CHAPTER I

INTRODUCTION

The marketing process broadly covers activities like identifying customers' requirements and placing right goods at right time, at right price, at right place. In this direction marketing necessitates a much broader set of functions, including product development, packaging, pricing, distribution and consumer service. The managerial philosophy of marketing lays greater emphasis on consumer satisfaction as a means for gaining and keeping loyal consumers. Marketers urge their organisations to carefully and continually gauge their target consumers' expectations in order to consistently fulfil or exceed their expectations. To be able to succeed in this endeavour, the organization must focus on understanding and serving consumers. This approach is even more compelling in view of acute competition between and among a multitude of companies producing one and the same product and each of them takes care of cost, quality, service, delivery and post sales relationship. Companies can go about winning consumers and assure value for money. The consumer-centered companies that can deliver superior value to their target consumers are bound to flourish. These companies will be adept in building their product profile. They will be skillful not only in market engineering but also in product engineering.

Brand Positioning in Contemporary Marketing

By the end of the second millennium, the business world witnessed many developments and changes in the field of marketing because of tremendous advancements in both information and communication technology. This has enabled consumers to be savvy of cost effectiveness of the material they would buy, including the after-sale service. Producers and distributors are trying to woo consumers by emphasising on terms such as consumer convenience, consumer satisfaction and so on and try to project
their products as the best at the lowest price in the market. This technique of placing their brands in the minds of the consumers is called **Brand Positioning**. In this direction, the marketers have to go to the basics of understanding the diversity in consumer behaviour and then develop a marketing programme so as to build up brand loyalty. All progressive companies now regard brand positioning as the heart of competitive strategy. Since the professed aim of any business strategy is to satisfy the consumer and hence gaining a valued position in the minds of consumers is essential.

The branding process seeks to create a unique identity, for the company, its product and service. Every brand has to have a strategic platform. One half of that platform is created by carefully formulating a distinct brand personality which makes the identity of the brand unique. The other half of the strategic brand platform is positioning. Positioning is critical to brand building because it is responsible for projecting the brand identity and creating the perception and image of the brand in consumers' mind. Proper positioning of the brand makes it appear better and different from the competing brands. There are ways in which the brand may be presented differently to different target consumers. The success of this depends on an accurate judgment of the consumer segments that exist within its market and each segment's precise needs and expectations.

Positioning entails the act of fixing exact locus of the product offer in the chosen market. It determines how and around what distinctive feature(s), the product offer has to be couched and communicated to the consumers. While positioning its product, a firm has to analyse the position of the competitors, search its own competitive advantages and then identify the best possible position for the product.
Consumers tend to critically estimate the offer whether it will deliver the best value to them. Value is the bundle of benefits consumers expect from a given product or service. Consumers are value maximizers, within the bounds of search costs and limited knowledge, mobility and income. They form an expectation of value and act on it. They subsequently learn whether the offer lives up to the value expectation and this affects their satisfaction and their repurchase probability. Thus, consumers buy those goods that they perceive to offer the highest consumer delivered value. Such brands alone stand the test of time and last long in the minds of the consumers.

Need for the study

Brand positioning in white goods sector is the central theme of this research. The white goods sector includes a variety of domestic appliances such as refrigerator, washing machine, mixer-grinder, gas stove, microwave oven, electric fan, water heater, air conditioner, dishwasher, etc. The term 'white goods' is used for all domestic appliances for the white enamel tinted on them. Previously, majority of all domestic appliances were available only in white colour. The material used for such appliances could be recycled. However, these appliances today are no more monochromatic and are available in a spectrum of colours and the term white goods has become a generic name.

This study focuses on the five popular white goods viz., refrigerators, washing machines, mixer-grinders, gas stoves and microwave ovens.

