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“MARKET ANALYSIS: CONSUMER DURABLE GOODS”

BY

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ABSTRACT

Market analysis is acceptance, rejection, success and failure of the products and services of an Industry. . With 4 P's and Marketing Tools we get to see the whole picture of all Consumer Durable Goods in Indian Market. Consumer preference and perception their needs and product's Values. Brands are the most valuable asset an organization owns; it is critical to ensure that they remain healthy. In particular, marketplace perceptions of a brand, purchase intention, trial and loyalty can all deteriorate in the face of consumer trends, competitive pressure, strategy changes, retailer policy or simply budget cutbacks. The present study reviews the Market Analysis of Consumer Durable Goods. The present study focuses on market analysis and consumer attitudes towards consumer durables. The results taken from 120 consumers depicts that price is the most important factor for them while making purchases of consumer durables.

Key words: Consumer preference, Market place, Competitive pressure,

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INTRODUCTION

“By the way of doing the market Analysis of Consumer Durable Goods in Indian market, it will provide necessary market information, marketing mix strategies and accordingly comparison can be done and which will ultimately help to offer the product with the right combination of the four Ps and with Analysis of the consumer Preference and perception we can know the better picture about the Consumer Durable Goods industry in Indian Market.

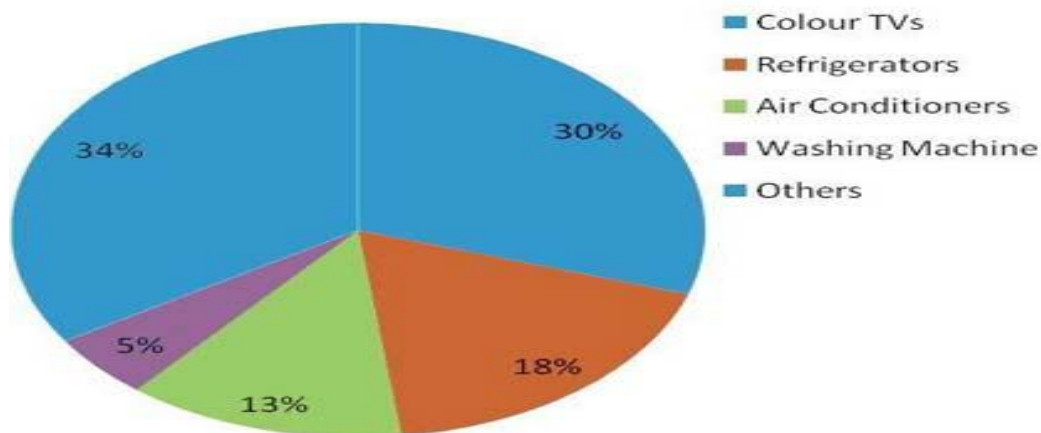
Consumer durables Industry is growing at a rapid pace. Price Affordability, Product Awareness and availability have helped the industry players to generate great business. But doing business in Indian Market is not easy. Continuous improvement in Product quality and post sales service at affordable price is common to all Consumer durable manufacturers across Industry. But the company which would introduce innovative product, with unique technology and provide convenience by satisfying them with

something new would surely attract customers. For Example Haier Appliances which is one of the largest Home Appliances brand in the world. Haier is known worldwide for “inspiring the living” of customers with the unique and patented product like Bottom Mounted Refrigerators.

Before the liberalization of the Indian economy, only a few companies like Kelvinator, Godrej, Allwyn, and Voltas were the major players in the consumer durables market, accounting for no less than 90% of the market. Then, after the liberalization, foreign players like LG, Sony, Samsung, Whirlpool, Daewoo, Aiwa came into the picture.

Today, these players control the major share of the consumer durables market. Consumer durables market is expected to grow at 10-15% in 2007-2008. It is growing very fast because of rise in living standards, easy access to consumer finance, and wide range of choice, as many foreign players are entering in the market. On the flip side, the presence of a large number of players in the consumer durables market sometimes results in excess supply. Consumer durables are the products whose life expectancy is at least 3 years. These products are hard goods that cannot be used up at once. The consumer durables sector can be segmented into consumer electronics, such as, VCD/DVD, home theatre, music players, color televisions (CTVs), etc. and white goods, such as, dish washers, air conditioners, water heaters, washing machines, refrigerators, etc.

