

# Consumers' Purchasing Pattern in Liberalized Market – A Study on the Household Durable Products

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## **Abstract**

The world of today is changing fast. India is no exception. Especially after the opening up of the economy, the pace of change that India and its people are experiencing in their socio-cultural milieu is mind boggling. India, with its wide diversity, offers a fascinating scope to study the host of changes which developmental activities have brought about in its social & economical framework. While it is possible to get some estimates of the macro changes taking place in India, it is impossible to get any accurate measures of the subjective experiences that proceed, accompany or follow such changes. However, the fact remains that the profile of the Indian market is vastly different from what it was earlier. Although these changes are difficult to measure at the micro level, nevertheless, they have been of great significance to marketers. Any marketer is keen in closely monitoring the changes in terms of numbers and specially keeping regular track of the changing pattern of consumers' aspirations and competitive actions. For studying the above changes in market in liberalized era, the attempt has been taken to study on influence of certain identified macro factors in force along with designing a model of purchasing pattern in present scenario.

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## **Introduction**

The world of today is changing fast. India is no exception. Especially after the opening up of the economy, the pace of change that India and its people are experiencing in their socio-cultural milieu is mind boggling. India, with its wide diversity, offers a fascinating scope to study the host of changes which developmental activities have brought about in its social & economical framework. While it is possible to get some estimates of the macro changes taking place in India, it is impossible to get any accurate measures of the subjective experiences that proceed, accompany or follow such changes. However, the fact remains that the profile of the Indian market is vastly different from what it was earlier. Although these changes are difficult to measure at the micro level, nevertheless, they have been of great significance to marketers. Any marketer is keen in closely monitoring the changes in terms of numbers and specially keeping regular track of the changing pattern of consumers' aspirations and competitive actions.

With the opening up of the Indian economy, marketers today are facing a barrage of new challenges and opportunities; the Indian market is emerging as a dynamic and competitive area where "the only thing that is permanent is change". The Indian market is going through a period of upheavals. The winds of liberalization or the opening up of the market have brought about changes that would have been unimaginable a decade ago. As barriers come down, new players both from India as well as abroad are entering in different products. Presently there are many national as well as international manufacturers in consumer durable products. They are fighting an intense battle to get a foothold, while the existing players are putting in all their counter strategies in this battle for survival. The battle is on across all the products- be it consumer non-durable, consumer durable or the service industry – though the degree or nature of battle may vary individually.

In the Indian market, companies have faced many ups & downs while managing their products. Although it is not possible to identify exactly the causes behind any particular success story, there are innumerable instances of success which can be broadly grouped under five categories, namely - *product innovations and its adaptation to the Indian conditions, offering excellent value for money, unique marketing skills* in the areas of market selection, positioning, brand image and

creative advertising, *offering of excellent service to the customers* and *owing to superior design or technology*.

### **Market Changes in Force**

A careful analysis of the Indian market reveals the dramatic changes that occurred since 1990s resulting in manifold increase in the purchase of consumer durable products. The various changes that transformed the Indian market for consumer goods in the last one decade (1991- 2001)<sup>i</sup> are presented below:

- A shift from sellers market to buyers' market- characterized by intense competition, variety, and consumer insistence for value for money leading to the redefinition of necessities and luxuries;
- Sheltered market to competitive market – the entry of Multinational Corporations (MNC's) with global network, acknowledged superior technology, product quality and money power to backup their marketing efforts offered a severe jolt to the Indian companies;
- Changing consumption pattern – Indian markets have transformed both in terms of sophistication and variety, resulting in a substantial change in the disposition of the customers towards quality, price, delivery and service leading to new processes;
- Expanding service sector – which at present accounts for about 52 per cent of gross domestic product. They are production, business, government and other service sectors like education, healthcare, hotels, insurance, banking, consulting company, travel and tourism, emerged as important areas where significant action is taking place;
- Emergence of distinct market segments – urban, rural, youth, children, working women etc;
- Changes in the media scene - from single channel to cable network with multiple channels, larger coverage, multimedia mix, greater spending and emphasis on market research and media planning, have become the order of the day;
- Changes in the distribution channels – Innovative distribution channels like convenience shops, departmental stores, discount stores, super markets, mail-order retailing, video shopping, internet shopping and multilevel marketing, have begun to change the face of distribution format;
- E - Business and Commerce – in addition to e-mail, e-entertainment and e-database, a wider range of services using networking- e-shopping, e-commerce, web-enabled operations and data ware-housing are now available and quite interestingly are gaining acceptance.