White goods are not considered as luxury items anymore but as necessities. The refrigerator remains one of the most aspired for consumer durables in Indian homes. It ranks next only to the television. Current penetration levels point to its growing market. Unlike refrigerator, washing machine has remained largely an urban phenomenon among the middle to
upper class working families. In addition, other demand drivers include aging and elderly people who may find it exerting to wash clothes manually. Similarly, mixer-grinder and gas stove are playing vital roles in the life of consumers. Housewives opt for mixer-grinders for their efficiency in processing food. Gas stove has become a necessity with many additional features to help cook faster and maintain a clean and tidy kitchen. Microwave oven, is gradually gaining importance because it helps in reheating, baking and oil free cooking. These five products have been chosen because they are gaining the status of essentials in comparison to other white goods.

The Indian Scene

The white goods sector in India was traditionally the prerogative of big players like Godrej, Kelvinator, Allwyn, and Voltas who controlled nearly 90% of the market until the late 1980s. However, with the first whiff of liberalization, came the early birds in the form of local giants like British Physical Laboratories (BPL) and Videocon. These companies leveraged on their strength in consumer electronics to make inroads into the white goods market. While the BPL has invested huge amounts in building brands, others like Godrej and General Electric (GE) have been using their existing brand value to augment their distribution and service channels. Among the multi-national companies (MNCs), Lucky Goldstar (LG) and Samsung have grown faster. LG, which has been in the country for the past two years only but has 3,000 strong dealer networks. Though this is low compared to Videocon’s 5,000 strong networks, the pace set up means that this advantage will disappear over the next two years. Further, companies like LG and Samsung, are factoring in the male partition also in the purchase of durables like refrigerators and washing machines. Whirlpool plans to make its Indian operations the hub of the Asian region.
After initially targeting the top end of the market, MNCs have realized that volumes still lie in the semi-automatic segment. Hence, they are busy reworking their strategies. Samsung, LG and Daewoo have models lined up to cater to these markets. An estimated 250 million strong middle class and the low penetration levels of these goods in Indian homes attracted the MNCs. These MNCs have come to India with mega investment plans intending to capture a significant share of India’s white goods market. In order to exploit the market potential, some MNCs are joining hands with the Indian companies. For instance, Whirlpool took over Kelvinator and T.V.Sundaram and Sons (TVS) appliances. Electrolux bought Maharaja International and Intron. GE allied with Godrej.

The Indian consumer now has a gamut of world-class brands of white goods to choose from. Products of Whirlpool, GE, Electrolux, Samsung, LG, Daewoo, etc., are all now available in India. Access to superior technology, larger capital and sustaining power make them formidable competitors. On the other hand, the Indian companies have the advantage of familiar brands, a widespread distribution network and a first hand knowledge of Indian consumers and conditions.

In view of this emerging competitive environment, the success of a brand naturally depends on the positioning strategy of the respective companies. Hence, a need to study the brand positioning in white goods sector.

Statement of the problem

For a product to exist, it must find a place in an individual consumer’s perception of the world of products around him or her. This perception is subjective, governed by the individual consumer’s values, beliefs, needs, experience and environment. The principal task of marketing management is
to fulfil the aspirations of the consumers. Customers find it difficult to distinguish between competing brands that try to associate themselves with similar aspirations. Hence, in order to distinguish one's offer from that of others, firms are trying to provide more value added services in their product portfolio. Godrej-GE combine has succeeded in engraving its name in the customer's mind by paying particular attention to customer service. Similarly, LG and Electrolux have taken effective steps to strengthen their service network and have offered free service weeks, annual maintenance plans, special schemes to old customers, etc. Samsung incorporated sophisticated/advanced technology to please its customers. Each Samsung service centre is accessible online, with the regional Head Office in Delhi and head quarters in Seoul. These strategies have resulted in creating a favourable consumer response and the brand attains a place second to none. Therefore, if a product has to reign supreme, it requires to be entrenched in the images of consumer perceptions.

