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ANALYSING FACTORS AFFECTING CONSUMER BUYING BEHAVIOUR IN CONSUMER DURABLE PRODUCTS

AJIT S. DESPANDE*

ABSTRACT

Over the years, demand for consumer durables has increased with rising income levels, double-income families, changing lifestyles, availability of credit, increasing consumer awareness and introduction of new models. Most of the segments in this sector are characterized by intense competition, emergence of new companies (especially MNCs), and introduction of state-of-the-art models, price discounts and exchange schemes. MNCs continue to dominate the Indian consumer durable segment, which is apparent from the fact that these companies command more than 65% market share in the color television (CTV) segment. This market is characterized with low penetration levels. MNCs hold an edge over their Indian counterparts in terms of superior technology combined with a steady flow of capital, while domestic companies compete on the basis of their well-acknowledged brands, an extensive distribution network and an insight in local market conditions. One of the critical factors those influences durable demand is the government spending on infrastructure, especially the rural electrification programme. The report attempts to answer some of key questions conducted through market research, dealer survey and analysis of the secondary data in the state of Delhi and NCR in an attempt to understand and gauge the changing markets and mindsets and the critical success factors for the consumer durable industry in India.

*PDEA's College of Engineering, Manjari (Bk), Hadapsar, PUNE

1.INTRODUCTION

The consumer durables segment can be segregated into consumer electronics (TVs, LCD and audio systems etc.) and consumer appliances (also known as white goods) like refrigerators, washing machines, air conditioners (A/Cs), microwave ovens, vacuum cleaners and dishwashers. Over the years, demand for consumer durables has increased with rising income levels, double-income families, changing lifestyles, availability of

credit, increasing consumer awareness and introduction of new models. Products like air conditioners are no longer perceived as luxury products.

Most of the segments in this sector are characterized by intense competition, emergence of new companies (especially MNCs), and introduction of state-of-the-art models, price discounts and exchange schemes. MNCs continue to dominate the Indian consumer durable segment, which is apparent from the fact that these companies command more than 65% market share in the color television (CTV) segment. The biggest attraction for MNCs is the growing Indian middle class. This market is characterized with low penetration levels. MNCs hold an edge over their Indian counterparts in terms of superior technology combined with a steady flow of capital, while domestic companies compete on the basis of their well-acknowledged brands, an extensive distribution network and an insight in local market conditions.

One of the critical factors those influences durable demand is the government spending on infrastructure, especially the rural electrification programme. Given the government's inclination to cut back spending, rural electrification programs have always lagged behind schedule. This has not favored durable companies till now. Any incremental spending in infrastructure and electrification programs could spur growth of the industry

1.2 COMPETITION IN THE INDUSTRY

The entry of multinationals like LG, Sony, SHARP, Samsung, Hairier, Thomson, Hitachi, TCL, Videocon etc into the Indian market, coupled with production capacities, is expected to push supply and lower prices of LCD TV till festive season. Due to significant higher capacity and intense competition, the ability of players to increase prices will be extremely restricted. As a result, sales margins are expected to remain under considerable pressure.

The basis of competition for the CONSUMER DURABLE market in India is increasingly moving towards brand strength and distribution networks. Hence, advertising and marketing expenses are expected to remain significantly high for the players in this industry.

3.OBJECTIVES

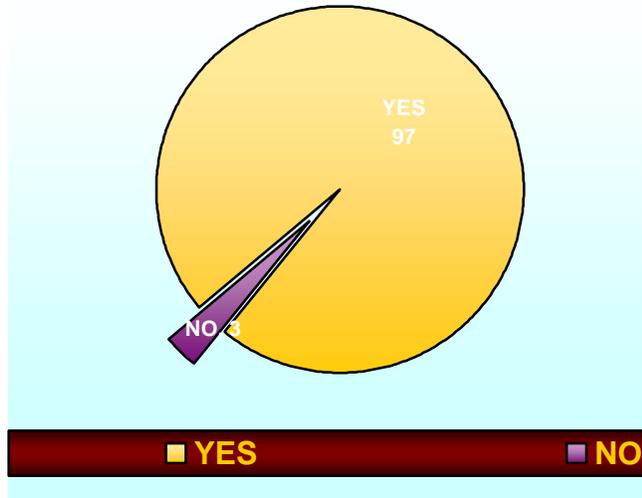
1. Reason for growth in consumer durable market.
2. Consumer preferences for different sizes of TV
3. To find out the customers expectations/requirement.
4. To evaluate and rank the most important attributes of the products from the consumers mindset.
5. To evaluate various TV brands in the market as perceived by the customers.

