



**ORIGINAL RESEARCH PAPER**

**Commerce**

**A STUDY ON BUYING PRACTICES ON CHINA PRODUCTS- CUSTOMER PERSPECTIVE**

**KEY WORDS:** Cheap price, Low quality, Tuff Competition.

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**ABSTRACT**

Indian market is now having a definite segment of China products. These products are available in cheap price and there is a huge demand for the product. Through there is a risk of damage and replacement of the product still it gives a tuff competition to Indian made products. Consumers are also very much interested in buying products at cheaper price and they are ready to compromise on quality. In fact, because a lot of Chinese goods are a lot cheaper than their Indian counterparts, this has forced a lot of small vendors in India to shut shop and become traders. In the past few years, imports from China have changed from low-value, low-cost items like toys and crackers to high-value items like electronics and machinery. Also the variety/range of products that are now being imported are innumerable, including product categories like apparel, gift sets, glasses, sanitary ware, furniture and ceramic.

**CHAPTER-I**

**INTRODUCTION AND DESIGN OF THE STUDY**

India and China are the rising economic and military Powers with troubled borders, internal security challenges, domestic inequalities, incomplete economic reforms and uncertain ambitions. However both of them have ambition to become super economic power and play dominant role in the world economy. Fundamental difference between India and Chinese economic models is India takes a service-dominated pattern, while China follows the more traditional production-dominated pattern. If India can be termed as 'office of the world', China is the 'factory of the world'. Chinese products in huge quantity are put into Indian market and adversely affecting the Indian units.

The impact of Chinese goods is affecting the market of India like a virus. As the goods are cheaper than the Indian goods as the quality of Chinese goods are poor compare to Indian goods. Chinese goods have invaded almost all the sectors of Indian market and seem to be bringing tougher times for the Indian Industry. Because of wide availability of cheap and apparently technologically advanced Chinese goods, many economists fear decline of local manufacturing units or the small-scale industry in India. The rise in demand and sudden popularity of Chinese products, which are available at cheaper prices, is giving nightmares to the Indian industry to the extent that they have started sticking "Made in China" stickers on their products to boost their sales.

The price of Chinese goods is 10-70 % lower than that of Indian goods. Low price, bulk availability, and variety are some of the favorable features of the Chinese goods in India. Chinese products in huge quantity are put into Indian market and adversely affection the Indian units. Chinese goods are not only affecting the domestic business and Indian market but also affecting the export market of our country. Indian goods are being replaced by 'Made in China' label both in India as well as abroad. Made in China label is slowly capturing the every segment of Indian market such as electronic goods, textile and garment industry, toys, medicines, car components etc Chinese products are mostly low on quality. If we consider toy manufacturing company in the last 5 years nearby about 40% of the Indian toy companies have been shut down. Rest 20% are on the verge of closing down .In the last 4-5 years near about 2000 SMEs have been closed down. The ASSOCHAM has also revealed that China has the largest toy market in the world and enjoys 45% of the total share whereas India has a very little part in this enjoys just 0.51% share. Indian manufactures serve 20% of the market and the rest is served by China and Italy. In the period between 2001-2012, the total import of the Indian toy industry has increased by 25.21%. It is expected that toy industry will grow further Chinese products have also led to the shutdown of 60% of industrial units in Thane and Bhiwandi. Hence there are many industries and manufactures that are facing the heat of Chinese competition. Chinese works on the strategy of mass production and mass consumption. Chinese goods are relatively cheaper, widely available and huge profit to the dealers. But on the

other hand Chinese electronic goods are not safe, of inferior quality and come without guarantee or service. These do not last for a long period of time, Chinese goods in India has resulted in the closure of many manufacturing units. Some manufactures in India are even importing Chinese goods and selling these under their label. Indian manufactures are especially importing the non-branded smart phones from China and selling these with warranty and service. In order to sell dual-SIM smart phones in India China wireless Technologies tied up with Reliance communications, India's second – largest telecommunications service provider.

In fact, because a lot of Chinese goods are a lot cheaper than their Indian counterparts, this has forced a lot of small vendors in India to shut shop and become traders. In the past few years, imports from China have changed from low-value, low-cost items like toys and crackers to high-value items like electronics and machinery. Also the variety/range of products that are now being imported are innumerable, including product categories like apparel, gift sets, glasses, sanitary ware, furniture and ceramics.