It is, thus, imperative to understand the psychology of the consumers: what they want; how they make their choice; what are their sources of information; what is the influence processes, etc. In so doing, an organization can identify new opportunities in the market; evaluate and monitor marketing strategies and evolve better marketing programme. Market research, therefore, establishes a link between consumers and marketers. To do so, each product needs to be placed in a position that has power to act effectively on the largest possible user segment. In order to be a winner in the market, the companies have to position their brands in people's mind. Brand code, therefore, has to be identified and measured in terms of quantity, quality, timing of its release, cost and behaviour. Every brand should have a powerful brand code so that it can position itself as the winner in the consumer's mind. This eventually necessitates the need to study the attributes of white goods which the consumer ranks accordingly to his/her utility.
White goods are very essential in today’s fast moving life. Understanding the needs of consumers helps project a product to meet their expectations, and the company will find a position in the perceptual map of consumer’s mind. The concept of perceptual space provides a theoretical base for positioning a brand. The consumer’s mind is considered a geometric space and brands are plotted on that space to infer consumer judgments. This could be done with the help of perceptual maps that enable us to see which brands are close to ours and therefore represent closest competitors. The task of the marketer is to mould consumer perceptions so as to occupy the desired position for his brand.

The purpose of this research is to find a better method of understanding the brand positioning through eliciting consumers’ and dealers’ perception. Hence, the statement of the problem:

**BRAND POSITIONING IN WHITE GOODS SECTOR: A STUDY OF CONSUMERS’ AND DEALERS’ PERCEPTIONS**

**Review of Literature**

Positioning has come through many phases right from the time when Trout and Ries referred to it in 1969 and further elaborated it in 1972. Trout and Ries were advertising practitioners. Prof. Volney Stefferre described techniques that could be used to measure consumer’s perceptions of judged similarity between brands and products and then give them a position in the market. His research showed high similarity between brands (products) exhibited a high degree competition and substitution. Later, Norman L. Barnett, in (1969), writing in Harvard Business Review, emphasized the need to go ‘beyond market segmentation’; with a view to understand the homogeneity of consumer groups and shift the focus to consumer’s perception of products.
According to Barnett, introduction of new product becomes the search for position in the market among the products preferred in the market.

In the early fifties, the positioning era was called the age of 'art in industry' where Dunlop and Burma shell were concerned with 'aesthetic creativity' than the compulsion of selling. Even in mid sixties, Indians were not aware of positioning. When Farex was positioned for three months babies, it was stated as 'baby's first solid food for all growth', in 1974. At present, positioning has been given due importance by all the markets. Regular researches are conducted to study the perception of consumers. Trout and Ries (1986) have compared marketing to warfare and strongly emphasized that companies should be competitor-oriented and position their brands with focus on the competitors. They propose four strategies viz., Defensive, Offensive, Flanking and Guerilla warfare.5

Aaker and Shansby (1982)6 in their study, have recommended alternative positioning strategies which are considered standard. These are positioning by attribute, by price-quality with respect to use or application, by product user with respect to a product class, and by competitor. Yoram J Wind (1982)7 has focused on positioning-segment pairs. He suggests that one should go beyond the concept of a 'Portfolio of Products' and think of a 'Portfolio of Product Positions by Segments'.

Beaven F Ennis (1986)8 discusses five types of positioning concepts: category positioning concepts, products positioning concepts, consumer positioning concepts, combination concepts and commercial positioning concepts.

C Merle Crawford (1987)9 has contributed a novel approach to positioning by suggesting that when differentiation by physical attributes is not feasible one should create brand differentiation by positioning to a
surrogate; and the surrogates are listed as Nonpareil, Parentage, Manufacture, Target, Rank, Endorsement, Experience, Competitor and Predecessor.

Joel R. Evans and Barry Berman (1984) conducted a study relating to product positioning of ice creams and cars in New York. Product positioning shows how a number of brands of ice cream are rated by consumers on the basis of price and richness. Chrysler tracks its product positioning by surveying consumers three times a year. Questions deal with youthfulness, luxury, practically and so on. Chrysler executives determined that its car lines (Chrysler, Dodge and Plymouth) needed to present younger images and that Dodge and Plymouth needed to improve their rating for luxury.

A study was conducted by Mrs. Mala (1991), in Chennai, to find the brand positioning of computers. For the purpose of study, nine brands of computers were taken. The study revealed the positioning of the various brands in terms of two factors, that is, product and price.