As a result of all these changes, the role and functions of marketing have undergone a metamorphic change in recent years. Many new concepts and patterns of thought have emerged. That apart, changes have also taken place in the consumer buying habits and spending behavior. Consumers have become more knowledgeable, more adventurous and more demanding, compelling, in a way, redefinition of marketing strategies and orientations of companies. Since present day consumers are more concerned for value, brand image and performance than ever before, consumer satisfaction is viewed as an integral part of total quality package in terms of form utility, place utility, time utility and possession utility.<sup>ii</sup> In the light of the shift enumerated thus far, it is evident that sound understanding of the consumer profile is an urgent need for the marketers. The traditional attitude of many business firms to sell what is easy for them to produce rather than to produce what the consumers want has to be changed. The marketers should take fresh initiatives focussed on effective market analysis and research. Gone are the days where price alone used to play a significant role. Of late, product differentiation, customization, pre-sale and after sales service, quality, delivery schedules and other factors also play an important role besides price. Effective marketing not only creates new and bigger markets, but also enables the firms to reduce cost, to enhance the demand and eventually to achieve economies of scale. It is, therefore, essential that marketers keep a constant watch on the marketing horizon to spot the new challenges thrown up by the staggering pace of technological developments and various changes in the marketing environment and to convert them into highly profitable marketing opportunities.

## Research problem

The developments discussed thus far, spell increased choice and better quality for the Indian consumer. India, with its wide diversity, offers a fascinating scope to study the host of changes that new policy initiatives have brought about in its socio- cultural and economic framework. While it is possible to get some estimates on the impact of these changes at the macro level, it is equally desirable to get a feel as to how these changes are translating themselves into consumer action at the micro level. Such an exercise enables the marketers to know precisely the subjective experiences that preceded and accompany such changes. Therefore, it is imperative on the part of the marketers to keep a vigil on the changes and monitor them on a continued basis to comprehend correctly the consumer's aspirations and competitive actions.

As entry barriers crumbled, thanks to the opening up of the economy, new players both from India as well as from abroad are quite active in the Indian markets. They are fighting an intense battle to get a foothold. The battle is on across all the product categories- be it manufacturing or the service sector, though the intensity of competition may vary from business to business.

Some of the macro level marketing variables that have a bearing on the marketing front may be examined under the following heads. They are *demographic, economic, social and cultural, and psychological/personal variables* related to consumers.

Though, all these factors are generally viewed as non-controllable variables by any marketer, it is highly desirable to study the the influence of each of these variables on consumer purchasing pattern.

## Objectives of the Study

This study was conducted with the following objectives:

1. To identify the various socio-economic, cultural and psychological factors that influence the purchasing pattern of respondents;
2. To assess the different marketing strategies adopted by the consumer goods companies and to ascertain the consumer responses there of; and
3. To present an appropriate consumer purchase behavior model useful to the marketers.

## Research Design

**Area of the study:** The researcher has taken Chennai city (formerly known as Madras), the capital city of Tamil Nadu, one of the major states in the Indian union. The study considered *all those households of Chennai City, which use various consumer durable items* as population.

The researcher has adopted Cluster Sampling Procedure<sup>iii</sup> for defining the entire population area, for which the study area was divided into North, South and Central Chennai based on geographical location, using telephone directory as the source (**Table: I**). From each part (cluster) of Chennai City, using postal zones all possible areas were identified. Among them few areas were selected using Systematic Sampling Method covering 50 per cent areas from each cluster (**Table II**). From each selected area, the required number of households was selected based on Judgement Sampling (or) Purposive Sampling by using some common criteria like *reference groups, subject knowledge, occupational status and their attitude to co-operate for this study*.

TABLE I GEOGRAPHICAL CLASSIFICATION OF CHENNAI CITY

□ SOUTH	□ NORTH	□ CENTRAL
1. ADYAR	1. AMBATTUR	1. ANNA ROAD
2. CHROMEPET	2. ANNANAGAR	2. GREAMS ROAD
3. K.K.NAGAR	3. AVADI	3. HADDOWS ROAD
4. KODAMBAKKAM	4. ENNORE	4. PERAMBUR
5. KOYAMBEDU	5. FLOWER BAZAAR	
6. KUNTRATHUR	6. HARBOUR	
7. MAMBALAM	7. KALMANDAPAM	
8. MAYLAPORE	8. KELLIS	
9. NEELANGARI	9. KULATHUR	
10. NELSONMANIKKAM ROAD	10. MADHAVARAM	
11. PERUNGUDI	11. MANALI	
12. PORUR	12. POONAMALLEE	
13. R.K.NAGAR	13. REDHILLS	
14. RAJBHAVAN	14. THIRUNINTRAVUR	
15. St.THOMAS MOUNT		
16. THAMBARAM		
17. THIRUVANMIYUR		
18. VALASARAVAKKAM		
19. VELACAERY		
20. VLLAGARAM		

Source: Chennai Telephone directory 2000.