4.RESEARCH METHODOLOGY

The method I used for exploratory research was Primary Data and Secondary data. The data was collected by interacting with 200 respondents consisted of house wives, students, business men, professionals etc. the required information was collected by directly interacting with these respondents.

5. DATA ANALYSIS

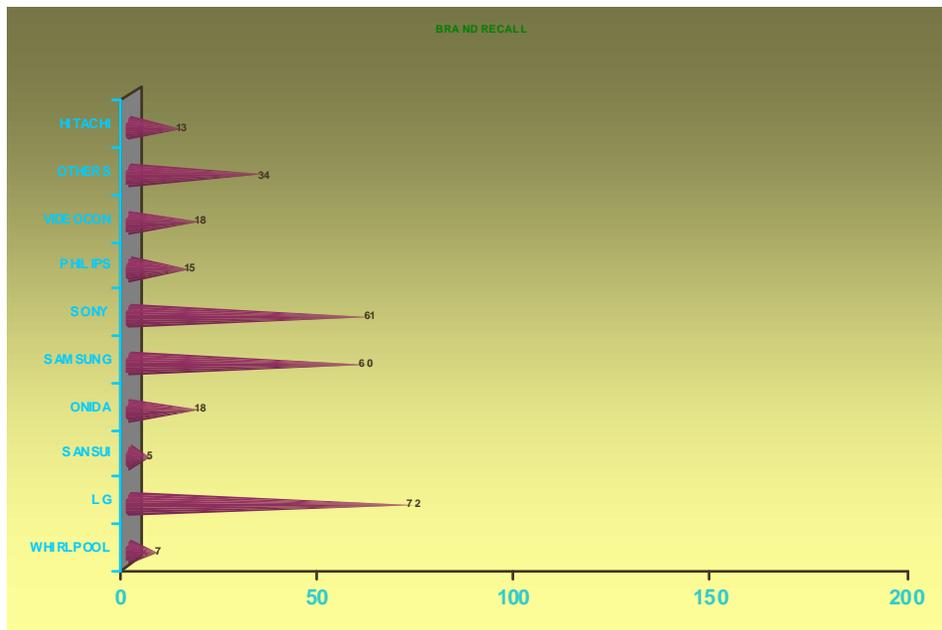
1. Do you own any consumer durable product?



Interpretation

In the above pie-chart most of the people own a consumer durable item. .

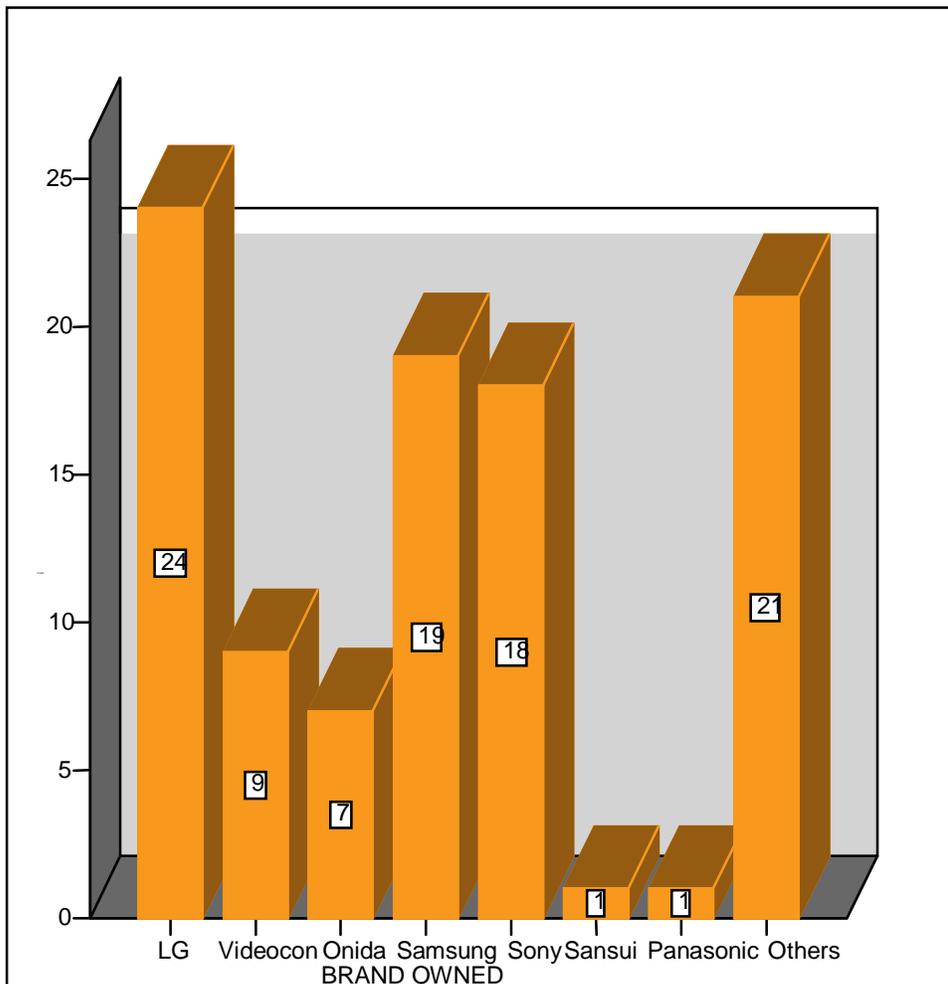
5.2. NAME ANY FOUR CONSUMER DURABLE GOODS COMPANIES?



