CHAPTER – VIII

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In a world of limited resources and rising aspirations, many organizations at various levels resort to a strategic mode of behaviour. The need for a forward-looking competitive strategy that specifies how a business intends to compete in its chosen markets is strongly felt today than in the past. When markets are stable or slowly evolving in predictable ways and the rules of competition are accepted by all the players, it is possible to prosper with a trial and error approach. This puts a premium on maintaining programmes and activities that seem to be working and dropping those that have stopped working. In effect, the business is reacting to events and the strategy is only understood after the fact by looking for consistent patterns in the stream of decisions taken piecemeal through the year.

A strategic mode of doing business directs the energies of the entire organization towards well-specified goals. The implicit assumption of a reactive strategy is that the organization can adapt faster than the environment is changing. This was never a very good assumption, but the intensifying forces have made the business feel the assumptions. The forces are: fragmentation of markets by blurring the traditional boundaries; transformation of self-contained
national markets into linked global markets; hardening of competitive advantages to sustain as product life cycles shorten and global competitors contesting more markets; intensifying competitive pressures by supply gluts by giving customers more bargaining power; change in customer relationship as customers reduce the number of suppliers and information technologies permitting closer links; creation of new market opportunities from demographic and life-style changes, technological changes and rising environmental concerns; and, suffering of old organizations at the hands of more agile, entrepreneurial specialists.

The consumer durables industry is one of the important segments having a great potential both in the domestic as well as in the export market. It has expected a surge in demand from an increasing consumer class. Given the increased consumerism and increasing incomes of the Indian consumer, the consumer durables industry is expected grow fairly at a rapid pace. The Indian consumer durables industry is expected to experience growth rates only second to China in the near future. Most of the global players are flocking to India to start their operations in time to capitalize on the expected high growth rates.
8.1 FINDINGS OF THE STUDY

The most distinctive contribution of management science to marketing has been its emphasis on finding the best possible strategy or solution to a marketing problem. Companies commonly pursue and analyze their impact on performance vis-à-vis product/market objectives. The major findings of the study are:

8.1.1 Marketing Strategies for Consumer Durables

Marketing strategy builds competitive advantage by combining the customer-influencing strategies of the business into an integrated array of market-focussed actions. The study has undertaken four Ps of marketing product, price, promotion and place of the Videocon and BPL companies for consumer durables of television, washing machine and refrigerator.

8.1.1.1 Product Strategy of Videocon and BPL for the consumer durables

i. The product strategy of the Videocon Ltd. reveals that it had always aimed at bringing home the culture of convenience, entertainment and comfort. The product mix for televisions was fairly wider, starting from various versions of black and white to colour television models. It has also introduced certain technological innovations into the market. Thus, there was a
balance between quality and price with a greater emphasis on technology.

ii. The company took the lead in introducing the washing machines into the country. It had adopted flexible product strategies for the washing machines, initial strategy being taking away the homemakers from their traditional methods of washing clothes. Its product strategy created happiness by offering high quality products that are convenient and comfortable.

iii. Videocon offered a complete range of refrigerators in conventional and frost-free segments. It has been constantly widening the choice of features and functions offered to the varying and diverse consumer base.

iv. While Videocon's product strategy was to strike a balance between quality and price, BPL always emphasized its technological superiority and attainment of superior quality without mentioning several systems to influence price element in the marketing as far as televisions are concerned. Brand building continues to be the corner stone of the BPL's strategy in the television industry.

v. BPL enjoying a second position in the market share for washing machines in the country, it has given highest emphasis on quality
technology. It has been launching new products coupled with wide range of offers and also followed by rigorous campaign.

vi. The product strategy of the BPL in the refrigerator industry was having cutting edge technology and excellent aesthetics. It is found the company had also undertaken research in food preservation technology and ensured undiminished freshness of fruits and vegetables for considerable time.