TABLE: II SAMPLING AREA BASED ON SYSTEMATIC SAMPLING

□ SOUTH	□ NORTH	□ CENTRAL
1. CHROMEPET	1. ANNANAGAR	1. GREAMS ROAD
2. KODAMBAKKAM	2. ENNORE	2. PERAMBUR
3. KUNTRATHUR	3. HARBOUR	
4. MAYLAPORE	4. KELLS	
5. NELSONMANIKKAM ROAD	5. MADHAVARAM	
6. PORUR	6. POONAMALLEE	
7. RAJBHAVAN	7. THIRUNINTRAVUR	
8. THAMBARAM		
9. VALASARAVAKKAM		
10. VLLAGARAM		

Source: Chennai Telephone directory 2000

**Data Collection:** The prepared questionnaires were distributed among the people living in the areas identified for the survey purpose. The respondents were chosen through friends, relatives and using updated telephone directory–2000 as a source for identification.

**The Sample:** As it was felt that the sample of 300-400 respondents would be a representative one and considering the nature of the survey and assuming that at least 50 per cent of the respondents would participate, 700 questionnaires were distributed. As expected (360 out of 700 respondents – a little over 50 per cent evinced interest and responded). In the scrutiny, it was found that 60 questionnaires were either incomplete or with incoherent information. After eliminating these questionnaires the remaining 300 questionnaires were found to be complete in all respects. As such, the study invoked analysis and interpretation of information provided by these 300 respondents.

**Sources of data:** Primary data from the respondents was collected by using a non-disguised structured questionnaire. The questionnaire was prepared with utmost care incorporating all necessary information by using both open-end and close-end questions. **Pilot study:** A pilot study was conducted to ascertain the validity and relevance of the various inputs of the questionnaire.

**Tools used for analyses:** Based on the nature of data and interpretations required, appropriate statistical tools like *Factor Analysis*, *Weighted average method*, *Ranking method* and *Chi-square analysis* were used in the analyses part of the dissertation.

## Findings of the Study

### I. Influence of ‘Macro Factors’ in purchasing pattern:

➤ **Economic Factors:** It consists of factors that affect consumer purchasing power and spending pattern. For analyzing the impact of economic condition the researcher has selected the following factors as important elements - increase in family income, availability of cheap sources of borrowing funds, availability of attractive sales promotional schemes, the changes in the rate of taxes and duties levied by the government, availability of surplus funds (saving), availability of additional sources of income, pricing strategies of companies and the perceived risk in terms of technological obsolescence.<sup>iv</sup> From the **table 1**, it is clear that increase in family income accounted for an average score of 3.4 having a medium level of influence in purchase of the durable products. This means whenever the income of an individual increase, the demand of an individual also increases at a medium level. Secondly, the availability of attractive sales promotional schemes announced by companies accounted for an average score of 3.3 showing a medium level of influence in purchase of durable products. This shows that, the income of an individual increased substantially, our consumers’ also looked for prospects in the form of promotional schemes (seasonal offers) of companies in order to maximize the benefit out of their purchase. Thirdly, the pricing strategies of companies accounted for an average score of 3.2 also having a medium level of influence in purchasing durable products. Whenever the consumer purchases any durable product, the product quality and price of the product have major influences. Fourthly, the availability of surplus funds and the perceived risk in terms of technological obsolescence each had accounted for an average score of 3.1 respectively. Since, technological improvement is often inevitable due to foreign collaborations any consumer prefers to make use of the most recent technological advancement. Hence, both price and technology influence uniformly the consumers’ level of decision making for purchase of a product. Fifthly, the availability of additional sources of income has accounted for an average score of 3.0 and shown a medium level of influence. This refers to any income an individual gets from other sources like arrears from present occupation, bonus, income from agricultural and other property and through other sources like gifts etc. Lastly, the changes in the rate of taxes and duties levied by central / state government and availability of cheap sources of borrowing funds accounted for an average score of 2.9 and 2.8 respectively showing a medium level of influence. Hence, the above results showed that the economic factors as a whole have an average medium level influence in purchase of durable products. This is due to personal commitments of an individual through unforeseen expenses like medical, children’s education, and investment plan to avoid taxes, congested living style etc.