Major Consumer Durables: Volume share



ATTRA

CTIVE AREAS FOR INVESTMENT

- **High-end Colour TVs**

High-end, flat screen TVs, plasma display panels and liquid crystal display TVs registered an average of more than 100 percent growth in 2007–08 and the trend is expected to continue

- **Split air conditioners**

Split air conditioners have been growing much faster than window air conditioners, growing at 97 percent in 2006–07 compared to 32 percent growth for window air conditioners.

- **Distribution and retail**

With the rural and semi-urban markets opening up avenues for expansion, the need to have a strong distribution network is crucial for companies to remain price competitive

- **Mobile phones**

The mobile phone market grew at 29 percent in 2007–08 over the previous year. The market is expected to grow at a compound annual growth rate (CAGR) of about 28.3 percent from 2006 to 2011

REVIEW OF LITERATURE

For the purpose of doing the market analysis the whole consumer durables market has been divided into two parts i.e.; Consumer electronics and Household appliances.

Now analysis has taken into account the market value, market value forecast, market volume, and market volume forecast.

CONSUMER ELECTRONICS

The consumer electronics market consists of the total revenues generated through the sale of audio visual equipment and games console products designed primarily for domestic use. The audio visual equipment includes CD Players, DVD Players / Recorders, hi-fi systems, home theatre, in-car entertainment systems, portable digital audio, radios, televisions and video recorders. Games consoles segment includes both home use and portable consoles. After posting decelerating growth between 2004-2008, the Indian consumer electronics market is expected to follow similar pattern in the forthcoming years up to 2013. The Indian consumer electronics market generated total revenues of \$4,196.6 million in 2008, representing a compound annual growth rate (CAGR) of 9.5% for the period spanning 2004-2008. In comparison, the Chinese and Japanese markets grew with CAGRs of 13.4% and 6% respectively, over the same period, to reach respective values of \$26,077.9 million and \$22,492.5 million in 2008.

Electricals and Electronics Retailers' sales proved the most lucrative for the Indian consumer electronics market in 2008, generating total revenues of \$3,821.7 million, equivalent to 91.1% of the market's overall value. In comparison, sales from Discount, Variety Store, and General Merchandise Retailers generated revenues of \$302 million in 2008, equating to 7.2% of the market's aggregate revenues. The performance of the market is forecast to decelerate, with an anticipated CAGR of 6.4% for the five-year period 2008-2013, which is expected to drive the market to a value of \$5,727.7 million by the end of 2013. Comparatively, the Chinese and Japanese markets will grow with CAGRs of 5.7% and 1.2% respectively, over the same period, to reach respective values of \$34,433.6 million and \$23,822.4 million in 2013.

MARKET VALUE

The Indian consumer electronics market grew by 7.7% in 2008 to reach a value of \$4.2 billion. The compound annual growth rate of the market in the period 2004-2008 was 9.5%.Electricals and electronics retailers' sales proved the most lucrative for the Indian

consumer electronics market in 2008, generating 91.1% of the market's overall revenues. Sales from discount, variety store, and general merchandise retailers generated 7.2% of the market's aggregate revenues.

MARKET VALUE FORECAST

In 2013, the Indian consumer electronics market is forecast to have a value of \$5.7 billion, an increase of 36.5% since 2008. The compound annual growth rate of the market in the period 2008- 2013 is predicted to be 6.4%.

HOUSEHOLD APPLIANCES

The household appliances market reflects the sale of six product sectors: refrigeration appliances (including fridges, freezers and fridge freezers), cooking appliances (including cookers, microwaves, ovens, cooker hoods, food processors and toasters), washing appliances (including washing machines, clothes dryers and washer-dryers), room comfort and water heater appliances (which include air conditioning, circulating and ventilation fans, space heaters and water heaters), vacuum cleaners, and dishwashers. The market value has been calculated using manufacturer selling prices.

The performance of the market is forecast to decelerate, with an anticipated CAGR of 10% for the five-year period 2008-2013, which is expected to drive the market to a value of \$7.7 billion by the end of 2013. The Indian household appliances market has grown at a strong rate in recent years. Further strong growth is expected for the forecast period.

