

## Study and Analysis of Marketing Strategies for Unbranded Products



### Management

KEYWORDS:

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### ABSTRACT

*This report is entirely based upon primary research. A questionnaire was prepared and various questions were asked from people on the basis of likert scale, some personal questions were also asked. The report is on marketing strategies of unbranded products. Report starts with Introduction and Literature Review which talks about the scenario of consumer electronics goods in India, and how India is competing with other countries. China who is the world leader of producing various branded and unbranded products is a way ahead from India. The unbranded market is huge and after doing the in depth study, we came to know that rural market offer big opportunity to work in these markets to educate and make understand the consumer about various issues related to unbranded products. The study does not say that unbranded products are better than branded ones but it tells how it can be different from various big brands and companies. The analysis part consists of analysis of each and every question from the questionnaire, the whole analysis is done through SPSS software. A function called cross tabulation has been used from SPSS to analyze and form various relations among all the questions. After analysis part, suggestions and conclusions have been drawn which consist of various marketing strategies, factors affecting the growth of this sector and challenges which can be faced by unbranded products are discussed in detail*

### Introduction:

India is the second largest country in population in the World. Demand for electronic goods is also very high as compared to other countries except China which is the most populous country in the World. It is also the largest producer of branded and unbranded products including electronic goods. The electronic goods market industry in India is at US\$ 16.5 billion in 2012, it will be the fastest-growing electronics market worldwide over the next few years, according to a new report from In-Stat Research Group called India Electronics Manufacturing: Can it Catch China? This market is expected to grow at a Compound Annual Growth Rate (CAGR) of 23% by 2010 to reach US\$ 40 billion, the high-tech market research firm says. Though its total output will be far behind China's electronics market, worth US\$271.97 billion in 2004. India's low manufacturing costs in skilled labor and raw materials, availability of engineering skills, and opportunity to meet demand in the populous Indian market, are driving force of electronics market in India. "Some major challenges facing the Indian electronic manufacturing market are an infrastructure that needs to be improved at the earliest possibility, easing of foreign investment procedures, which is underway, and a restructured government tariff that now makes domestically manufactured goods more expensive than imported goods with zero tariff," The Indian electronics industry is driven mainly by the computer and computer component sectors. About 25% of the Indian population lives below the poverty line, but a large and growing middle class of 320-340 million has disposable income for consumer goods. The main challenge for China's electronics industry is to keep up with technology trends.

After the great Indian Middle Class was exposed to electronic goods, it's now the turn of the great Indian Rural Class. Rural marketing is in focus now and companies are focusing on this market in the hope of finding the desired numbers. While fast-moving consumer goods and agro-based companies have long been catering to the rural market, consumer durables and household appliances marketers are just about beginning to realize its potential.

▶ Radio	70
▶ Mono Systems	45
▶ Stereo Systems	30
▶ Black & White Televisions	35
▶ Colour Televisions	19

Source: Philips India

These are some of the most important products which are available in both branded and unbranded categories. Also its various components, spare parts are also famous in unbranded product markets like Lajpat Rai market, Chandni Chowk, which are very expensive in case of branded ones and are not easily available. After going through this data given by Philips India, it gives immense opportunity to work for consumer electronics market of rural India. There are various brands like Videocon, Panasonic, LG, Sony, Samsung etc. who use this data and target rural markets, so here comes the role of unbranded products, which will also be catering to the same rural market. Now the question which comes to the mind is how unbranded products will survive in front of various brands and companies. There is a huge potential in the rural markets of India which gives an opportunity to unbranded products to sell. Unbranded or lesser known products that work just as the branded ones, at a fraction of the cost. Why don't people buy them?