8.1.1.2 Pricing Strategy of Videocon and BPL for the consumer durables

i. The pricing strategy of the Videocon for the televisions reveals that it had given utmost importance in achieving maximum sales growth. It believed that higher sales volume lead to lower unit costs and fetch profits in the long run. Therefore, it had kept the prices of the televisions at a lower level so that the brand is established in the market by increasing sales volume at low margins.

ii. In case of washing machines also Videocon, as a part of pricing strategy, declined the prices over the years to foresee boost in sales, at the same time, adopting an offensive strategy. It is found that following the experience curve concept, costs across the board go down by a fixed percentage every time the sales grow. The pricing strategy of Videocon for refrigerators reveals
that it had followed a penetration pricing strategy. It has also been bringing out new models in the industry.

iii. BPL adopting marketing skimming strategy for televisions and thus favouring high prices for its products to skim the market.

iv. From the pricing strategy of the BPL for the washing machine, it is found that the market segment from which the Company derives a big portion of its sales effected by changes in the environment. This strategy is appropriate in the circumstances when a price change may be desirable, but the magnitude of change is indeterminable since the reaction of customers and competitors to a price change cannot be predicted.

v. A penetration pricing strategy has been adopted by the BPL in its leading washing machine models such as ABS-45 and ABS-50 in the initial years, which is a strategy of entering the market with a low initial price so that a greater share of the market is captured. It had turned to the penetration strategy with a view to achieving economies of scale.

vi. The BPL group is the market leader in the frost-free segment of the refrigerator industry with a share of around 40 per cent. From the pricing strategy for refrigerators, it is found that
realizations were higher than other players on account of operation in the frost-free segment only.

8.1.1.3 Promotion Strategy of Videocon and BPL for the consumer durables

i. The promotion strategy of the Videocon for television, washing machine and refrigerator includes all those activities undertaken to communicate and promote its product to the target market. It is found that the company promoted its product by way of advertisement, sales promotion schemes, maintaining good dealer network and customer relations.

ii. It is also found that Videocon has been selecting the media for reaching the target customer in the most cost-effective way. The company has designed the sales promotion to stimulate customers to behave in a way, which is more congruent with the company’s plans.

iii. It is found from the promotion strategy of the BPL that it has planned and integrated with the company’s other marketing activities in such a way that their impact is maximized. It is also found that the company has emphasized on product promotion for convincing the buyer and are benefited by its goodwill.
8.1.1.4 Place Strategy of Videocon and BPL for the consumer durables

i. It is found that the Videocon has kept inventory at the distributors end to reduce holding and transportation costs. The company was willing to invest in creating inventory-holding facilities at the dealers' end, and pay for the holding charges. Hence, the company aimed to be cost-competitive to retain margins even while increasing spending on advertising and promotion for its brands.

ii. Videocon approaches the consumers through its distributors, dealers and sub-dealers. It is found that the products are manufactured at factory are first shipped to branch godown then they are distributed via one of the two channels as indicated above. Either they go through Distributions to Sub dealers/Retailers or directly through dealers to retailers.

iii. The BPL had divided whole country into different zones and each zone is divided into sub-territory in its place strategy for televisions, washing machines and refrigerators. In every state capital they have opened branch offices and also appointed new dealers.

iv. The company advised their executives to make a good display of washing machine at each dealer's shop. It is found that the most
effective part of the company's place strategy has been to hit the target is that it has decided to make a direct contact with the consumers. It has made a principle in mind for taking the product to a place where consumer wants it and also managed to deliver the product to him in a manner that is most convenient to him.

**8.1.2 Consumer Behaviour towards Consumer Durables**

i. Consumer behaviour is the totality of action and reaction of the consumer and is influenced by so many varieties of factors like income, social set-up, custom, beliefs, attitudes, education and personal factors like the life cycles, style, perception etc.

ii. It is found from the general characteristics of the respondents that the consumers were more qualified in all the three regions and monthly income of the family of the most of the respondents was ranging from Rs.15,000 to 20,000.

iii. It is found that a vast majority of the respondents acquired the consumer durables through cash basis. The mode of credit had been identified as acquiring the consumer durables on installment basis, hire purchase and financing method. The durables were acquired through local dealers.
iv. The analysis of the brands of the consumer durables owned by the respondents reveal that the BPL and Videocon brands were the single most brands of television, washing machine and refrigerator possessed by the respondents. However, a few of the respondents also owned the brands of durables Onida, Samsung and Philips. The other categories of brand included Sony, Sansui, Aiwa, LG, Panasonic, Thomson, Whirlpool etc.