➤ **Social and Cultural factors:** The task of any marketing executive is becoming more complex because of our cultural patterns – life style, social values and beliefs, which are changing more quickly than they used to.<sup>v</sup> A consumer’s behavior also is influenced by social factors, such as the consumer’s small groups, family and social roles and status. For measuring the influence social and cultural factors hold over the purchase of durable products, the researcher has selected totally fourteen factors considered relevant. Accordingly, he has selected the following factors: increase in the number of nuclear families, influence of reference groups, chance of more interactions among family members, the desire for leisure time, one’s standard of living / status, need for comfort / sophistication, education and level of occupation, dominance of elderly person in family, the influence of younger generation in a family, compulsions of religious values / moral values, individual values and attitudes, experience etc., influence of sentimental / traditional values, social conditions and freedom of living and learning attitudes of individuals. From the **table 2**, it is clear that, increase in the number of nuclear families, need for comfort / sophistication, education and level of occupation, each had accounted for an average score of 3.6 and shown a high level of influence on purchasing pattern of durable products. Secondly, one’s standard of living / status accounted for an average score of 3.5 and has shown a high level of

influence on purchasing pattern of durable products. The table nos. 2.6, 2.7 and 2.8 in regarding education, occupation and income and expenses per year also supports this. Thirdly, Influence of reference group, chance of more interactions among family members and learning attitudes of individuals accounted each had an average score of 3.4 and has shown a medium level of influence on purchasing pattern of durable products. Fourthly, the desire for leisure time, the influence of younger generation in a family, individual values & attitudes, experience etc., and social condition and freedom of living accounted each had an average score of 3.3 and has shown a medium level of influence on purchasing pattern of durable products. Fifthly, the dominance of an elderly person in family has accounted for an average of 3.1 and shown medium level of influence. Finally, compulsions of religious value / moral value and influence of sentimental / traditional values accounted each, for an average score of 2.9 and has also shown a medium level of influence on the purchasing pattern of durable products. Hence, the social and cultural factors have shown on an average a high level of influence in the purchasing pattern of durable products. This clearly shows that there is a breaking point of changes observed among the population in social and cultural values.

➤ **Psychological factors:** The study of consumer behavior is much more important than the number of consumers in the market because each consumer is unique. His behavior, attitude, temperament, mentality, and personality have their own say on what he wants and how his/her needs could be satisfied. A person's buying choices are mostly influenced by four major psychological factors: motivation, perception, learning and beliefs and attitudes.<sup>vi</sup> Following are the fifteen factors the researcher has selected for this study. They are: increase in competitions among sellers of various brands, price differentials among various brands/ sellers, technological superiority seen among the products, influence of promotional efforts/ additional benefits, life expectancy of the product, assurance of prompt after sales service, resale value of an item, frequency of usage of the product, increasing consumer's expectations, availability of choice leading to complexity in purchase, brand loyalty among consumers, sentimental/ traditional values, the availability of leisure time, convenience in usage of the product and realization of his ego needs.

From the **table 3**, it is clear that, among the fifteen factors, the increase in competition among sellers of various brands accounted for an average score of 4.0 showing a very high level of influence on purchasing pattern. This is due to the reason, under open market conditions, more number of foreign brands have entered and occupied the Indian market. It has given an enormous scope to Indian consumers through a range of choices in their mind. Secondly, the technological superiority seen among the products and increasing consumer's expectations, each accounted for an average score of 3.8 respectively showing a high level of influence on the consumer's mind. Due to entrance of foreign brands with advanced technology, Indian consumers identified technological superiority, which in turn increase their expectations of all brands. This has forced our Indian brands to update their technology. Thirdly, price differentials among various brands/ sellers and brand loyalty among consumers, each accounted for an average score of 3.6 respectively and has shown a high level of influence over the consumer's mind. Basically, our Indian consumers are price conscious, while they purchase any product. Knowing this, all foreign brands started launching their products with the latest technology at a competitive price. This has led to Indian brands reconsidering their position and opting for latest technology at competitive price level with the foreign brands. Of course, our Indian consumers basically hold loyalty towards the particular brand to which they are associated. This has given scope and compelled our Indian companies to re-launch their improved products by entering into a technological collaboration with foreign companies. Fourthly, the influence of promotional efforts/ additional benefits, assurance of prompt after sales service, and availability of choice leading to complexity in purchase, each accounted for an average score of 3.5 showing a high level of influence on the purchasing pattern. Due to increase in competition, each company has started giving better deals to their consumers through attractive promotional offers like discounts, allowances, combined