A study was conducted by Ms. R. Anitha (1996) to find the brand positioning of ice creams in Chennai. For the purpose of study, seven brands of ice creams were taken. The study revealed the positioning of the various brands in terms of two factors, that is, varieties and taste of the product.

It appears from the preceding discussion that the theme of 'Brand positioning' has been slowly attracting the researchers to ponder over the various aspects of brand positioning. However, no comprehensive study has been made to investigate the brand positioning in white goods and propose suitable strategies with the view to strengthen their positions. In this context, the present study titled "BRAND POSITIONING IN WHITE GOODS SECTOR: A STUDY OF CONSUMERS' AND DEALERS' PERCEPTIONS" assume special significance. This study focuses on obtaining accurate knowledge of consumer expectations in white goods and the extent of favourable image created by these brands in the minds of the consumers and
also proposes strategies to be adopted by brand managers. The study also covers the analysis of dealers regarding brand positioning of white goods.

**Objectives of the study**

The objectives of the present study are as follows:

1. To trace the socio-economic profile of the consumers of the white goods.
2. To determine the position of leading brands as evidenced by the consumer's brand-ownership.
3. To evaluate the satisfaction level of the consumers.
4. To identify the product attributes that govern the positioning of the brands.
5. To ascertain the ranking of product attributes as perceived by the consumers.
6. To study the brand positioning of white goods through perceptual mapping.
7. To examine the dealers' perceptions regarding brand positioning and
8. To explore new modes to position the brands more strongly and effectively.

**Hypotheses**

With a view to achieving the above objectives, the following Null Hypothesis was developed:

\[ H_0 - \text{Consumer preference for purchase of product does not depend on the influence of the attributes.} \]
This broad hypothesis is translated into a number of sub-hypothesis for each white good, depending upon the number of attributes identified for each white good.

Major attributes that are potential to influence the consumer preferences in respect of each of the white goods are identified on the basis of interactions made with the consumers and dealers. The number of these attributes in case of refrigerators and washing machines is thirteen each, whereas it is eighteen for mixer-grinders, nine for gas stoves and five for microwave ovens. The discussion on these hypotheses is made in the fifth chapter.

The methodology used to test the hypotheses covers three phases:

Phase 1: Ascertaining the Mean and Standard Deviation of the attributes.
Phase 2: Verifying the differences in the mean scores through ANOVA Test.
Phase 3: Identifying the most influencing attributes through Duncan’s Multiple range test.

The result of these tests and the acceptance/rejection of the hypotheses are dealt in the fifth chapter.

Scope of the study

This study makes an in-depth analysis of select white goods. The rationale for selection of the white goods is their overwhelming popularity as domestic appliances and their predominance in the white goods sector.

The white goods and the coverage of corresponding brands both Indian and Multi-National companies (MNCs) are as follows:
Brands covered under the study

<table>
<thead>
<tr>
<th>Sl.No</th>
<th>White goods</th>
<th>Brands covered</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Refrigerators</td>
<td>Godrej, Kelvinator, Allwyn, Videocon, Voltas,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Zenith, BPL, Whirlpool, LG, Samsung,</td>
</tr>
<tr>
<td>2.</td>
<td>Washing machines</td>
<td>IFB, BPL, Videocon, LG, Whirlpool, Electrolux,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>TVS, Samsung, Mauraya, National, Onida, Godrej,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Voltas</td>
</tr>
<tr>
<td>3.</td>
<td>Mixer-grinders</td>
<td>Sumeet, Maharaja, Kenstar, Kanchan, Usha Lexus,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Philips, National</td>
</tr>
<tr>
<td>4.</td>
<td>Gas stoves</td>
<td>Butterfly, Sunflame, BPL, Superflame, HP, Sanyo,</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Faber, Niky Tasha</td>
</tr>
<tr>
<td>5.</td>
<td>Microwave ovens</td>
<td>LG, Kenstar, Sharp, IFB, BPL, Usha Lexus, Philips</td>
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<td></td>
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<td>Microwin</td>
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A sample of 459 consumers and 20 dealers in the city of Bangalore is covered in this study. The field study was carried out during 2001-02.