8.1.2.1 Distribution of Purchase Probabilities

i. It is observed that a vast majority of the respondents were at the zero purchase probability level for all the three time horizons, three, six and twelve months, but the longer the time horizon the greater was the proportion of the sample with some positive anticipation of purchasing a particular durable.

ii. However, the proportion of observations at all non-zero values remained very small. There was a peaking at the mid-point of the scale and a tendency for the right hand end-point of the scale, representing absolute certainty, to turn upwards.

iii. The overall distribution for all the consumer durables aggregated together indicates higher purchase probabilities largely due to the higher purchase probabilities in television and washing machines.
iv. On this basis, it appears that planning horizons for washing machines are subject to a short time horizon, while purchases of television and refrigerators are subject to a long planning horizon.

v. It is found from the analysis of the operational problems with consumer durables that the respondents experiencing the problem with the consumer durables made invariably made complaints to the dealer of the durables.

vi. The analysis of the nature of dissatisfaction on the television reveals that there was a problem with the sound of both BPL and Videocon televisions in the three regions. In case of washing machine there was a problem with the timer washing, noise problem and dry tap indication.

vii. The nature of dissatisfaction in case of refrigerators indicates that there was a problem of more sound and compressor with the BPL refrigerators and cooling and indicator lights problem with the Videocon refrigerators in the regions.

8.1.2.2 Consumer Satisfaction on the Price Paid for Durables

It is found from the analysis of the satisfaction of the respondents over the price paid by them towards the purchase of the consumer durables that a majority of them expressed satisfaction on the price paid. However, it interesting to note
that a few respondents also believed that the prices of the television of the BPL was too high and 9 respondents expressed the same feelings on the purchase of television of the Videocon.

8.1.2.3 Motivational Factors Influencing the Consumers

i. The analysis of the motivational factors influencing the purchase of consumer durables revealed that rational factors like price, quality, durability, after sales service etc. were the main forces behind influencing the respondents over the emotional factors for the purchase of the durables for television, washing machine and refrigerator, respectively.

ii. It is found that generally quality was given utmost importance in purchase of the durables in the Bangalore region. The consumers were motivated by the price factor in North Karnataka, Mangalore and Bangalore regions. However, a few of the respondents were also influenced by the quality of the televisions of the BPL in the same regions. While purchasing the refrigerators, price, quality and durability factors influenced the consumers in all the three regions.
8.1.2.4 Influencing Factors on the Purchase Decision

i. Most of the respondents in all the three regions consulted their families and referred advertisement while purchasing the televisions, washing machines and refrigerators.

ii. It is found that while buying the televisions of the BPL, 33 respondents in the North Karnataka Region, 41 in Mangalore and 47 respondents in the Bangalore Region consulted their families. While 27, 39 and 42 respondents, respectively of the same regions consulted the families for buying of televisions of Videocon. Most of the respondents also referred the advertisement in making purchasing decisions.

iii. From the analysis of the initiation on which the respondents purchased the consumer durables, it is revealed from that family members initiated most of the respondents to buy the televisions in all the three regions.

iv. However, it is found that the wives were driving forces that initiated most in purchase of the televisions. Children also initiated for purchase of the durables. Friends and relatives, sometimes, also initiate for buying of the televisions, but, own decision of the respondents also play a great role in purchasing the durables.
v. It is found that while buying the washing machines and refrigerators, wives were main initiators. However, all the family members do also initiate the buying decisions.