offers, exchange schemes, free gifts, free delivery system of their products at the door steps of the consumers and attractive free after sales service for longer periods. Many companies have besides the normal distribution pattern; set up their own company show rooms/ service stations in major cities to attract consumers to benefit them more. Moreover, to give more ‘form utility’ to consumers, companies have started producing various models, designs, shades and sizes of their products. This has also created more complexity in decision making by the consumer while purchasing durable products. Fifthly, the life expectancy and convenience in usage of the products each accounted for an average score of 3.4 and has shown a medium level of influence on the purchasing pattern. Any consumer normally expects durability of the product along with ease of operation since; these two factors are necessary for a consumer to maximize the utility of their products. Sixthly, the frequency of usage of the product accounted for an average score of 3.3 and has shown a medium level of influence on purchasing pattern. Any consumer may prefer the most frequently used product in their priority while purchasing the products. This purely depends on their life style, place of living, family support, knowledge, experience, occupation and other allied matters. Seventhly, the realization of ego needs accounted for an average score of 3.0 and has shown a medium level of influence in purchasing pattern. Any consumer has certain desires in his/her mind based on their status, life style, living condition, occupation and education. Accordingly there will be a change in the purchasing pattern of durable product. Eighthly, the availability of leisure time accounted for an average score of 2.9 and has also shown a medium level of influence. Basically, consumer purchases of durable products are for time saving or for spending of their leisure time. Accordingly, their purchases are influenced by the availability of the time for using the product. Ninthly, sentimental/ traditional values and resale value of an item each accounted for an average score of 2.8 respectively and has shown a medium level of influence in their purchasing pattern. Indian consumers normally hold their beliefs on certain sentiments like seeing an auspicious day, time, color, place etc., or they simply follow the traditions followed by their ancestors. Further they also look at a reasonable resale value for the investment made on purchasing the durable products. Since it would be useful at the time of replacement of the old item.

## **II. The different marketing strategies adopted by the consumer goods companies**

Unlike macro factors, there are other factors, which are influencing the purchasing patterns of durable products. Which are controllable and existing within the organization? Those factors are grouped under micro factors. ‘If the rate of change inside a company is less than the rate of change outside a company, then the end is in sight’.<sup>vii</sup> Customers make more of an effort, and become more involved, if the purchase is relatively important to them, particularly if they have no previous experience of buying such a product of service. Since, the durable products are costly and having a significant period of life, it requires a lot of detailed information and careful analysis about the following: product itself, pricing of various competitive products, Place of availability along with additional benefits possible along with purchase. This is called ‘high involvement’. Here the consumer goes through an extensive problem solving process – searching and collecting information, evaluating it and eventually deciding on a particular choice. So to study the influence of all those micro factors, the researcher has grouped the following factors under his consideration: Sources of information, Product attributes, Pricing policies, Distribution policy, Promotion policies of various corporate sectors, and various schemes announced by companies for mode of purchase of durable products. Let us now examine the above factors influence on durable product purchase.

➤ **Influence of Source of Information’s in Purchasing Decision:** Among the Micro factors, the sources of information are of vital importance to educate the consumers’ what is available for their service. This gives information on various brands, models, sizes, technology, features, pricing levels and other needed information on particular durable products. Further this also helps consumers to save their time and efforts of searching the particulars about any durable product for their purchasing decision. This will also act as a linking process in bringing together

the companies products to the ultimate consumers. In general, there are many sources available to communicate the required information to the ultimate consumers. To study the influence level of various common sources, the researcher has considered totally eleven sources, after a careful selection of them. From the **table 4**, it is clear that, all the selected sources have shown uniformly a high or a medium level of influence over the purchasing pattern. Among the sources, Television commercials have recorded a high level of influence having an average score of 4.0. Secondly, print media has accounted for an average score of 3.8 and has shown a high level of influence on purchasing pattern. Thirdly, the relatives / friends / colleagues recorded for an average score of 3.6 showing a high level of influence on purchasing pattern. Fourthly, the earlier users, has recorded an average score of 3.4 and has shown a medium level of influence in the purchasing decision. Fifthly, suppliers/dealers and exhibitions/ trade fairs, each have accounted for an average score of 3.3 respectively and shown a medium level of influence in the purchasing decision. Sixthly, company brochures has accounted for an average score of 3.2 and shown a medium level of influence in purchasing decision. This will give complete technical knowledge with regard to operation/ technology/ features of the particular product. Seventhly, company sales force, users of other competing brands, each have accounted, for an average score of 3.0 respectively and shown a medium level of influence in purchasing decision. Followed by trade journals which accounted for an average score of 2.9 and shown a medium level of influence in purchasing pattern. Finally, the buyers associations has accounted for an average score of 2.5 and shown as medium level of influence in purchasing decision. In India, fast evolving ‘concept selling’ organizations trying to help the consumers with regard to their purchasing decisions.

