



A STUDY ON THE CONSUMER BUYING BEHAVIOR AND PREFERENCE TOWARDS HOME APPLIANCES IN VELLORE

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Abstract

Consumer Behaviour is the study of how people buy, what they buy, when they buy and why they buy. It attempts to understand the buyer's decision making process, both individually and in groups. The main objective of the study is to analyze the consumer behaviour and preference towards Home Appliances. The study covers 200 samples in Vellore district. The Random sampling method is used. Statistical tools such as (i) ANOVA and (ii) Chi-Square are applied to analyse the data. Based on this study, the researcher concludes that the people in Vellore district are aware of the different brands of Home Appliances. Quality, Price and singular Offers play a very important role in the consumer's buying decision. To accurately analyse the consumer decision, we can prove that yesterday's luxuries are today's necessities. Hence in this digital era, appliances are no longer a luxury item.

Key Words: Consumer, Buying Decision, Brand Awareness.

Introduction

Consumers are individuals, households or business enterprises who use various products. Consumer characteristics vary from country to country. Therefore it has become a challenging task for the marketer to understand the need and the buying behaviour of the consumer before developing the product and undertaking a marketing program. The study of consumer behaviour is concerned not only with what the consumers buy, but also with why they buy it, when and how they buy it and how often they buy it.

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Consumer Behaviour

Consumer Behavior is the study of how, what, when and why people buy. It blends elements from psychology, sociology, socio-psychology, anthropology and economics. It attempts to understand the buyer's decision making process, both individually and in groups. It studies the characteristics of individual consumers such as demographics, psychographics and behavioral variables in an attempt to understand people's wants. It also tries to assess the influence on the consumer from groups such as family, friends, reference groups and society in general.

Factors Influencing The Consumer Behavior

The factors can be of two types i.e., **internal and external environmental factors**. External factors do not affect the decision process directly, but percolate or filter through the individual determinants to influence the decision process.

The **individual determinants** that affect Consumer Behavior are:

- Motivation and involvement
- Attitudes
- Personality and Self-concept
- Learning and Memory
- Information processing

The **external influences** or factors are:

- Cultural influences
- Sub-cultural influences
- Social group influences
- Social class influences
- Family influences
- Personal influences

The main factors influencing a consumer's purchase decision is the value that he gets from the product. It is not necessarily the price being the lowest in the market. The value could be in the form of higher energy efficiency, advanced technology, design etc. New class of young buyers

Another explanation for the fast track growth of the premium products is the coming of



more young buyers in the market who are tech-savvy. Players such as LG and Samsung are betting big on the young crowd and introducing features that appeal to this class across product categories.

Availability of Credit

The easy availability of credit is also a driving demand for big ticket goods. Many dealers offer monthly instalment options with 'zero' interest schemes during festivals. This reduces the immediate down payment the buyer needs to make. A dealer-level check also reveals that many consumers make use of the EMI option on their credit card to buy big-ticket items.

Two Categories of Buyers

There are two categories of buyers - the **individual buyer** and the **business buyer**. While the individual buyer buys for his own personal and family consumption, the business buyer is a commercial buyer who buys for manufacturing other products, for reselling or for use in running his enterprise.

Buyer Behaviour

The wealth of products and services produced in a country make our economy strong. Almost all the products, which are available to buyers, have a number of alternative supplies i.e. substitute products are available to consumers, who make a decision to buy products. Therefore, a seller, most of the times, seeks buyers and tries to please them. In order to be successful, a seller is concerned with: Who is the consumer? What, When, How, From Where and Why do the consumers buy? Marketing concept starts with the consumer needs and behaviour in meeting the needs. Every action of a person is based on needs. The real problem is to learn what the consumer takes into consideration when he chooses a particular brand. Such a study is concerned with Consumer Behaviour. Consumer or buyer behaviour is that subset of human behaviour that is concerned with decisions and acts of the individuals in purchasing and using products.

Purchase Patterns

A study conducted by Susan Powell Mantel focused on analyzing the roles of "attribute-based processing" and "attitude-based processing" when analyzing consumer preference. According to the study, product attributes (qualities such as price, size, nutritional value, durability, etc.) are often compared disproportionately, i.e., one is the more focal subject of comparison, thus eliciting more consideration when the consumer decides which brand is the "best."

Defining the Brand

There seems to be three ways in which a 'brand' is defined.

- ❖ It can be the brand name attached to a product which has many competitors, e.g. that HK Kellogg of Henry Ford produced it – as distinct from some other producer of Cornflakes or Cars.
- ❖ A definition might be: 'a name, term, sign, symbol or design intended to differentiate goods or services'. It can be, or become, the name of a unique product – the Mars bar, the Hoover or Aspirin.
- ❖ Branding can be 'a concept or idea or image created in the mind of the purchaser or user'. (Penguin books, Marks & Spencer and Walt Disney are examples.