8.1.2.5 Distribution of Purchase Probabilities

i. The analysis of the need to buy the consumer durables revealed that most of the respondents felt the need to buy the televisions to acquire the knowledge and information.

ii. While the need to save the time and effort was the main factor in purchase of washing machines in the regions as presented.

iii. It is found that a few respondents expressed that they purchased the washing machines due to non-availability of servants. It is also found that many respondents felt it just necessary to acquire the refrigerators of BPL and Videocon, respectively, in the three regions of North Karnataka, Mangalore and Bangalore.

iv. However, the respondents also expressed that they felt need of preserving the cooked items and vegetables in purchasing the refrigerators of BPL and Videocon, respectively.

v. The analysis of the awareness of number of brands before purchase of the consumer durables reveals that 473 respondents were aware of the BPL brand of television, washing machine and refrigerator, respectively. While 467 respondents (99.05%) were
aware of the Videocon brand of television, washing machine and refrigerator, respectively. Many of the respondents were also aware of the other brands of the consumer durables, mainly of Onida, Samsung, Philips, Daewoo, Whirlpool and others.

vi. It is surprising to note a few of the respondents did not the showroom even once before buying the television in the North Karnataka, Mangalore and Bangalore region. It is found that a maximum visit was recorded (43, 46 and 61 respondents visiting the shop in North Karnataka, Mangalore and Bangalore region) before buying the refrigerators.

vii. It is also found that the spouse visited around the shop most of the times checking various brands for purchasing the consumer durables. It is found that 131 male respondents in the North Karnataka Region, 137 in Mangalore and 169 male respondents in the Bangalore Region visited around the shop checking various brands of televisions.

viii. While choosing the various brands of refrigerators 107 female respondents in the North Karnataka Region, 113 in Mangalore and 145 female respondents visited around the shop checking various brands of refrigerators. Thus, it is found that all the
members equally take part in making purchases of the consumer durables.

8.1.2.6 Operation of Consumer Durables

i. It is found that the operation of the consumer durables was carried out by all the members in the family. It is also surprising to note that the servants also took part in operating the televisions, washing machines and refrigerators.

ii. The frequency of operation of the consumer durables reveals that the televisions were operated almost daily by the respondents. However, 40 respondents in all the regions expressed that they operate the washing machines every alternate day.

8.1.2.7 Dealers’ Service

Most the respondents were fully satisfied with the dealers from whom the washing machines and refrigerators were purchased. However, it should be noted that a few respondents even expressed that they were fully dissatisfied with the dealers from whom they purchased the consumer durables. This aspect should be considered and examined by the companies and action is to be taken to see that the dealers fully satisfy the consumers with their services.
8.1.2.8 Replacement of the Consumer Durables

i. The analysis on the willingness to replace the durables if there were any such scheme, it is found that 21.01 per cent of the respondents owning BPL television expressed their to replace the television. At the same time, 21.71 per cent of the respondents also willing to replace the televisions of the Videocon in all the three regions. However, it is found that the respondents having the televisions of other brands like Onida, Samsung, Philips etc. also expressed their strong desire to replace the same. It is found that many of the Videocon washing machine and refrigerator owners also did not want to replace the durables. This indicates the durability of the consumer durables of the companies and also the satisfaction over the performance of these durables, which is not found in case of other brands.

8.1.2.9 Analysis of Purchasers of Individual Durables

i. It is found from the analysis of purchasers of televisions that in the case of analysis based on owners only, the six months purchase probability value was the only variable used in establishing the optimum discrimination. The non-buyers were significantly different on this particular variable.
ii. The overall success rate was just under 90 per cent, but that for buyers was only 30 per cent. The expected overall success rate was just under 87 per cent so the overall classificatory success was higher than a random procedure would have been expected to produce.

iii. In case of washing machines, the significant variables suggest that buyers of washing machines had lower incomes, especially of the head of the house. They were increasing their discretionary incomes initial purchasers were more likely to be saving up to buy a washing machine and had stronger purchase expectations.

iv. Buyers of washing machines as replacements emphasized the convenience of a washing machine rather than regarding it as vital. However, it is found that first-time buyers appear to have taken a different view.