➤ **Influence of Product Attributes in Purchasing Decision:** While consumers’ purchase the products, they may be influenced by various attributes, since each consumer may prefer different sets of attributes, the researcher is interested in to identifying the level of influence of each attribute while they purchase the durable products. For this study the researcher has selected totally nine attributes and identified their influence in purchasing durable products. From the **table 5**, it is clear that, technological superiority has accounted for an average score of 4.3 and shown a high level of preference in purchasing decision. This shows clearly that consumers awareness of technological innovations. Secondly, the brand name and features of the products each, have accounted for an average score of 4.2 and shown a high level of influence in purchasing decision. Thirdly, the utility of the products has accounted for an average score of 4.1 and also shown a high level of influence. Fourthly, the product availability and price of the products each, have accounted for an average score of 3.8 respectively and shown the high level of influence. Fifthly, after sales service has accounted for an average score of 3.7 and shown a high level of influence. Sixthly, promotional activities of the companies has accounted for an average score of 3.4 and shown a medium level of influence. Finally, credit facilities and hire purchase has accounted for an average score of 3.1 and shown a medium level of influence in purchasing decision. Thus even though some of the attributes have shown a high level and others a medium level influence, the difference stands only in priority of attributes influencing the purchasing decision.

➤ **Respondents’ Opinion on Pricing Policies of Various Companies in Purchasing decision:** In order to identify the respondents’ opinion on companies pricing policies, the researcher has given them a set of factors, which normally influence the pricing decision. Accordingly, he has given totally five common factors and asked the respondents’ to give their opinion on each one of them. They are: highly competitive market condition, creation of demand for the product, excess supply over demand, usage of modern cost reducing methods / techniques, and government policies on taxation.<sup>viii</sup>

From the **table 6**, it is clear that, highly competitive market condition has accounted for an average score of 1.3. Creation of demand has accounted for an average score of 0.8, excess supply over demand has accounted for an average score of 0.6 and finally the use of modern cost reducing methods/ techniques and government policies on taxation, each has accounted for an

average score of 0.5 respectively. Thus it is evident that respondents were aware of the influencing factors of pricing policies and opined that the highest priority-influencing factor is the competitive market. Hence, increased competition in open market has altered the pricing policies of the companies favorably towards respondents' acceptance.

➤ **Respondents' Opinion on "Distribution Policy" of various companies in purchasing decisions.** To study the level of understanding on distribution policies of the corporate, the researcher has attempted to collect the opinions of respondents by selecting a few conditions by which any company sets its distribution policies. They are: reduction in waiting periods for delivery, reduction in distribution cost in pricing through mass transportation, Increased dealer network, availability of multiple brands with dealers/ outlets and availability of mail order system/ telemarketing facility.

From the **table 7**, it is clear that reduction in waiting period for delivery has accounted for an average score of 1.0. Reduction in distribution cost in pricing through mass transportation has accounted for an average score of 0.9. Increased dealer network and availability of multiple brands with dealers/ outlets each had accounted for an average score of 0.7 respectively and the availability of mail order system/ telemarketing facility has accounted for an average score of 0.5. Thus, the respondents were having the opinion that the reduction in waiting period for delivery in competitive market followed by reduction in distribution cost in pricing through mass transportation and increased dealer network has important determinants to formulate the policies of distribution system.

➤ **Influence of "Sales Promotional Policy" of various companies:** Promotional policies widely cover all activities that promote the given products by the companies. These include advertising, sales promotion, personal selling and publicity, the objectives of which are different. <sup>ix</sup> For studying this, the researcher has selected totally seven conditions, which are very common in usage. They are; attractive price, exchange offers announced by companies / dealers, free gift announced by companies / dealers, combined economic offer (dual / multi purchase), money refund offer, discount/ allowance offer and contest/ free offer announced.

From the **table 8**, it is clear that attractive price has accounted for an average score of 3.8 and shown a high level of influence on consumers' purchase. Exchange offer announced by the companies/ dealers has accounted for an average score of 3.6 and shown a high level of influence on consumers' purchase. Free gift announced by companies / dealers, Discount / allowance offer each has accounted for an average score of 3.5 respectively and shown a high level of influence on consumers' purchase. Combined economic offer (dual / multi purchase) has accounted for an average score of 3.3 and shown a medium level of influence on consumers' purchase. Here, more than one product can be combined with economic pricing. This is a common practice among the companies who join together with other leading companies and combine their product sales. Money refund offer and contest/ free offer announced, each has accounted for an average score of 3.2 and shown a medium level of influence on consumers' purchase. Thus, the promotional policies of the companies' play a vital role in influencing the consumers' decision to purchase the durable products.