The Indian household appliances market generated total revenues of \$4.8 billion in 2008, representing a compound annual growth rate (CAGR) of 12.5% for the period spanning 2004-2008. In comparison, the Japanese and Chinese markets grew with CAGRs of 1.1% and 7.5%, respectively, over the same period, to reach respective values of \$18.6 billion and \$24.4 billion in 2008. Market consumption volumes increased with a CAGR of 13.2% between 2004-2008, to reach a total of 34.7 million units in 2008. The market's volume is expected to rise to 52.2 million units by the end of 2013, representing a CAGR of 10% for the 2008-2013 periods. Refrigeration appliance sales proved the most lucrative for the Indian household appliances market in 2008, generating total revenues of \$1,445.3 million, equivalent to 30% of the market's overall value. In comparison, sales of cooking appliances generated revenues of \$1,405 million in 2008, equating to 29.1% of the market's aggregate revenues. The performance of the market is forecast to decelerate, with an anticipated CAGR of 10% for the five-year period 2008-2013, which is expected to drive the market to a value of \$7.7 billion by the end of 2013. Comparatively, the Japanese and Chinese markets will grow with CAGRs of 0.4% and 4.7%, respectively, over the same period, to reach respective values of \$18.9 billion and \$30.7 billion in 2013.

RESEARCH METHODOLOGY

OBJECTIVES OF THE STUDY

- 1.To study the Market Analysis of Consumer Durable Goods in India
2. To study the consumer's satisfaction towards different Consumer Durable Goods Manufacturing companies.
- 3.To study brand awareness of different players operating in the segment.
- 4.To Study the marketing Mix Strategy adopted by different players in the segment in Indian Market.LG, SAMSUNG, HAIER, HITACHI, WHIRLPOOL,VIDEOCON , SONY, NOKIA, GODREJ, ELECTROLUX

RESEARCH DESIGN

Sample Size and Design:A sample of 100 was taken on the basis of convenience. The consumers were contacted on the basis of random sampling.

DATA COLLECTION

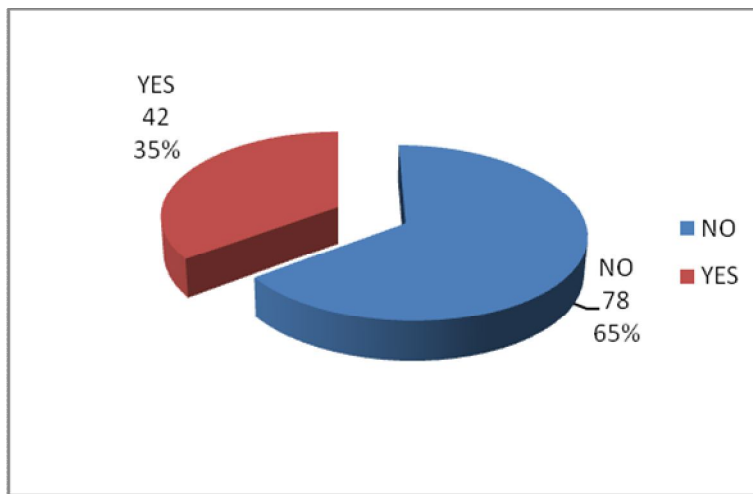
Primary Data Collection was done through questionnaires.

Secondary Data Collection through company websites, journals & annual reports.

DATA ANALYSIS

Q1. Have you purchased any consumer durable during Exhibitions?