Interpretation

The above graph depicts the frequency of the brands that come to the mind of the respondents when they were asked to mention any four CONSUMER DURABLE manufacturing companies. Out of the sample of 100, 72 (72%) recalled LG. It was closely followed by SONY whose brand was recalled by 61 (61%) of the people surveyed. Next in line was SAMSUNG which was mentioned by 60 (60%). Other brands were remembered 69 times. VIDEOCON and ONIDA were recalled 18 times each, PHILIPS 15 times, HITACHI was remembered 13 (13%) times and WHIRLPOOL brand was recalled by 7 (7%) respondents and SANSUI by just 5 people.

5. 3. Which brand do you own?

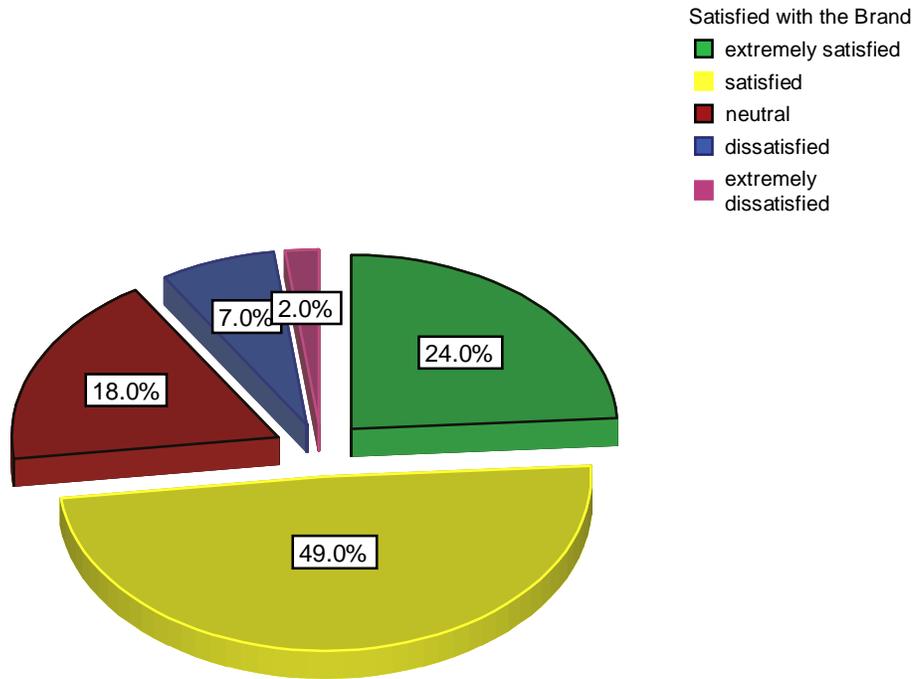


Interpretation

This bar-graph shows which brand does the sample actually owns. The point to be noted here is that the brands recall of the user maybe different from the brand that he actually owns. It is quite evident from the bar-graph that 24% of the sample surveyed owns LG

brand . Next in line is SAMSUNG which is used by 19% of the sample surveyed. It is followed by SONY which is owned by 17% of the population surveyed.