v. It is found that the proportion of buyers of refrigerators was small and so a random classificatory procedure would be expected to produce a high overall success rate. However, although the proportion of buyers correctly classified remains low, it is well in excess of that which a random procedure would yield.

vi. All refrigerator purchases were reported by existing owners and analysis indicates that buyers can be distinguished from non-
buyers by the higher probabilities they had stated of purchasing of a refrigerator.

vii. The greater chance they estimated there would be of their existing model requiring major attention during the following 12 months and the larger amounts by which they estimated they could increase their regular income by working over time etc.

viii. Thus, the results show that each analysis successfully distinguished between the two groups - the groups of buyers and non-buyers. A number of scales reflecting respondent perceptions of the characteristics of consumer durables were also significant.

ix. Compared with non-buyers of a durable product, it is found that buyers rated the items they subsequently bought as more of a necessity and less of a luxury; functional rather than pleasure-giving; to be placed regularly; bought rather than rented; the purchase decision could be made quickly; the item contributed to the standard of living; was owned by the peer group; and buyers had said they were more likely to buy that item in the following twelve months.
8.1.3 Dealers Feedback Towards Marketing Strategies

i. The Videocon and BPL companies believe in total transparency with their dealers with respect to credit norms, dealer schemes, cash discounts and other dealer related policy issues.

ii. It is found that one of the very important factors to motivate a dealer and yet one that these companies very often take for granted, is a dealer's information level about the companies' products and the product strengths. The companies organize regular dealer salesmen training programmes on the existing and new products so that the dealers and their sales staff are aware and convinced about the product quality, features, benefits and price.

iii. Another factor that has helped the companies forge a strong relationship with their dealers is the support that they provide them to secure soft loans from banks to further their business with the companies. Company support by way of setting up a good product display, emphasis on standardized branding, material and other promotional materials.

iv. It is found that the dealers were possessing at least more than five brands of consumer durables in their showrooms. They were
promoting the sale of leading brands of BPL and Videocon in all the three regions.

v. However, it was apparent that the dealers did try to promote the sale of all the brands of the durables they had in their showrooms, but, since the leading brands of BPL and Videocon durables were moving fast, they were motivated to promote the sales of these brands also on the satisfaction expressed by the consumers.

vi. The sales force undertaken by the companies is very significant since it is one of the important strategies to boost the sales. It is found that a vast majority of the dealers opined that sales force of companies were helpful in generating demand for their respective areas. The analysis of customer relationship reveals that all the dealers maintain the same in the three regions.

vii. From the analysis of the advertisement effecting in a customer traffic, it is revealed that newspapers and television advertisement effect in creating the customer traffic. The media of advertisement most effective to create customer traffic expressed by the dealer-respondents. The dealers believe that hoardings and wall printings too create customer traffic about the consumer durables.
viii. Many of the dealers in the three regions felt that the companies should also go for frequent demonstrations of the consumer durables.

ix. The analysis of the dealers' desire of making improvement of their leading brands revealed that a majority of the respondents expected that there would be an improvement in the leading brands of consumer durables. The analysis of the dealer incentives reveals that BPL and Videocon companies offered more attractive incentive schemes. However, a few of the dealers expressed that there were also a few schemes considered as least attractive.

x. It is found that a large number of incentives were in the form of discounts, followed by free offers, gift package and exchange offers offered by the companies.

xi. The factors like after sales service, dealership network and sales promotion awareness were also the reasons for buying the products of BPL and Videocon in all the three regions of North Karnataka, Mangalore and Bangalore. It is found that the supply system of consumer durables was not so effective. Therefore, the companies should improve their delivery system.
8.2 SUMMARY OF SUGGESTIONS

A sustained and balanced growth of the marketing, as a business activity, is vital to the economic growth of a country as also for fulfillment of the most essential needs of the people. In view of the sweeping changes revolutionizing the consumer durables industry coupled with technological innovations, a marketer is not only expected to perform well in the desired dimensions but also achieve a healthy growth in his operations with appropriate marketing strategies. On the basis of the findings of the research study following measures are suggested:

8.2.1 The Videocon and BPL companies should bring out new models in the field of television, washing machine and refrigerators to feel their presence in view of entry of MNCs. The products are to be modified in order to bring an improvement in the quality and features. The companies must try to reach hands of people in the rural market giving emphasis on the price to be affordable to all sections of the people.