- Yes
- No



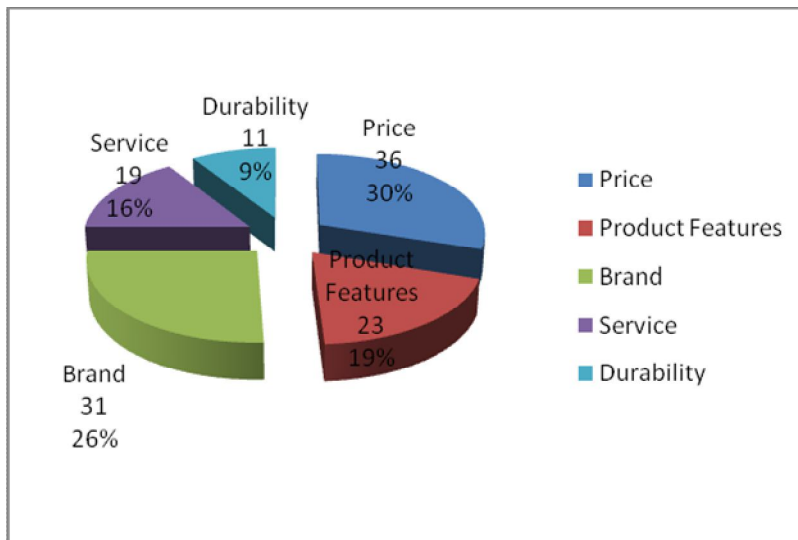
Inferences

1. 65 % of Customer have not purchased any consumer durable from exhibitions.
2. Only 35 % people have purchased.
3. It shows that consumers are coming in the exhibition for knowledge of product and also they want to know that weather there is actual price difference in exhibition and shop or not.

4. Consumer also want to compare to the different brand which are available in the exhibition.
5. So exhibitions are more useful to increases brand awareness.
6. People are less interested to purchase product from the exhibition.

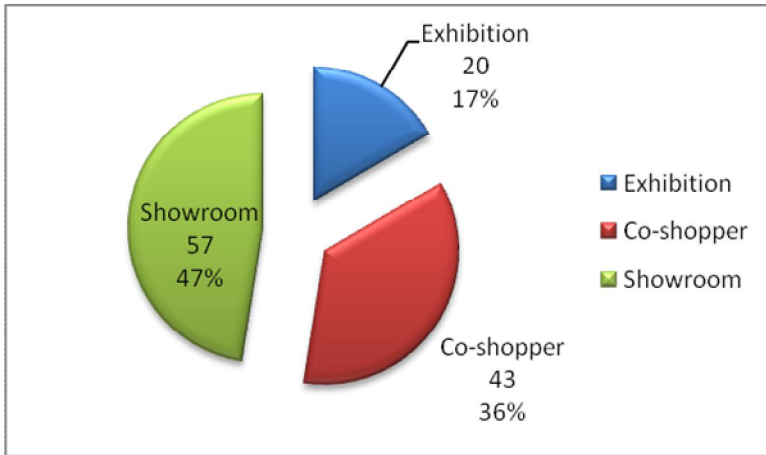
Q.2 While purchasing consumer durable which parameter influences you?

- Price
- Product feature
- Brand
- Service
- Durability



Inference

1. **30%** of customer gives importance to price. So it shows that Indian consumers are very price sensitive. They give more importance to price over the brand.
2. 26% give importance to brand. So price and Brand matter a lots for the costumers. And they are also want best brand in best price.
3. 19% to product feature Service 16% and durability 9% Service is also a big factor for the customer they are less interested in the durability.
4. Q3. From where you prefer buying consumer durables
 - Exhibitions
 - Co.shoppee
 - Showroom

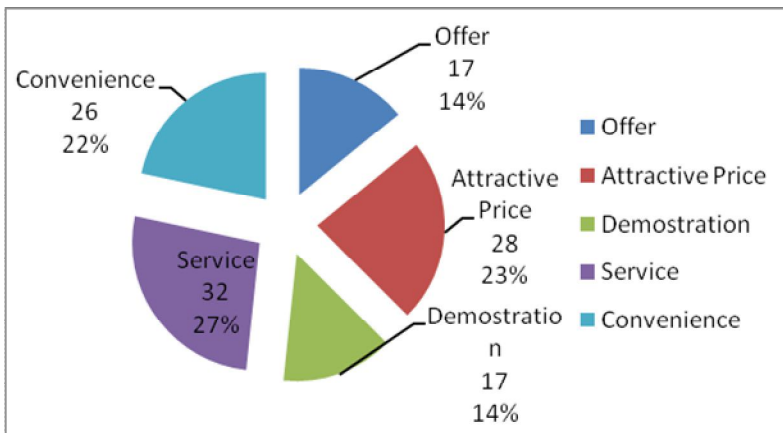


Inference:

1. A majority of customers prefer to buy from showrooms. Very less proposition of customers buys from Exhibitions.
2. 47% customers are prefer to by from the showrooms because the showrooms are more convenient to customers they also think that these shops give more discounts.
3. People are less interested to buy from the exhibition they only visit the exhibition for price quotation of the product and the comparison of the product.