**Statement of the problem**

China products are equally competing the Indian market since 1991. Indian products do face the problem of high making changes comparatively with the China products. Chinese products has penetrated its pentacles in India since 1991. It replaced major Indian made products with its cheap price and new trendy design. Not only in electronic goods it established a good dominance in toys, plastics, textiles, electrical goods and so on. It targeted the middle income and low income group of people who are very cautious in their spending pattern. The products of China also had a good distribution system with low price and always its quality is a question mark. This made the researcher to find why the consumers prefer China products, their buying pattern and the level of satisfaction on the China products and hence a Study on " Buying Practices of China products: customers perspective" is identified as the problem of the study.

**OBJECTIVES OF THE STUDY:**

- To study the Socio Economic Background of Consumers
- To study the Level of Awareness of consumers different China Products
- To study the Ideas, Preferences and Buying Practices of consumers towards China Products

**Scope of the study**

Indian market is now having a definite segment of China products. These products are available in cheap price and there is a huge demand for the product. Through there is a risk of damage and replacement of the product still it gives a tuff competition to Indian made products. Consumers are also very much interested in buying products at cheaper price and they are ready to compromise on quality. This is revealed by the dominance of China products in the market. This study aims to identify the consumers preference for China products which will have a real picture of their share in the Indian markets. This study will also help to assess

the improvements to be made in Indian products to make the Indian economy a steady growth. The study is carried to the Coimbatore city and hence it can be done to the rural population also.

**RESEARCH METHODOLOGY**

The quality of the dissertation work will depend upon the methodology adopted for study. Methodology is turn depends upon the nature of the project work. The use of proper methodology is an essential part of any research. In order to conduct the research study, scientifically certain measures and methods are followed Both primary and secondary data is used for the study.

**a)Source of data**

**b)Collection of data**

**i)Primary data:**

Structured Questionnaires was prepared for the purpose of collection of primary data from the respondent. The questionnaire was prepared in simple and understandable way so as to express their views freely and frankly.

**ii)Secondary data:**

Secondary data were collected through magazines, journals, newspaper and websites.

**c)Area of the study**

The area of study refers to Coimbatore city.

**Sample size and population**

The sample size is 150 questionnaires collected from the different respondents convenient sampling method is used for the study.

**d)Sampling design**

For the purpose of the study, convenient sampling method has been administered among the respondents. The questionnaire is also validated using Chrome back alpha. In this study the chrome back alpha ranges from 0.75 to 0.88, which is more than 0.6, suggested by the researcher for a valid and reliable questionnaire.

**STATISTICAL TOOLS APPLIED**

- Chi-square test
- Weighted Average rank analysis.

**LIMITATION OF STUDY**

For want of time the study is limited to Coimbatore city.

**Weighted Average Rank Analysis**

Table no :1 describes the Reason for choosing the China products of the respondents

Reason for choosing the China product

Reasons	Rank	I	II	III	IV	V	VI	VII	Score	Mean	R
	Value	7	6	5	4	3	2	1			
Availability	No	34	35	20	14	27	50	17	802	4.07	II
	Score	238	210	100	56	81	100	17			
Quality	No	31	20	26	46	32	23	19	812	4.12	II
	Score	217	120	130	184	96	46	19			
Design	No	33	17	21	24	39	43	20	757	3.68	IV
	Score	231	102	105	96	117	86	20			
Cost	No	34	31	30	16	36	42	8	838	4.25	1
	Score	238	186	150	64	108	84	8			
Durability	No	16	22	27	33	44	35	30	743	3.7	V
	Score	112	132	135	132	132	70	30			
Guarantee/warrantee	No	21	16	29	20	46	35	30	706	3.5	VI
	Score	147	96	145	80	138	70	30			
After sale service	No	16	20	21	19	25	46	50	630	3.1	VII
	Score	112	120	105	76	75	9	50			

**(R-RANK)**

From the above table it is clear that out of the total respondents for the study Reason for choosing the China products. Most of the respondents have given top priority cost, followed by factors like to availability, quality, design, durability, after sale service, guarantee/warrantee.