Home Appliances

A major appliance or domestic appliance, is usually defined as a large machine which accomplishes some routine housekeeping task, which includes purposes such as cooking, food preservation or cleaning, whether in a household, an institutional or industrial setting. Brown goods/small appliances are typically small household electrical entertainment appliances such as: TV sets, CD and DVD players, camcorders, still cameras, clocks, alarm clocks, video game consoles, Hi-fi, home cinema, telephones and answering machines.

Major Players

The major players in the consumer durables industry, operating in different sectors which include **air conditioners, washing machines, refrigerators & television** are Samsung, LG, Toshiba India, Sony India, Sharp India Ltd., Hitachi India, Onida, Panasonic, Philips, Godrej etc.

Networking of Home Appliances

There is an increasing trend to network home appliances together, and combine their controls and key functions. For instance, energy distribution can be managed more evenly so that when the washing machine is on, the oven can go into a delayed start mode, or vice versa. Or, a washing machine and dryer may share information about load characteristics (gentle/normal, light/full), and synchronize their finish time so the wet laundry does not have to wait before being put in the dryer.



Review of Literature

Satyanarayana (2013)¹ in his study on “Buying Perception on Home Appliances with reference to LG Products”, has identified that Consumer Behaviour is influenced by various factors. Normally a person chooses a retail outlet or show room of a particular brand for making purchase of home appliances. The researcher's objective is to study the factors influencing Customer buying behaviour of LG products. The research is conducted in Hyderabad City. The researchers found that the Customers have a good opinion on LG products.

Ramachandran Azhagaiah and Eganathan Ezhilarasi (2012)² in their study on “Consumer Behaviour regarding Durable Goods”, have identified that 45.7% of the respondents who have studied upto Degree use the branded MGs. The brand-wise analysis reveals that most of the housewives use Preethi Brand of MG, as compared to that of the other brands, which reveals that there is no significant relation between the brand preference of MGs and the occupational status of the consumers.

Writankar Mukherjee (2012)³ in his article on “Budget 2012”, has reviewed that the prices of consumer electronics like LCD TV, LED TV, air-conditioners, refrigerators, washing machine and microwave ovens are going to go up by 2-4%, posing a major headache for white goods companies who are fighting a slowdown in demand for the last one year. The Budget on March 16th, 2012 increased excise duty by 2%, from 10% to 12%. Accordingly, a 1.5 tonne 3-star split AC will now cost Rs.1,000 more, while a 240-litre 5-star frost-free refrigerator will cost Rs. 800 more.

Jagwinder Singh (2011)⁴ in his study on “Comparison of Rural and Urban Buying of Consumer Durables”, has identified that India is one of the fastest growing markets of the world. The study has been carried out to differentiate the buying behaviour of rural households from that of urban households. A sample of 411 (204 from urban and 207 from rural areas) households across the Punjab state (India) have been selected on the basis of non-probability convenience sampling. Overall no significant differences could be observed between rural and urban consumers in terms of their timing of purchase, buying the same brand of other durables, number of items and duration of planning before buying.



Kedar Shukla and Amol Raut (2010)⁵ in their study on “Emerging Trends and Challenges in Air-Conditioning Industry in India”, have identified that in a 'hot' climate country like India, air-conditioning has become a 'need' of modern day life in contrast to its earlier perception as a 'luxury' 6-8 years back. Although 'air-conditioners' are still high energy consuming devices, certain facts like increase in the purchasing power of people, government initiatives like lowering taxes, liberalization of fiscal policies have given a boost to the industry and as a result, the industry is expected to grow.

Lilly J (2010)⁶ in her study on “Customer Perception and Preference towards Branded Products (With Special Reference to Television Sets)”, has identified that to move Consumers from trial to preference, brands need to deliver on their value proposition, as well as dislodge someone else from the consumer's set. The study concludes that the demographic variables such as age, gender, educational qualification, occupational status, marital status, monthly income, residing area and the size of the family have significant relationship with the respondent's preference of television brands at 5% level of significance and hence the hypothesis is rejected.

Faraz Ahmad (2010)⁷ in his study on “Plasma TVs and Perceived Customer Benefits”, has found that Plasma displays should not be confused with LCDs, another lightweight flat screen display using different technology. One of the chief selling points of a plasma TV is a flat screen, which allows it to be mounted directly on a wall without a lot of clearance required. Investors in a plasma TV may also employ surround-sound theatre speakers and high-end receivers to complete the feeling of luxury.

Ravi Soni, Rohit Lohani and Mahim Sugar (2010)⁸ in their study on “Factors Affecting Consumer Purchase Decision of Laptops”, have identified that purchasing behaviour is the decision processes and acts of people involved in buying and using products. It is determined by the level of involvement in purchase behaviour.