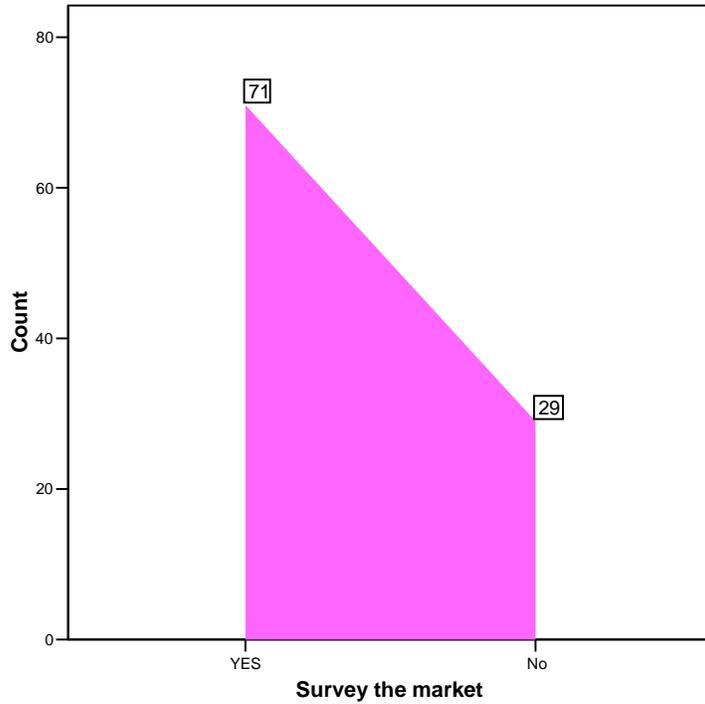
5.4.HOW SATISFIED ARE YOU WITH YOUR BRAND?



Interpretation

The pie-chart depicts that out of total 100 people surveyed 24 were extremely satisfied and 49 were satisfied with their existing television it makes 73% being happy while 18 were neither satisfied nor dissatisfied. The rest 9% is either dissatisfied (7 people) or extremely dissatisfied (2 people)

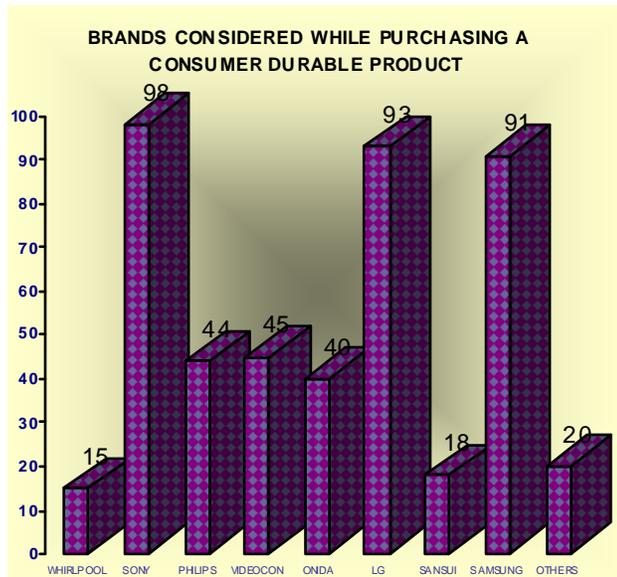
5.5..DID YOU SURVEY THE MARKET BEFORE BUYING THE PRODUCT?



Interpretation

The area graphs shows that out of 100 people 71 (71%) surveyed the market before buying the television and only 29 (29%) did not had a look at other brands.