Research Methodology

The study is primarily based on the data personally collected from consumers and dealers of white goods. For the purpose of collecting the data from the consumers and dealers, separate sets of questionnaire were designed and administered.

Five sets of structured questionnaire were prepared for the consumers of each type of white goods. 459 consumers included 102 for refrigerators, 102 for washing machines, 102 for mixer-grinders, 103 for gas stoves and 50 for microwave ovens. In addition, information from 20 dealers of white goods was elicited through a semi-structured questionnaire. The questionnaires administered to consumers and dealers were carefully designed and were effective in obtaining the required information.
Published data have been utilised for developing a general background of this study. The sources of secondary data include official records of the Confederation of Indian Industry (CII), Bangalore, records of the dealers, newspapers, magazines, journals, Ph.D. theses, M.Phil. dissertations, etc. Besides, a number of websites were also browsed.

**Sampling**

Non-probability convenient sampling has been used as a mode of conducting the survey. Though probability sampling is superior to non-probability sampling as it helps in reducing the bias, it requires having all the members of the population i.e., the consumers and the dealers of white goods. Such an exhaustive list of all the members of population is not available at one place nor it is feasible to develop such a sampling frame for the entire range of households in the city of Bangalore. Hence, non-probability sampling method is used in the present study. The choice of the sample is based on the convenience of the researcher. However, care has been taken to make sure that the sample selected is representative of the population so that, the study of these samples can fairly represent the inference about the population itself.

**Statistical tools**

For the empirical analysis, the statistical tools that have been applied in the study include Percentage and Rank Analysis, Mean and Standard Deviation, ANOVA Test, Duncan’s Multiple Range Test and Perceptual Mapping. Besides, graphics have been used to meaningfully present the essence of brand positioning in white goods sector. Graphs representing dealers’ vs consumers’ choice of attributes and leading brands according to consumer preferences are portrayed.
Significance of the study

The present study reveals how a brand is perceived by consumers and dealers of a target market that tends to have an impact on the long term success of a brand. It will help the marketer decide on an appropriate product position, designed to achieve a favourable image in target market. The study will further aid the marketing managers who frequently strive to achieve the intended type of product image or position they desire.

Constraints of the study

Constraints encountered in this study are as follows:

1. This study is essentially carried out at micro level and thus the generalizations and conclusions derived from the study are based on the availability and authenticity of the sample size.

2. Only a select major brands have been highlighted.

3. Dealers tend to be biased to a certain extent in specifying the brands that receive complaints, etc., as they are treated as classified information.

Organisation of the study

The entire study has been organized into seven chapters as follows:

1. INTRODUCTION

This chapter provides a summary view of the entire study covering an introduction to brand positioning in the white goods industry, the need for study, statement of problem, review of literature, research methodology, significance of the study, etc.
2. **WHITE GOODS SECTOR IN INDIA**

   This chapter provides an in-depth discussion on the white goods industry in India covering major players, recent trends, profiles of each white good sectors, etc.

3. **BRAND POSITIONING: A THEORETICAL FRAMEWORK**

   This chapter provides insights on the nature and rationale of brand positioning, the role of various groups in brand positioning and approaches to the study of brand positioning in white goods.

4. **ANALYSIS OF BRAND POSITIONING: CONSUMERS’ PERCEPTIONS**

   This chapter focuses on the consumers’ preferences and their favourite brands and the underlying reasons thereto as perceived by the consumers.

5. **ANALYSIS OF BRAND POSITIONING THROUGH PERCEPTUAL MAPPING**

   This chapter attempts to visualize the perceived representation of the consumers’ preference of attributes and brands through perceptual mapping.

6. **ANALYSIS OF BRAND POSITIONING: DEALERS’ PERCEPTIONS**

   This chapter examines dealers’ perceptions regarding brand positioning. It focuses on dealers’ perceptions of the consumer preferences of attributes of various brands. It also covers the leading brands in the market as perceived by dealers.

7. **CONCLUSIONS AND SUGGESTIONS**

   In this chapter, the findings of the study have been presented. The chapter also proposes new modes to position the brands more strongly and effectively.
SPECIAL TERMS USED IN THE STUDY:

1. **Auto ignition**: It is the act or mechanism of self starting combustion in cylinder of gas stoves.