N. Kathirvel and N. Chandrasekaran (2009)⁹ in their study on “Consumer Behaviour and Brand Preference towards Onida Television - An Empirical Study with Reference to Karur, Tamil Nadu”, have found that television is a wonderful means of mass communication invented by J. L. Baird in 1926. Television is an audio-visual medium which enables us to hear and watch a variety of programmes, both live and



recorded. Television sets have become an essential item for mass based usage. They are manufactured in different sizes so as to meet the needs of various groups of people.

Manish Mittal and Praneet Tulsian (2009)¹⁰ in their study on “Effectiveness of Celebrity Endorsements in Brand Recall and Purchase Decision”, have identified that a celebrity endorser is someone who enjoys public recognition and who uses that recognition on behalf of a consumer good by appearing with it in an advertisement. Three variables have been identified as important for successful celebrity endorsements physical attractiveness of the celebrity, source credibility (trustworthiness and expertise) of the celebrity, and celebrity/brand congruency. The study suggests that celebrity endorsements are effective in Brand recall but are not effective in motivating people to buy the endorsed product.

Vaishali Agarwal and Sanjay Mishra (2008)¹¹ in their study on “Role of Retailers in Reducing Inventory and Improving Customer Satisfaction: An Empirical Study of Consumer Durables”, have expressed that the need to have an effective supply chain is inevitable for success in consumer durables industry. The findings are based on the survey of 50 retailers dealing in CTVs, Mobile Phones and refrigerators in New Delhi and Moradabad, Uttar Pradesh. The paper also deals with the initiatives and strategies adopted by LG Electronics in enhancing their supply chain efficiency and effectiveness.

Vincent (2006)¹² in his study on “Brand consciousness among children and its effect on family buying behaviour in Bangalore city”, has elicited that quality is an important factor that draws consumers towards the branded products. Branded products are accepted as good quality products. People do not mind paying extra for branded products, as they get value for their money. Although unbranded products sometimes give the same satisfaction as branded products, customers would still prefer to purchase a branded product.

D. Venkatarama Raju and S. Saravanan (2005)¹³ in their study on “Consumer Behaviour in the Marketing of Household Appliances in Chennai City of Tamilnadu State”, have identified that the consumer behaviour is the first and foremost requirement for the successful formulation and implementation of marketing strategies. The study of



Consumer Behaviour involves the process of identifying a) when consumers purchase b) what they purchase c) where they purchase d) how much they purchase e) their buying habits and motives etc.

A. Selvaraj and A. Mahendran (2003)¹⁴ in their study on “Brand preference of washing machine: Role of factors and problems”, have identified that in the modern marketing concept, the consumer is treated as a king. It was felt that ranking the influencing factors would be reasonable. Hence Garrett ranking technique was used. Ranks have been calculated with the formula given by him $1 - [R - 0.5] / N$ and the table shows that, quality was ranked 1st, advertisement was ranked 2nd, price was ranked 3rd and factors like features, appearance, credit facilities and services and guarantee were ranked 4th, 5th, 6th, and 7th respectively. Hence, it is clear that quality is an important factor.

Statement of the Problem

The inevitability of change looming large over the horizon, Indian companies must learn from their western counterparts to identify the sources, timing and direction of the changes likely to affect India and also the new competencies and perspectives that will enable them to respond to the changes, comprehensively and effectively. Companies offering Products or Services need to understand the new face of the customer.

Objectives of the Study

- ❖ To study the Consumers' Buying Behaviour and Preference towards Home Appliances.
- ❖ To know the Consumer Preference towards the Price of the products.
- ❖ To identify the mode of payment preferred by the consumer.
- ❖ To provide maximum possible suggestions for the promotion of Home Appliances.

Scope of the Study

- ❖ This study will help to understand the Consumers' Buying Behaviour and Preferences towards purchasing Home Appliances.
- ❖ It also reveals the various factors which can affect the purchase decision.
- ❖ It encompasses the consumers who are using Home Appliances.
- ❖ This study will be helpful to the Retailers and Companies so that they can understand the consumer behaviour and can satisfy the consumer at the appropriate time.



Hypothesis of the Study

- ❖ There is no relationship between monthly income and the consumer preference on the price of the products.
- ❖ There is no relationship between occupation and monthly income on the basis of the mode of payment preferred by the consumers.

Limitations of the Study

- ❖ Analysis is limited to samples and not to the total population.
- ❖ Random sampling method is used and it has its own limitations.
- ❖ The study covers the respondents only from Vellore district.
- ❖ The sample size is limited to 200.
- ❖ This study covers only those Consumers who are using Home Appliances. (Refrigerators, Washing Machine, Air Conditioners and Television)

Sources of Data Collection

Data refers to information or facts. Data could be broadly classified as **(1) Primary data** and **(2) Secondary data** where both are used for the study. Primary data was collected by primary survey method through a structured questionnaire. The secondary data was collected from books, published journals, magazines, text books, newspapers, internet and reports.