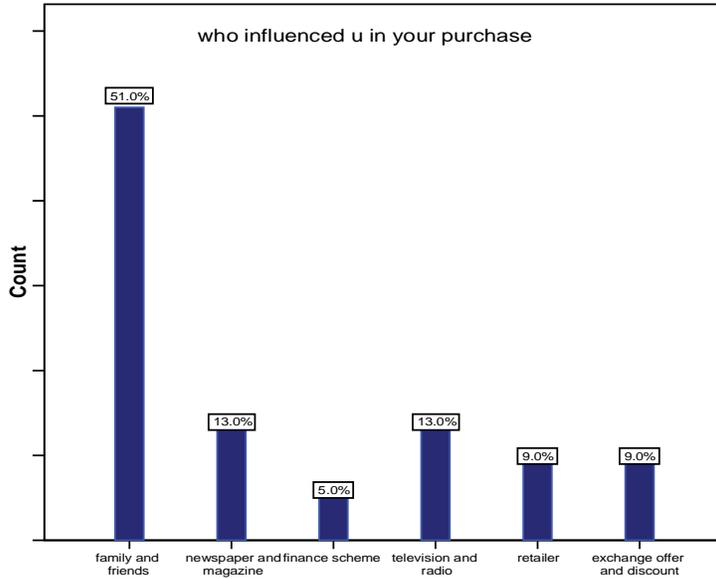
5.6 . BRANDS CONSIDERED?



Interpretation

This bar graph shows the brands considered by different people before buying the durables. SONY is considered by large number of people that is 98, followed by LG and SAMSUNG with 93 and 91 respectively. .

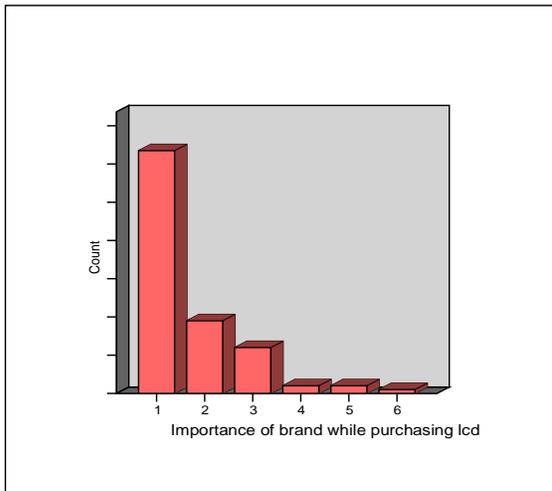
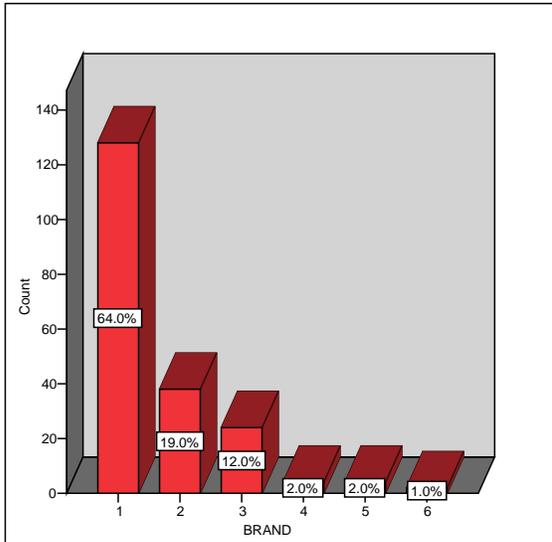
5.7.WHAT / WHO INFLUENCED YOU THE MOST IN THE PURCHASE OF A PRODUCT?

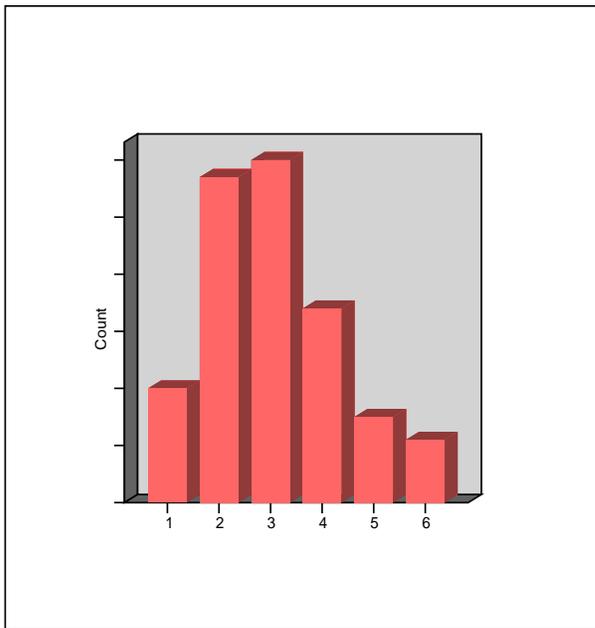
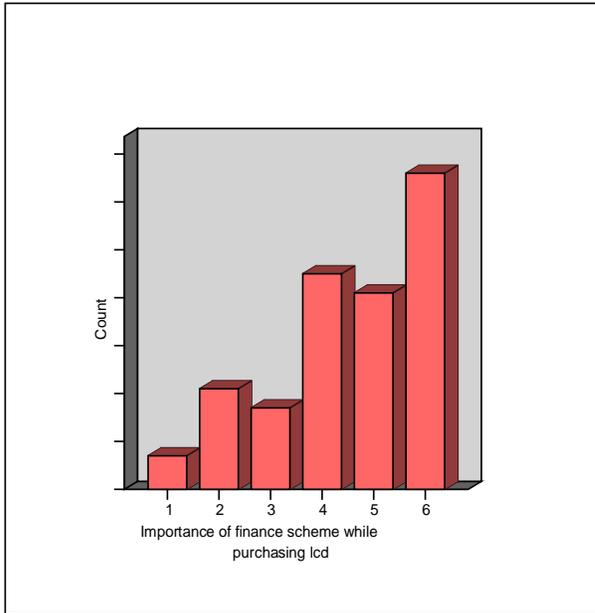