2. **Brand confidence**: The assurance given to consumer by a brand.

3. **Brand image**: The set of associations linked to the brand that consumers hold in memory.

4. **Brand personality**: Brand personality is a comprehensive concept which includes all the tangible and intangible traits of a brand, say, beliefs, values, prejudices, features, interests and heritage.

5. **Brand**: A brand is a name, term, sign, symbol or design or a combination of these, intended to identify the goods or services of one seller or a group of sellers and to differentiate them from those of competitors.

6. **Burner efficiency**: The performance or effectiveness of the burner of a gas stove.

7. **Capacity (Refrigerator)**: A facility's maximum productive capability usually expressed in litres capacity.

8. **Competitive offer**: An offer given by a company to distinguish it from or to compete with the competitors offer.

9. **Compressor efficiency**: It is the ratio of actual free air delivered by the compressor per stroke to the displacement of the compressor.

10. **Cooling system (Refrigerator)**: It is a cold storage section which minimizes the transfer of heat from outside and cold from inside. It is used for storage of food articles, vegetables and makes it available during the off-season.
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11. **Defensive warfare**: This is a strategy used by the market leader to strengthen his position. The market leader introduces new products or services that obsoletes his existing product.

12. **Economic utility**: A state of want satisfying capacity of a commodity that is equal to monetary value of the commodity.

13. **Euclidean space**: The magnitude and direction of attributes as shown in perceptual map.

14. **Flanking warfare**: The marketer tries to occupy a segment that has not been occupied by the market leader. The marketer tries to indirectly confront the market leader by occupying a segment or a category neglected by the leader.

15. **Guarantee**: It is a general assurance given by the seller to the buyer that the product can be returned if its performance is unsatisfactory.

16. **Guerilla warfare**: The smaller companies go for vacant positions in the market too small to attract the marker leader's attention.

17. **Hire Purchase Scheme**: It is a purchase scheme wherein the buyer pays a stipulated amount at the time of taking delivery of the product, the balance being payable by a number of specified/fixed installment at the end of a certain specific period together with a certain rate of interest.
18. **Market segmentation**: The division of potential markets into smaller, homogenous segments for which the marketers could design specific products and promotional campaigns.

19. **Marketing strategy**: It is a well outlined plan on which all activities of marketing mix are decided.

20. **Offensive warfare**: The marketer finds a weakness in the market leader's strengths and attack at that point.

21. **Penetration level**: It refers to increasing the sales of existing products in the market that is done through intensive distribution, aggressive promotion and competitive pricing.

22. **Perception**: Perception is the process by which an individual selects, organizes and interprets inputs to create a meaningful picture of the world.

23. **Premium market segment**: The business firm which has large share in the market.

24. **Product customization**: It refers to the process of meeting the requirements of customers by serving their needs and wants which are looked in by the customers in the product.

25. **Prospect**: The people who have a strong potential interest in the product and the ability to pay for it.

26. **Replacement demand**: It is the demand for a substitute product in the absence of supply of the primary product.

27. **Selling points**: These are key attributes the seller looks in his product.
28. **Shopping experience**: The knowledge or understanding the consumer gains after buying the product.

29. **Spatula**: Broad-bladed instrument for mixing pigments, picking up powder etc.

30. **Spots**: It is the availability of slots or time for a company to advertise in a media.

31. **Strong brand**: Brand preferred by the consumer because of the feeling attached towards that brand.

32. **Supplementary utility**: It is an ancillary utility that accompanies the product.

33. **Top of the line products**: The products that dominate the market.

34. **Unique-Selling-Point (USP)**: The critical factor (price, quality etc.,) assuring success will be given top priority. It is called Unique-Selling-Point.

35. **Warranty**: Warranties are formal statements of expected product performance by the manufacturer. Products under warranty can be returned to the manufacturer designated repair center for repair, replacement or refund.

36. **Weak brand**: Brand which is not preferred by the consumers.
References