So to overcome this problem in the later part of this research various marketing strategies have been designed to market the so called unbranded products to compete with various big brands and companies, also the growth factors and various challenges which unbranded products can face are also discussed. India's consumer electronics industry, which has grown on the back of a massive and expanding market, still dominates the electronics sector, accounting for just fewer than 27% of electronics output in 2006. The consumer electronic goods industry in India is growing at a very fast rate, which gives an opportunity to both branded and unbranded products to work towards urban and rural markets of India. Specifically talking about unbranded products, they face huge problems in selling and convincing the customer to buy the unbranded one instead of branded. Now the question comes, why to buy unbranded products instead of branded ones, the first and foremost answer to this problem is the cost difference which is huge. For example - A Chinese phone which is an unbranded phone has all the features which a branded phone will have rather the Chinese phone has more functions than the branded one, even then branded is sold more easily. To overcome this problem various marketing strategies have been devised and factors of growth and various challenges have been discussed in this research which clearly explains that these unbranded products are not sold easily is only because of awareness and unclear concept of value for money.

If a person only wants value for money irrespective of age, gender, profession, urban and rural, then the problem of selling un-

branded products can be solved easily. Some major challenges which unbranded industry of electronic goods face can be the close proximity of unbranded goods, very low awareness among the Indian consumer as it is very difficult to convince a customer to buy our product and literally asking them to leave the other product. For this various analysis is being done in this research like how many people are in favor of value for money only, how many people like buying branded products, what makes them buy high cost goods etc. This research also talks about the most important tool of Marketing Communication, Advertising and its impact on the consumer purchasing behavior. After this particular analysis was done it was seen that people were in neutral answer that whether advertising at all affects their buying behavior or not, which give an opportunity to educate people and making them aware about its importance and drawbacks.

After doing these various analysis, results and conclusions have been drawn in which various marketing strategies, reasons for growth of this sector and major challenges which this sector might face are discussed in detail which makes this research complete in depth study about unbranded products and comparing it with the various brands and companies existing in India.

**Problem Statement: Why Don't Unbranded Products Sell As Much As Branded Products?**

In the market today there are brand names that are market leaders or are must have icons. Equivalent to these products there are unbranded or lesser known products that work just as well, if not better, at lesser cost. Why don't people buy them?

Why is that people insist on buying expensive brand name products when there are cheaper alternatives that work just as well, if not better. Shops sell both branded and unbranded electronic products at shops in Lajpat Rai Market, Chandni Chowk etc, and yet the items that offer the best value for money don't sell as well as the branded items. And most importantly you can watch TV while you're on the bus. Why is it that the branded product is cool and hip and whatever the people expect it to be?

**Objectives of the Study:**

- To understand why unbranded products don't sell as much as branded products?
- To understand the perception of people about branded and unbranded products.
- To assess the impact of advertising on purchasing behavior of customers.
- To understand how value for money is important for people.

The research was basically conducted to know and understand the perception about the "Unbranded Products" of various sets of people which includes Manufacturers, Wholesalers, Retailers and Consumers in Lajpat Rai Market in Old Delhi which is the largest market of electronic goods in Asia. The research was conducted on a sample size of 200, a structured undisguised questionnaire was prepared and on the basis of that questionnaire a primary research was conducted.

**Research Methodology**

**Research Tool** - Structured Undisguised Questionnaire, nothing was kept hidden from the respondent. The questionnaire was maximum questions were close ended except the personal information.

**Sample Size** - The research was conducted on a sample size of 200 people.

**Sampling Type** - Data was collected from people who were entering one popular street of electronic goods in Lajpat Rai Market. So people were targeted randomly; and Simplified Random Sampling was used.

**Data Type** - Questionnaire originally prepared for the research was used and people were directly targeted in Lajpat Rai Market so the data collected was Primary Data.

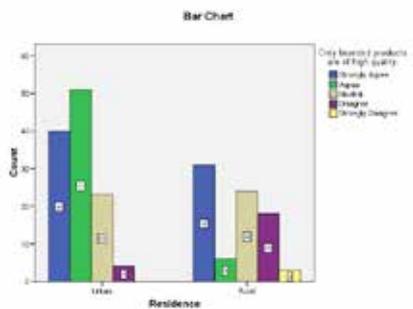
**Target Respondents**- People were categorized into 4 different segments : Manufacturers, Wholesalers, Retailers and Consumers.