Interpretations

As is evident from the bar chart, 51% said that they were influenced by their family and friends followed by 13% people who were influenced by newspaper and magazines and 13% by television and radio. This was closely followed by Retailers and exchange offer and discounts who managed to influence 9% each

5.8 .RATE THE FEATURES IN ORDER OF YOUR PREFERENCE WHILE PURCHASING



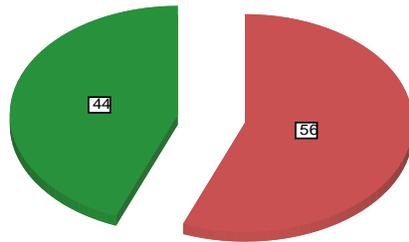


Interpretations

The above graphs show the ratings given to the following features by the sample surveyed in order of their preferences while purchasing a consumer durable product. Among all, brand is perceived to be the most important feature which is evident from the fact that 77 people have given this option as their most important consideration. 2nd in line is feature which has received 48 responses. In fact features have been rated as the

highest second and third consideration also. The third in the row is price followed by dealer's influence. Next is the advertising scheme while the least preferred feature while purchasing a CONSUMER DURABLE is the finance scheme.

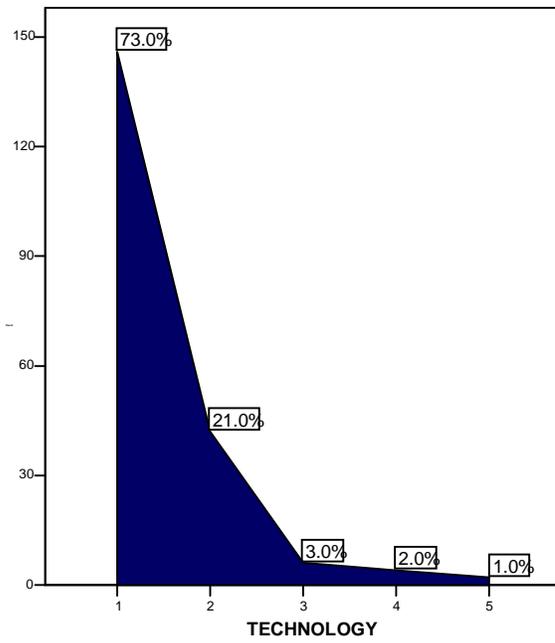
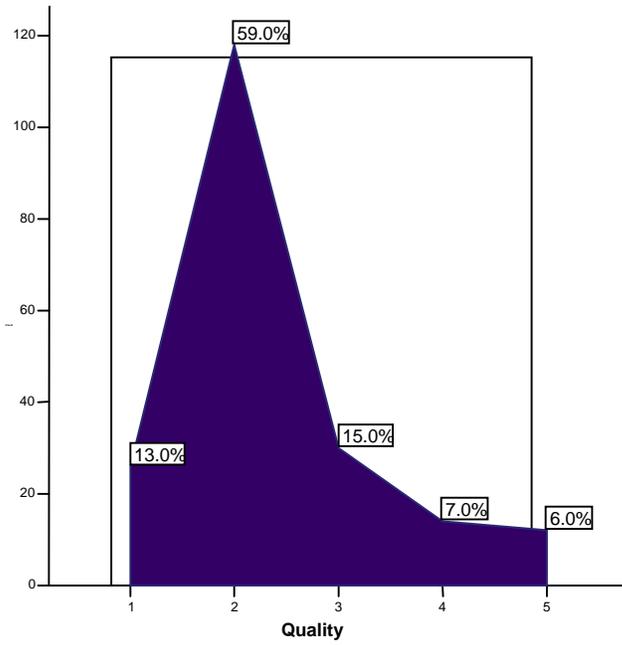
5.8 Do large specific promotions such as large discounts affect your purchase decision?