**CHAPTER-II REVIEW OF LITERATURE**

Review of literature is a body of text that aims to review the critical points of current knowledge and or methodological approaches on a particular topic. Review of literature are secondary source and as such, do not report any new or original experimental work.

(Shimp and Sharma ,1987)<sup>1</sup> in her article “ Country Image” has found that Consumers are now exposed to choices from all around the world. Thus, it is questionable as to whether local consumers would still prefer local products compared to foreign brands consumer ethnocentrism as consumers’ belief in the appropriateness and morality in purchasing foreign goods and services.

(Yalch and Spangenberg, 1993)<sup>2</sup> in his study “Price influence and age segments of Beijing consumer” have found that Different consumers have different responses to the same shopping atmosphere and/or to the same product. Younger consumers seemed most favorably tend to buy foreign made or foreign brand apparel because they were more affected by fashion and likely to try new products and famous brand names, considered symbolism important, and they were less sensitive to higher prices.

**CHAPTER-III DATA ANALYSIS AND INTERPRETATION**

In this chapter the analysis and interpretations of “A Study on Buying Practices of China Products: Customers Perspective” on a sample of 150 respondents selected from Coimbatore city is presented. The opinion of the respondents and the relevant information were collected through a questionnaire comprising of personal factors and study factors. The collected information was classified and tabulated and supplementary with the following statistical tools in tune with objectives of the study.

**Average Rank analysis:**

Based on the consolidated of the respondents the average rank is calculated and final rank is affixed using the criterion “lesser the average rank more is the priority” the results are presented in table with suitable interpretation.

**Chi- Square analysis:**

The chi-square analysis is one of the simplest and most widely used non parametric tests in statistical work. It is used to the independence of attributes or factors. In this study the factors are classified under two categories, namely, personal factor and study factors. Each of the personal factors is composed with the study factor and the chi- square test is applied at 5% level of significance.

**It’s concluded that the respondents have given top priority to cost.**

**Chi-square analysis**

**Personal factors and spending amount for buying a China product**

**Hypothesis:**

The personal factors of the respondents have no significant influence on spending amount for buying a china product

Personal factor	Chi-square test	p-value	Significant value	S/NS
Age	33.201	0.003	0.05	S
Gender	46.163	0.001	0.05	S
Marital status	18.954	0.008	0.05	S
Educational qualifications	32.043	0.004	0.05	S
Occupational status	42.767	0.000	0.05	S
Monthly income	1.021	0.101	0.05	NS
Type of family	70.670	0.041	0.05	S

**Note: S-Significant (P-Value<0.05) Ns-Not Significant (P Value>0.05)**

From the above table it is found that the hypothesis is rejected (significant) in six cases and the hypothesis is accepted (not significant) in one case.

**It is concluded that age, gender, educational qualifications, marital status, occupational status, monthly income, and type of family have significant influences spending amount for buying a china product.**

**FINDINGS, RECOMMENTATIONS AND CONCLUSION**

**WEIGHTED AVERAGE RANK ANALYSIS:**

- It is concluded that respondents have given top priority for choosing the China products influenced factor is Cost.
- Age, gender, educational qualifications, marital status, occupational status, monthly income, and type of family have significant influences spending amount to buy a china products.

**SUGGESTIONS:**

**• Make in India:**

The government should understand that many domestic industries are closed due to tuff competition with the China products.

**• Best Price:**

The Indian manufactures should try to give their customers best price of the product comparatively with the Chinese goods.

**• Restrict Imports:**

There should be severe restriction on China products in order to save the Indian market.

**CONCLUSIONS:**

India is a developing country with huge population. It has to meet the demand and need of every citizen of the country. This need and demand is on an increasing trend. Many attempts has been made to improve the Indian economy and out of all the liberalization of the economy is the highlight. This invited foreign goods into the Indian market. China being producer oriented economy found a good market in the Indian economy. This is because of cheap price. All sought of inferior goods are dumped into Indian market which resulted in weakening the Indian industries. This study also revealed low consumers prefer on Chinese products and it's a high time to bring back the lost consumers of Indian products. This can be done only by various measures adopted by the Indian government and Indian industries adequate and reforms should be brought in so that the concept of make in India will have a real sense. Consumers also should change. Their mind set on foreign goods and pave way for the industries to flourish. If all this happens, no doubt India will be leading economy among all the countries in the world.

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