**Region Covered**- Old Delhi (Lajpat Rai Market, Chandni Chowk)

**MAJOR FINDINGS**

**Residence & Only branded products are of high quality**

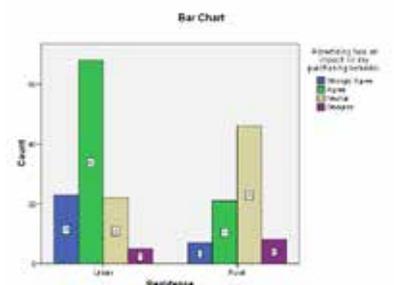
		Only branded products are of high quality.					Total
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Residence	Urban	40	51	23	4	0	118
	Rural	31	6	24	18	3	82
Total		71	57	47	22	3	200



Analysis: People who live in urban area agree with the statement, but for people who live in rural India around 31 people out of 82 strongly agree with the statement that only branded products are of high quality, which will further help to study why they think like this. Since they agree that high cost goods are better that's why they strongly agree with this statement also.

**Residence & Advertising has an impact on my purchasing behavior**

		Advertising has an impact on my purchasing behavior.				Total
		Strongly Agree	Agree	Neutral	Disagree	
Residence	Urban	23	68	22	5	118
	Rural	7	21	46	8	82
Total		30	89	68	13	200



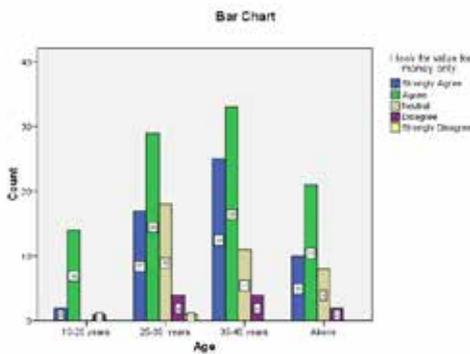
Analysis: Urban people are highly influenced by the advertising, and it affects their purchasing behavior; but in case of rural

India, people are more towards neutral, i.e., they are not that much influence the way urban India is, which again give the opportunity to work in rural markets by educating them about the importance of advertising.

**Age & 'I look value for money only'**

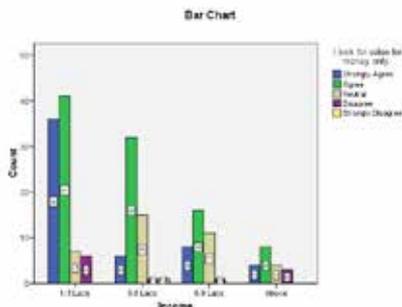
		I look for value for money only.					Total
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Age	15-25 years	2	14	0	1	0	17
	25-35 years	17	29	18	4	1	69
	35-45 years	25	33	11	4	0	73
	Above	10	21	8	2	0	41
Total		54	97	37	11	1	200

Analysis: If we see the graph, irrespective of age people want value for money. Since maximum people from 35-45 years were interviewed so they have the highest requirement of value for money, but if we look at it from larger perspective in every age group people agree with the statement that they want value for money.



**Income & 'I look for value for money only'**

		I look for value for money only.					Total
		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	
Income	1-3 Lacs	36	41	7	6	0	90
	3-6 Lacs	6	32	15	1	1	55
	6-9 Lacs	8	16	11	1	0	36
	Above	4	8	4	3	0	19
Total		54	97	37	11	1	200



Analysis: In this cross tab people who have low incomes require more value of money, but as the income increases the requirement of value for money also decreases, first reason is the disposable income increase which tends to deviate them towards branded products, and then 2nd reason is that maximum people interviewed were from 1-3 lacs of income group.

**Suggestion and Recommendations**

After completing the survey and studying the whole project, the main suggestion and conclusion drawn is that the scope or opportunity lies in the markets of rural India only, unlike rural markets the competition very much exist in urban cities among various unbranded products, and markets like Lajpat Rai - Chandni Chowk, Gaffar - Karol Bagh are the platforms giving birth to unbranded products, thereby enabling the people to understand the concept of value for money and initiating and making the use of unbranded products common among people.

Various suggestions to do so or devising different marketing strategies to capture the rural markets various tools of Marketing Mix (Product, Price, Place, Promotion) and Marketing Communication can be used, but since they have to differ from branded ones because they also use various MARCOM tools to increase the awareness. So these are some of the suggested strategies.