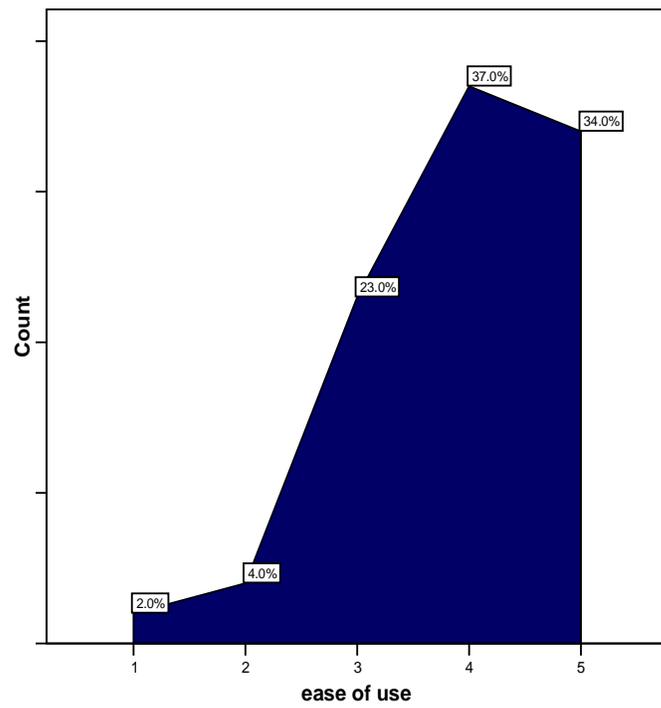
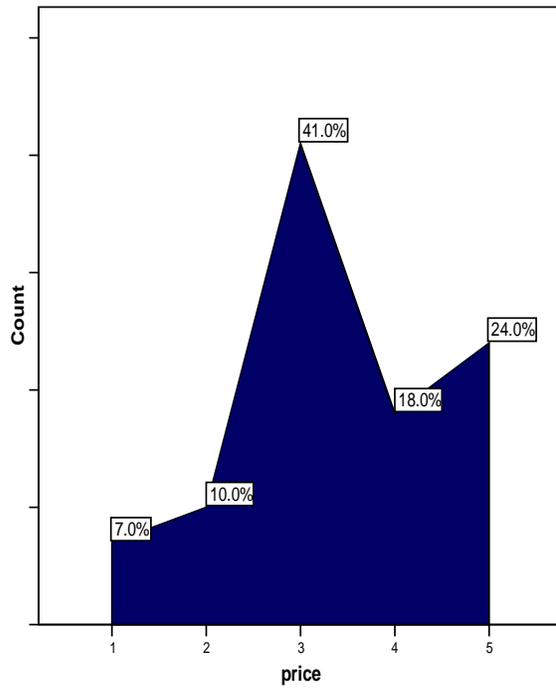