Analysis of Data

The data thus collected was compiled, classified and tabulated. The Tables were prepared from the given information. Statistical tools such as **(i) ANOVA** and **(ii) Chi-Square** are used to analyse the data.

Chi-square Test

Chi-square is a statistical test commonly used to compare observed data with the expected data according to a specific hypothesis.

Hypothesis I

Monthly Income	Below 10000	10000 - 20000	20000 - 30000	30000 - 40000	Above 40000	Total
Below 10000	28	25	10	1	0	64
11000-20000	28	38	6	3	2	77
21000-30000	4	10	5	0	1	20
31000-40000	7	9	2	0	0	18
Above 41000	10	7	1	2	1	21
Total	77	89	24	6	4	200

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	18.288(a)	16	.307
Likelihood Ratio	19.623	16	.238
Linear-by-Linear Association	.552	1	.458
N of Valid Cases	200		

(a) 13 cells (52.0%) have an expected count of less than 5. The minimum expected count is .36.

The calculated value is **18.288**

$$\begin{aligned}
 \text{Degree of Freedom} &= (r-1)(c-1) \\
 &= (5-1)(5-1) \\
 &= 4 \times 4 = 16
 \end{aligned}$$

The value for 16 @ 5% significance value is 26.296

From the above table it can be inferred that the calculated value 18.288 is less than the table value 26.296. Hence, H_0 is accepted at 5% level of significance. Therefore, it can be concluded that there is no significant relationship between the monthly income and the price preferred by the consumers to purchase Television sets.



Anova [2 Way Classification]

To test the significance of difference between two groups.

Hypothesis II

H₀: There is no relationship between the occupation and monthly income on the basis of the mode of payment preferred by the consumers.

Levene's Test of Equality of Error Variances (a)

Dependent Variable: *Mode of payment preferred by the consumers*

F	df1	df2	Sig.
1.519	23	176	.069

It tests the null hypothesis proving that the error variance of the dependent variable is equal across the groups. In the above table the significance value is greater than 0.05 which indicates the homogeneity of variances of the dependent variables across the groups.

Tests of Between-Subjects Effects

Dependent Variable: *Mode of payment preferred by the consumers*

Source	Type III Sum of Squares	df	Mean Square	F	Sig.
Corrected Model	27.059(a)	23	1.176	1.789	.019
Intercept	375.196	1	375.196	570.563	.000
OCCUPATION	6.174	4	1.544	2.347	.056
MONTHLY INCOME	5.504	4	1.376	2.092	.084
OCCUPATION/ MONTHLY INCOME	14.452	15	.963	1.465	.123
Error	115.736	176	.658		
Total	1029.000	200			
Corrected Total	142.795	199			

a) R Squared = .189 (Adjusted R Squared = .084)



From the above table it is clear that the occupation and monthly income based on mode of payment do not have any significant relationship [$F=1.465$, $P=0.056$]. It can also be inferred that there is no significant relationship between the occupation based on their mode of payments [$F=2.34$, $P=0.056$] and monthly income on their mode of payments made [$F=2.092$, $P=0.084$].

Findings

- ❖ 55% of the respondents agreed that they exchange the products during exchange offers
- ❖ 51.5% of the respondents preferred to buy the products from the show rooms.
- ❖ 47.5% of the respondents were satisfied with the after sales service of Home Appliances.
- ❖ 78% of the respondents agreed that the seller provides guarantee and warranty on buying the products.
- ❖ 47.5% of the respondents were always brand conscious.
- ❖ 46% of the respondents agreed that they buy new products to replace the old products.

Suggestions

The Researchers suggest that the Seller should retain the consumers by offering attractive schemes and Consumers should give preference towards branded products. The Government must encourage the consumers to use eco-friendly products. Training should be given to the dealers and salesmen at regular intervals. Companies have to plan a sound marketing strategy to attract the customers. The celebrities should stop promoting fake products, and reliable information must be given in advertisements.

Conclusion

Based on this study, the researchers find that people in Vellore district are aware of the different brands of Home Appliances. Knowledge about home appliances differs based on the age level. Demographic factors like age, gender, qualification, occupation and income affect the buying behaviour of the consumers of home appliances. For selecting a brand, most of the respondents have given priority to quality, price, durability, brand image and finally celebrity endorsement of the particular brand. Based on the Chi-square



test, it can be inferred that there is a significant relationship between the monthly income and the price preferred by the consumers to purchase Refrigerators and Washing Machines. The ANOVA test reveals that there is no significant relationship between the monthly income and the mode of payment. Hence, in this digital world, the Home Appliances are no longer a luxury item but a necessity. Yesterday's luxuries are today's Necessities.

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