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# A Study of Purchaser Intuition about Consumer Durable Goods

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**KEYWORDS:**

**OBJECTIVE:**

A study to reflect the changes in the Purchaser buying behavior for the consumer durables goods. The study is based upon the secondary data, after going through I draw a conclusion.

**OVERVIEW:**

Global researchers have been releasing many forecasts about Indian consumer market segments. For instance, an industry body predicts that the size of India's retail industry would grow by more than 100 per cent to become US$ 1.3 trillion by 2020 from the current size for US$ 500 billion. Similarly, the Indian direct selling industry is anticipated to touch Rs 7,120 crore (US$ 1.29 billion) by the end of 2012-13, according to a study by Ernst and Young.

There is a noticeable shift in the consumer's preference in favor of higher end, technologically superior branded products, the demand being fueled by increasing consumer awareness and preference for new models. Post liberalization there has been inundation of goods transcending the borders and the customer has a wider choice; breaking the shackles of the consumers regarding limitations of choices. Indian consumer durables market used to be dominated by a few domestic players like Godrej, Allwyn, Kelvinator, and Voltas. But post-liberalization many foreign companies have entered into India, dethroning the Indian players and dominating the market. The major categories in the market are CTVs, refrigerators, air-conditioners and washing machines. The rural market is growing faster than the urban markets. The rising income levels, double-income families and increasing consumer awareness are the main growth drivers of this industry. In addition to them the young nature of population and easy finance options are also fuelling the market and its dynamics.

**Overview of Indian Consumer Durable Market**

| White Goods | Brown Goods | Consumer Electronics |
|---|---|---|
| Refrigerators | Chimneys | Television |
| Washing Machines | Microwave Ovens, Cooking Range | DVD players |
| Air Conditions | Mixers Grinders | VCD Players |
| Audio Systems | Electric Fans | Mobile Phones |
| | Irons | MP3 Players |

(Sources : IBEF, GEPL Capital Research)

**KEY GROWTH DRIVERS FOR CONSUMER DURABLES**

1. Availability of newer variants of a product
2. Product pricing: The consumer durables industry is highly price sensitive, making price the determining factor in increasing volumes, at least for lower range consumers.
3. Availability of financing schemes: Availability of credit and the structure of the loan determine the affordability of the product.
4. Rise in the share of organized retail: Rise in organized retail will set the growth pace of the Indian consumer durables industry. According to the Indian Council for Research on International Economic Relations (ICRIER), organized retail which constituted a mere four percent of the retail sector in FY07 is likely to grow at 45-50% per annum and quadruple its share in the total retail pie 16% by 2011-2012.
5. Innovative advertising and brand promotion: Sales promotion measures such as discounts, free gifts and exchange offers help a company in distinguishing itself from others.
6. Festive season sales

**MAJOR HURDLES AND CHALLENGES PLAGUING THE CONSUMER DURABLES SECTOR:**

- 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.
- Potential markets remaining yet untapped: A large segment of the domestic market, mostly the rural market is yet to be tapped.
- 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.
- 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.

**ATTRACTIVE 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.

**LITERATURE REVIEW**

1 Mr. S. L. Rao describes some experiences in launching new products and some insights into consumer behaviour that drove them or arose from them. The consumer's attitudes, habits and preferences were relevant and were studied. Today of course this is much more the case. Production capacities, packaging, pricing, use instructions, distribution, advertising and promotion, should usually have resulted from the understanding and interpretation of these consumer attributes. The reasons have been varied: changing economic situation; new consumer contexts, behaviours and preferences; competing products offering better value choices to the consumer; lack of nimbleness of the company in adapting to

changing markets; and inability to change product images and product forms to meet new directions in consumer behaviour.