**The key growth drivers**

- Advertising – Since advertising is one of the most important tools in creating the awareness and to educate people in rural India, so awareness will be created through this initially starting on very small scale.
- Advertising will be done only through bill boards and hoarding in the rural markets which will keep the cost of goods as low as possible, and to educate these people a special team will be formed, in order to make people understand the concept of value for money in much better way.
- Sales Promotion – To attract more consumers towards unbranded products, free lucky draw coupons will be given to them. The most important way of promotion will be, when a person buys a product which will make them eligible to the grand prize which will be giving free education to one child of their family (giving fees of their school for a year).
- Festive Season Sales: Demand for consumer durable goods 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. So here we will run an exchange offer, return any product and take the favorite one of yours.
- Availability of Financing Schemes: Very flexible schemes will be designed in order to make the product easily available to the customer.
- Attractive Design and Sizes of the Goods: People in villages like fancy things which does not work in urban cities at all. Things like LED light in DVD player, FM players etc.
- Low Cost Products – Since there will be a mass production, thereby reducing the cost of producing the goods, Economies of Scale. Small factories will be set up in each village which will again save the transportation costs. Tie-ups with various retailers to promote their products and only one intermediary in terms of existing retailer.

**Hurdle and Challenges for unbranded product.**

- 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.
- 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.
- 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.

- The first and foremost conclusion is that there lies huge potential which is still untapped in rural India.

**This table is the list of various companies and brand names which deals in consumer durable goods**

Table 2: Key Players operating in the consumer durables segment and their major products

Companies	Products
Videcon Industries	Refrigerator, Washing Machine, Television, Air Conditioner, Microwave Ovens
Godrej	Refrigerators, Air Conditioners
Whirlpool India	Refrigerator, Washing Machine
Mirc Electronics	Television
Panasonic	Television
Voltas	Refrigerator, Air Conditioner
BPL Limited	Refrigerator, Television
Electrolux	Vacuum Cleaner, Refrigerator
Samsung	Vacuum Cleaner, Refrigerator, Television, Mobile Phones
Hoover	Vacuum Cleaner
LG Electronics	Washing Machine, Refrigerator, Television, Mobile Phones
Eureka Forbes	Vacuum Cleaner
Sony	Television, Mobile Phones, DVD Players
Blue Star	Air Conditioners
Bajaj Electronics	Geysers, Electric Fan
Nokia	Mobile Phones

But there is no particular brand in the category of unbranded consumer durable goods, name changes with the next variant of it.

This report is totally based upon primary research. A sample size of 200 was taken on the basis of stratified random sampling.

- Various personal questions were asked like name, age, income, profession etc. which has been kept confidential. Then 10 questions were asked related to unbranded products, their purchasing behavior, regarding value for money etc

**Conclusion:**

- Some major conclusions drawn after taking the interviews of various people and completing the report are:
  - 1) People who were interviewed doing business or in service were majorly interviewed and maximum were from 25-35 and 35-45 age bracket.
  - 2) In case of income around 90 people were in 1-3 lacs bracket. Geographically, then 82 people were from rural areas and rest 118 were from urban cities.
  - 3) A question was asked whether high cost electronic goods were better, 141 people were in favor of this statement out of which some were strongly in favor some just agreed. Another question was asked regarding the quality of branded product. Around 35.5% people were strongly in favor of the statement.
  - 4) A question was asked if they respondents could differentiate between branded and unbranded products, 151 people were in favor of the statement but only 58 were strongly in favor.
  - 5) A very important question regarding the impact of advertising on their purchasing behavior was asked, 89 people agreed to the statement and 68 people were neutral, they were not sure whether it affects their purchasing behavior or not.
  - 6) Then whether they buy electronic goods on special occasion, how much value for money is important to them, 119 people were in favor of this statement.
  - 7) Then Cross Tabulation was done on Age & Value for money, maximum people from 25-35 and 35-45 age group wanted the value for money. Then Profession & Value for money was taken into consideration, and it was seen that people from business background wanted the value for money in much more than the expected ratio.
  - 8) Geographical location & Unbranded products in Proximity. People from urban areas were more close to unbranded products than rural inhabitants. Nevertheless rural inhabitants were more in strongly agree in terms of unbranded product proximity.

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