Q.4.You prefer to buy from the same as you have mentioned in Q.3 because of following reasons

- Attractive Price
- Service
- Demonstrations
- Offers

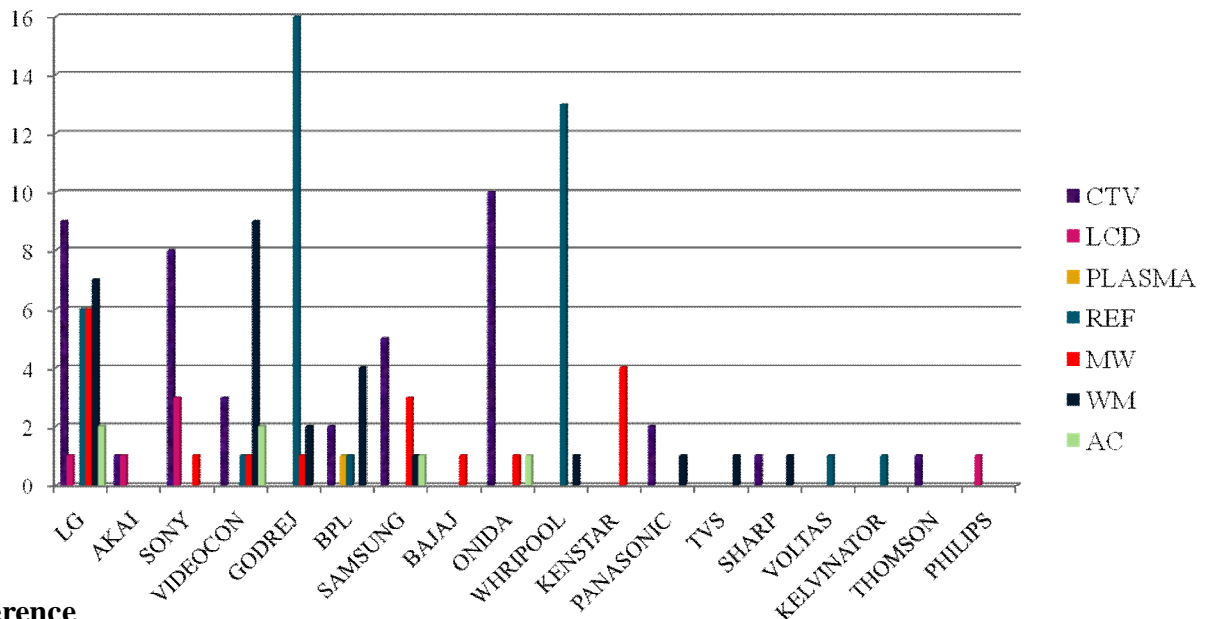


Inference

1. Customers buy from showrooms because of the service and convenience. These are two main factors.
2. Customers are preferred to buy from the showroom because of they think that these convenient store may provide good after sell service.
3. Customer also thinks that there is more chance to bargain and they can get more discounts in these showrooms.
4. Price also a factor that attract the customer in these showrooms.

Q.5.Which consumer durable you have and of which brand?

- CTV
- LCD
- PLASMA
- REF
- WM
- MW
- AC

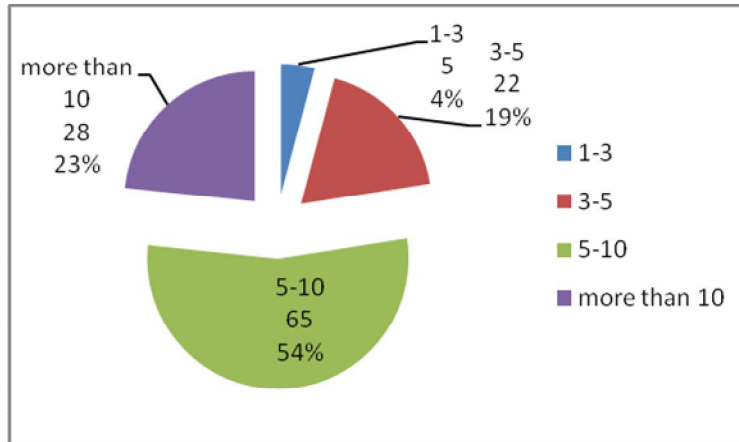


Inference

In CTV section maximum customers have Onida, in LCD Sony is the leader, In plasma Samsung and LG is the leader, In Ref LG is the leader, MW LG is the leader. In WM there are companies and in AC also.