8.2.2 The product strategy of the BPL and Videocon, as far as televisions are concerned, should be directed towards solving the sound problem in the durables. In the same way, an
improvement is to be made in the timer, noise problem and dry tap indication in the washing machines. The BPL company should look at the sound and compressor of the refrigerators, whereas, the Videocon at the cooling and indicator lights of the refrigerators in the regions. Thus, the companies must improve the brand awareness.

8.2.3 Only a few models of the companies are running well in the market. Hence, the companies must strive to improve the sales of all the models of the consumer durables by bringing technological changes and providing good-looking features.

8.2.4 In case of washing machines, the companies must think of designing a simpler feed valve for the fully automatic machines so that the user can remove and fix back the valve to the top with ease. They must also reduce the total washing cycle by reducing the number of rinses in normal. There should also be easy programming in washing machines as well as refrigerators by providing a facility wherein the user can switch directly to the required wash course instead of going through all the wash courses for setting the programme.
8.2.5 The consumer durables of CTV, washing machine and refrigerator of the companies are believed to be popular in upper middle class and high class. Hence, the companies must concentrate on the middle class and lower middle class people to make them aware of the products. This is possible by increasing the frequency of advertisements in various media with attracting techniques to make the consumers feel that the products are everyone in the society.

8.2.6 Since all the members of a family do influence on the purchase decision, advertisements, should be carried on in every printing reaching the hands of all the people apart from the usual advertisement in the televisions and other media.

8.2.7 After sales service of the companies must be fastened. In this direction, they must recruit more skillful personnel and these personnel have to visit the dealers twice a week.

8.2.8 Frequent advertisement in different media should be tried for different models to keep up the sales.

8.2.9 The incentive scheme to the dealers should necessarily be modified emphasizing on cash incentives for the good rapport with the company.
8.2.10 Dealers' conferences should be held once in six months in every part of the regions. The dealers should be provided with various momentos, festival gifts etc. so that they are encouraged to boost the sales.

8.2.11 There should also be control in the dealership in order to avoid unhealthy competition in the market.

8.2.12 It is found from the study that the operational problems are reported to the dealers. Therefore, the dealers should invariably be properly trained.

8.2.13 The customers do need some or other kind of gifts every time they make purchases. Therefore, the companies must think of providing the gifts or special offers at the time of purchase to the consumers.

8.2.14 The customer relations play a great role in the consumer durables industry. This should be maintained by having consistent touch with the customers.

8.2.15 There are target customers in the service sector who are interested in purchase of the consumer durables on credit basis. Therefore, the companies should have tie-up with the financial institutions and banks and this should also be
indicated in the advertisement so that the customers are attracted.

8.2.16 Separate products are to be launched for rural market along with providing the awareness that these are the essential durables and not the luxuries.

8.2.17 The dealer finance schemes have the advantages of high speed and high flexibility. The ultimate allure of the companies should be to see that the customer buy in the present and pay in future.

8.2.18 Exclusive showrooms are to be opened to target affluent buyers. The Videocon Company must arrange for these exclusive showrooms.

8.2.19 The Videocon must also appoint distributors apart from its present direct dealers so that the distributors in turn reach the remote areas.

Thus, the consumer durable industry has expected a surge in demand from an increasing consumer class. The obvious social change of rearrangement of family system implies that there are more households and, thus, more potential customer for household products. The population growth is also supposed to be positively correlated with the sales of consumer durables. Given the increased
consumerism and increasing incomes of the Indian consumer, the consumer durables industry is expected grow fairly at a rapid pace and the marketers should take advantage of this and service the society.