2. Here the author Mr. Ashutosh describes about rural consumer behavior. This change in taste and buying behavior of the people led many companies to tap this new breed of customers Marketers needs to understand the consumer behavior of the rural market and then design marketing programs in which they need to associate the brand with the lifestyle of the rural people. They need to be addressed in their own language, by their own hero and associate the brand with celebrations, festivals, melas, and other cultural activities for enhancing brand's market presence.
3. According to Mr. B. B. Goyal and S. Jagwinder Singh India has been acknowledged as one of the most promising and fastest growing economy of the world. Besides urban and semi-urban areas, rural India has a huge potential. Many foreign brands are dominating particularly in consumer durable category. The purpose of the study is to understand the comparative attitudes of rural and urban Indian consumers towards the foreign products against Indian products.
4. According to Chandrasekaran Kathiravanaa, Natarajan Panchanathamaa and Sivasundaram Anushanb brand attributes consist of 'bits' of information that are linked to a brand name in consumer memory and that, when combined with the brand name, make up a brand's image. The brand attributes themselves come from a variety of sources, including consumer experiences, marketing communications, and/or word of mouth . The linkages between the brand name, its attributes, and other brands in the marketplace mean that associated attributes can be unique to the consumer, unique to the brand, or shared with other brands.
5. According to Bhagaban Das ,Sangeeta Mohanty and Nikhil Chandra Shil consumer's buying behavior is divergent and situational. For durable products, such behavior got different dimensions again. To make the study simple and informative, color television is used to represent the consumer durable markets. The Indian consumers were indifferent in choosing the brand since a lot of close substitutes were available in the market. However, they have changed ever since the India liberalized its economy. The level of consumer's satisfaction provides the scope for repeated purchases and brand loyalty that lead to optimum profitability. This research finds that consumers' perception on buying color television is mostly affected by the factors, such as, structural add-ons, words of mouth, technical features, durability, ground reality etc.
6. According to The FICCI Survey, based on feedback and interaction with representatives of consumer durables industry, allied industry organizations, associations, Government agencies and public sector undertakings, reveals that sector is poised for a quantum leap due to technological improvements, falling prices due to competition, aggressive marketing and declining import tariffs., Changing lifestyle, higher disposable income coupled with greater affordability and a surge in advertising has been instrumental in bringing about a sea change in the consumer behavior pattern.

**FINDINGS**

- The rising rate of growth of GDP, rising purchasing power of people with higher propensity to consume with preference for sophisticated brands would provide constant impetus to growth of White goods industry segment.
- Penetration of consumer durables would be deeper in rural India if banks and financial institutions come out with liberal incentive schemes for the white goods industry segment, growth in disposable income, improving lifestyles, power availability, low running cost, and rise in temperatures. Currently, rural consumers purchase their durables from the nearest towns, leading to increased expenses due to transportation. Purchase necessarily done only during the harvest, festive and wedding seasons. Rural India that accounts for nearly 70% of the total number of households, has a 2% penetration in case of refrigerators and 0.5% for washing machines, offers plenty of scope and opportunities for the white goods industry.
- The urban consumer durable market for products including TV is growing annually by 7 to 10 % whereas the rural market is zooming ahead at around 25 % annually. According to survey made by industry, the rural market is growing faster than the urban India now.
- The increasing popularity of easily available consumer loans and the expansion of hire purchase schemes will give a moral boost to the price-sensitive consumers. The attractive schemes of financial institutions and commercial banks are increasingly becoming suitable for the consumer.
- Consumer goods companies are themselves coming out with attractive financing schemes to consumers through their extensive dealer network. This has a direct bearing on future demand.
- The other factor for surging demand for consumer goods is the phenomenal growth of media in India. The flurry of television channels and the rising penetration of cinemas will continue to spread awareness of products in the remotest of markets.
- The Internet being now used by the market functionaries that will lead to intelligence sales of the products. It will help to sustain the demand boom witnessed recently in this sector. The ability of imports to compete is set to rise.
- According to a study by the McKinsey Global Institute (MGI), Indian incomes are likely to grow threefold over the next two decades and India will become the world's fifth-largest consumer market by 2025. In the given scenario, urban markets will continue to fuel the Indian economy for quite some time to come.
- India is likely to see rapid urbanization, with around 45 per cent of Indians living in urban areas by 2050, up from 30 per cent in 2007-08, according to a study by National Council of Applied Economic Research's (NCAER).
- According to a report by McKinsey, India's overall retail sector is likely to grow to US$ 419.93 billion by 2015. According to global real estate consultant, CB Richard Ellis, India has moved up to the 39th most preferred retail destination in the world in 2009, up from 44 last year.
- The turnover of the organized retail segment in India is pegged at around US$ 8.1 billion. It is expected to reach US$ 51 billion by 2010. Retail opportunity is slated to rise by about US$ 160 billion in India in five years.

**CONCLUSION**

Consumer durable goods industry is growing more than expected in India because of huge population of India. The Indian consumer remains one of the most upbeat globally. In fact, it is widely believed that the Indian market will fuel the growth of multinational companies in the coming years. While most leading companies are cutting costs in the US and Europe, they see India as a strategic market, which can fuel their growth.

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