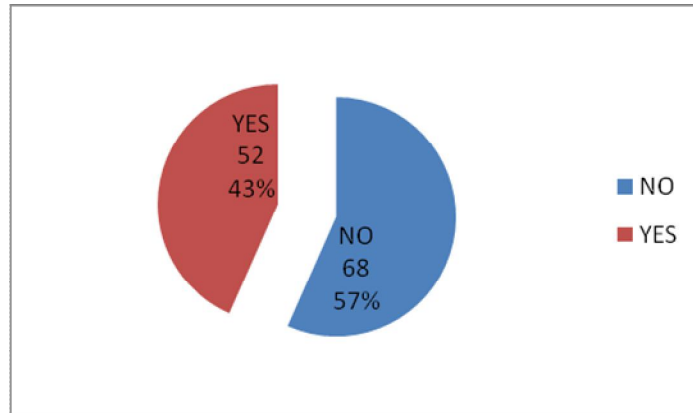
Q.6. How frequently you change your consumer durables?

- 1-3 years
- 3-5 years
- 5-10 years
- More than 10 years



INFERENCE

1. Customers prefer to change consumer durables within 5-10 years. In India people do not change consumer durable frequently.
2. 23% customers do not change their consumer durable within 10 year.
3. It represent that Indian consumer do not prefer to change their consumer durable frequently.
4. Q.7.Do you prefer any financing scheme to purchase consumer durables?
 - Yes
 - No



INFERENCE

Majority of customers do not prefer any financial scheme.

FINDINGS & ANALYSIS

1. Secondary supports play an important role in the customers mind and create awareness among the customers. The secondary support includes Demonstration, Exhibition & Even Sponsors.
2. From the survey it was found out that the majority of customers don't buy consumer durables from exhibitions. They just visit the exhibitions to see the co. latest model.
3. They want to buy from the showrooms or from co. showrooms. For them service is important. Beside convenience and other factors service is key factor.
4. Also majority of customers do not want any financing scheme for purchasing the durables.
5. There was heavy rush on weekends so large numbers of ISD's were appointed that day. Also the live demo calls helps in selling. Exchange offers also generate sale.
6. Customers are also now very choosy in buying the product and it is important for the company to make loyal customer of their brand.

RECOMMENDATIONS

On the basis of extensive study and research, here are some recommendation and suggestion which may add some value in the consumer durable segment in India.

It should sustain and providing better service companies should to make strong and board Network because Customer focus more on Brand name and Dealer when they go for consumer durable goods.

In this segment customer wants latest technological product because customer update their knowledge by the help of secondary source so existing player should focus on the product updating.

Customer care is one area of concern that company should focus on. Company should realize that this is the time to follow customer centric approach, and should also understand that customer is the king.

Indian market is a mixture of all types of Income Groups. Company should focus on their target segment with specific Goal. Every Income Group has different expenses power so company should develop their strategy accordingly.

A satisfied customer is unpaid sales force; hence company should care for its customers and make a simple customer care process.

Company should understand the fact that Sales and Marketing are the two faces of same coin and without marketing it is not possible to sell the products efficiently and without sales revenue we cannot have Marketing and Promotion plans. It is also important to have a co-ordination between both of these i.e. promotion of any product should be before the launch of the product or scheme not on the closing dates. Marketing is the phenomena where understanding of various demographic factors is important; we should understand what kind of customers we are dealing with. Hence, we should use local lingo, i.e. local language, in the promotion or print media and should have consistency throughout the advertisement. Advertising should have a clear objective and message, which has not been found in recent ads. Every offers and schemes they should show with proper message for benefit to the customer.

Retailers and Distributors are our channel partners and hence we should have the forums where we can meet and discuss the problems that we are facing and try to go to the roots of the problem.

Company should try to convert voice of the customer into a product in order to cater market better. Company in order to sustain its market and capture new markets can provide competitive margins to channel partners. When compared to Indian metros, there is a large gap in tele-density; - 62 percent in the metros, nearly eight times higher than 8 percent in rural areas. To capitalize on the growing population and disposable income in rural India, In rural market consumer has buying power so, Rural market is to be potential and prospective market for segment.

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