present study is subject to the under-mentioned limitations.

Different limitations are found in this study and they should be addressed to encourage more sound research in future.

- A study of a representative sample of general users can vary the findings of this study that are applicable to the general people. Only 500 customers were taken as respondents for the study from Coimbatore city. Other categories of various customers in different region of Tamilnadu have expressed different perceptions, attitudes, and behaviors concerning the issues presented in this study. This is considered as the major limitation of the study.

- Few respondents were reluctant in expressing their opinion and views on their particular brand of products and have expressed common view.

- Personal interviews always have bias on the data supplied as liking of perception changes from one respondent to the other.
1.17 ORGANISATION OF CHAPTERS

CHAPTER - I  The first chapter deals with a brief introduction to the subject with the design and execution of the study.

CHAPTER - II  The second chapter focuses on the relevant literature.

CHAPTER - III  The third chapter presents the buying behavior of consumer durables which draws an overview about the industry status at present and the potential buyers buying behavior.

CHAPTER – IV  The fourth chapter portrays the level of awareness of consumer towards various consumers durable for purchase.

CHAPTER – V  The fifth chapter deals to access the factors influencing the purchase decision towards consumer durables.

CHAPTER – VI  The sixth chapter reveals to assess the buying behaviour of consumers in selecting the consumer durables.

CHAPTER – VII  The seventh chapter summarizes the findings of the study, suggestions, conclusion and scope for further research.
REFERENCES


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