### **III. A Model Representing Purchasing Pattern of Consumer Durable Product:**

A given model of consumer behavior depicts consumer behavior as a decision process i.e., how a modern consumer takes decisions in a highly sophisticated environment. In the modern environment consumers consider the following aspects for their purchase.<sup>x</sup>

- More choices for their selection due to *multiple brands both in Foreign & Indian* companies. This is mainly due to our recent governmental policies on globalization and liberalization policies.
- High level of *technological advancement* seen in both operational and manufacturing areas. This has given a more selective approach to our Indian consumer's to select their taste and preference and increase their level of participation in purchase decisions.

- More critical *promotional plans* introduced by marketers to win the confidence of modern consumer's through offering more economical and psychological measures to select the product of their purchase i.e., Exchange offer (old with new), and dual or multiple offer purchase etc.
- Challenging *pricing strategies* of marketers due to cost reduction techniques both in manufacturing and promotional plans that in turn lead to marketers adopting a competitive approach towards both consumers and competitors.
- Introducing more flexible choices in '*mode of purchase*' by offering both understandable and flexible systems of repayment. This constantly attracts more consumers' and gives them a competitive edge to improve their standard of living.
- Attempting continuously *Research & Development* practices in order to bring a user-friendly system by considering the changes in environment. Thus it motivates the mind-set of a consumer increasing their level of participation and prepares the mind to accept and select the changes suited for in their living condition.

Keeping all the above factors in mind, the researcher has attempted to study the modern purchasing pattern on consumer durable products. Accordingly, with the available information, researcher has designed the following model, to express his views. **(Fig. 1)**.

In this model of consumer behavior, the researcher has identified how a consumer attempts to purchase any durable product in an ***open market condition***. There are *three basic phases attached with this model*.

**Phase I:** The basic desire/stimuli of an individual create need recognition which in turn ends with searching behavior using both external and internal modes. With available information on search, one can easily evaluate various alternatives available for his consideration. In the modern era, since both foreign and Indian brands are available, the basic considerations presently available before consumer are:

- Model /Operational convenience i.e., A 'form utility' of any product and the ease of operational convenience has gained an immense role.
- Technology to cover the best of the kind to suit the modern living conditions. Till recent past, our Indian consumers aimed for their needs only at a limited scope. Thanks to liberalization for giving them an endless scope for their life style.
- Pricing strategy to cover all sections of Indian consumers to maintain their ability to purchase in order to maximize possible demand for the product. This is possible only through adoption of cut throat competitive methods in the Indian market viz., cost reduction by applying mass production, mass transportation and mass promotional activities.
- Promotional efforts made to cover the mass, through application of modern form of comparative advertising. Meaningful effort of various sales promotional offers by affecting both economic and psychological factors and creating better salesmanship through continuous training programs for the sales force in order to improve their presentation.
- Availability of the product at the doorstep made possible saving both time and cost of consumer's efforts in purchasing any choice of their kind. This has enabled to provide both time and place utility of the marketing function.
- Reliability/worthiness creates confidence in the minds of consumers to decide about the level of involvement both in searching and selection decisions.
- After sales service provides endless scope for the Indian consumer to select any new technology that is available at their doorstep. This prepares the mind of consumers to take any level of risk in their involvement by winning the confidence of their own.

Considering all the above criteria on a comparative basis one has to build basic beliefs, a positive attitude and an intention that in turn ends in purchase of any durable product.

**Phase II:** In social life, any individual is basically attracted towards one or more reference groups. The reference group of an individual may have a greater level of influence, through the level of satisfaction and confidence attained. In turn this reference group may act as a source of

information for buying decisions. Normally, suppliers/dealers, company brochures, the buyers associations, trade journals, print media, T.V commercials, relatives, friends, colleagues, earlier users, company sales force and users of other competing brands act as major role players to get necessary information. Through such information one can do alternative evaluation of various brands/models available in order to get his belief and change his attitude to develop an intention to purchase the durable product. More satisfied a consumer he induces many others to purchase the same product. This is a silent & continues form of marketing effort any company can choose for their long-term strategy. Moreover, this is considered as one of the effortless promotion / publicity of the kind in both cost and time.

**Phase III:** In post purchase evaluation, consumers may normally end with two sets of measures. One may be positive, when he has attained all his basic desires. The other may be negative, when he has attained dissatisfaction of desired features looked therein. The former may end with either repeat purchase or act as a reference group to motivate others to purchase, whereas the latter may certainly reject the total purchase system.