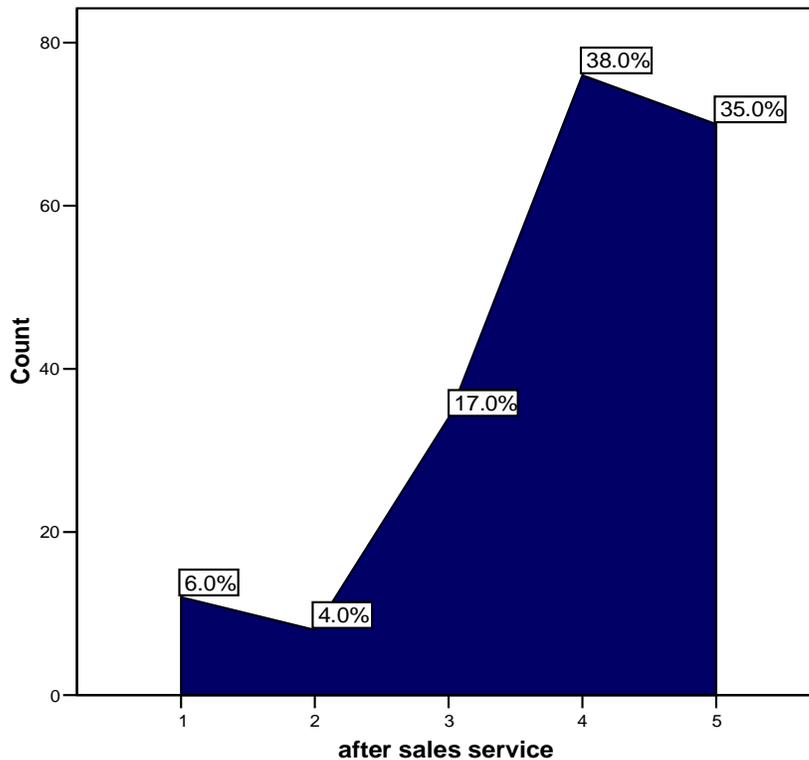
Interpretations

The pie-chart depicts that out of 100 people surveyed 56 (56%) said that large specific promotions affect their buying decisions while the rest 44 (44%) were of the opinion that they are useless.

5.9. Rate the following Features according to your preference?







5.9 . Interpretation

These area charts show the basic needs as perceived by the customers before buying the consumer durable product. It can be clearly interpreted from the above area charts that 73% of the people surveyed gave the first rank to quality. The second thing that people looked into while purchasing the CONSUMER DURABLE product is the technology it got 59% responses at the third spot. Price is the third most important characteristic while. The fourth considered thing is the ease of use and the last is after sales service.

6.FINDINGS AND SUGGESTIONS

Availability of newer variants of a product: Consumers are spoiled for choice when it comes to choosing products. Newer variants of a product will help a company in getting the attention of consumers who look for innovation in products. **Product pricing:** The consumer durables industry is highly price sensitive, making price the determining factor in increasing volumes, at least for lower range consumers. For middle and upper range consumers, it is the brand name, technology and product features that are important. **Availability of financing schemes:** Availability of credit and the structure of the loan determine the affordability of the product. Sale of a particular product is determined by the cost of credit as much as the flexibility of the scheme. **Innovative advertising and brand promotion:** Sales promotion measures such as discounts, free gifts and exchange offers help a company in distinguishing itself from others. **Festive season sales:** Demand for colour TVs usually pick up during the festive seasons. As a result most companies

come out with offers during this period to cash in on the festive mood. This period will continue to be the growth driver for consumer durable companies.

Threat from new entrants, especially global companies: The domestic consumer durables sector faces threat from newer companies, especially from global ones who have technologically advanced products to offer. **Rivalry and competition:** Presence of a large number of players in the domestic consumer durables industry leads to competition and rivalry among companies. Threat from rivalry and competition poses a threat to domestic companies. **Potential markets remaining yet untapped:** A large segment of the domestic market, mostly the rural market is yet to be tapped. Tapping this yet untapped and unorganized market is a major challenge for the Indian consumer durables sector. **Threat from substitute products/services:** The domestic consumer durables industry is plagued by threats from substitute products. Easy accessibility to theatres/multiplexes, especially in urban areas has turned off the viewership from TV to a large extent. With the advent of a horde of FM radio stations, radio sets have now substituted TVs. **Customer power with respect to availability of choice:** The availability of a wide product line on account of most products being homogeneous, poses a threat for companies operating in the consumer durables sector. Customers have the choice of both domestically produced and imported goods, with similar features.

7.CONCLUSION

To be able to understand the consumer most comprehensively, market research serves as a tool linking the markets with the consumers. In an attempt to better understand the aspirations and requirement of consumers, the latter are often willing to part with personal information in their interaction with market researchers. This research survey was part of a similar process in closing this gap between the producers and consumers, as the report elucidates. The survey/study was conducted numerating a sample size of 200 people in Delhi and National Capital Region (NCR) and projects some benefits to the management of the CONSUMER DURABLE industry in India.

The research spanned over a period of 12 weeks and provided an opportunity to undertake intensive research in a systematic theoretical model. The following are some of the outcomes of the study.

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