Besides, the above factors consumer-purchasing pattern also may involve a certain degree of influence through both; *Environmental factors and Personal factors*.

***The environment factors include:***

- *The Economic factors* - include the current and anticipated stage of the business cycle, as well as inflation and interest rates. This will define how an organization can effectively utilize the availability of resources to the best of its utility. Economic factors often challenge the survival of an organization. The ability of companies to create the required demand in the minds of consumers' in such conditions is important.
- *The cultural factors* - include knowledge, beliefs, values, attitudes, habits and forms of behavior that are shared by a society and are transmitted from generation to generation i.e., the influence of older and younger generation and vice versa. In recent times, extensive exposure has led the younger generation into more influence in changing 'Cultural Revolution' that has resulted in replacement of new attitudes on culture.
- *The social factors* - include educational level, occupational level and income level, influence of reference group etc. In the changing environment, the education and occupational mode of independence of both sex (male and female), has resulted in increasing nuclear type of family structures in the social class. This in turn has created a potential demand for durable products.
- *Psychological factors* - include likes and dislikes of certain individuals relating to need for comfort/ sophistication, sentiments, realization of the ego needs. In recent times, since the living pattern of individuals has changed due to the influence of cultural and social factors the individual preferences differ dramatically.
- *Demographic factors* - It refers to the size of the population, the size of the family, the type of family, age group of family members, the total family income / year, the total family expenses / year, the duration of stay, the influence of younger generation, role of different members in the family, compulsion of religious values / moral values, social condition and freedom of living.
- *The Situation /Occasion-* include influence of promotional measures and additional benefits offered by the companies as their part of promotion, frequency of usage of the product, sentiments/traditional values of one's purchasing style and realization of their ego needs. In recent times, due to time pressure, consumers mostly take their decisions based upon the benefits extended out of the purchase both in the form of money and time.
- *Competitors' strategies:* A company's competitive environment obviously is a major influence on its marketing programs. Skillful marketing executives constantly monitor all aspects of competitors' marketing activities – their products, pricing, distribution systems and promotional programs. Moreover, the destiny of many Indian firms today is affected by international competition due to our new economic policy of government called

liberalization. This has really challenged many Indian companies to reconsider the strategies adopted for their survival.

- *Technological change:* Due to the open market condition, many foreign companies have entered into the Indian market with advanced technology. This has led to change in life style of our Indian consumers' that has in turn resulted in a challenge to our existing Indian companies to reconsider their strategies of production and marketing.

***The personal factors include:***

- *Consumer economic resources* - it includes the availability of cheap sources of borrowing funds, availability of surplus funds, availability of additional sources of income etc., which influence consumers to decide on their purchase. In recent times, due to availability of more financing sources/options any consumer's mind is persuaded to purchase their requirement with least efforts. Some of the possible measures influencing the consumer in recent times are: Easy and low down payment, EMI, Credit cards purchase, Zero percent of interest loan schemes and the active role of both commercial and foreign banks coming out with more special programs due to liberalized economic conditions.
- *Knowledge of an individual*- it plays a vital role in consumer decision making. Due to the education and increased level of literacy among people there is increase in awareness of product availability, product features, technological advancements etc., This in turn has led to a more complex nature of purchasing style.
- *Involvement*- it includes the learning attitudes of an individual and means to get end results through a proper searching process. The success of an individual lies on the level of involvement, which in turns influences, the level of satisfaction in his achievement.
- *Life styles* - include status, level of compromise in living condition of an individual and the utilities of a particular product to support their life style.
- *Reference groups*- includes normative reference group (direct influence), comparative reference group (point of comparison), indirect reference group like movie stars, sports personalities, contractual group (person's membership or degree of involvement), aspiration group (influencing group), disclaiming group (non influencing group) and avoidance group (rejection group).
- *Utilities* - The basic benefits attached with consumers' purchase with reference to 'Form utility' (design, color, dimensions, and other features of the product), 'Place utility' (product availability in desired place), 'Time utility' (product availability in desired time) and 'Possession utility' (Position of ownership, service guarantees). Besides, according to acquisition – transaction utility theory, two types of utility are associated with consumer purchase: acquisition utility and transaction utility. Acquisition utility represents the perceived economic gain or loss associated with a purchase, and is a function of product utility and purchase price. Transaction utility concerns the perceived pleasure or displeasure associated with the financial aspect of the purchase, and is determined by the difference between the internal reference price and the purchase price

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