Consumer Brand Preference for Consumer Durable Goods With Reference to Lucknow District

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Abstract

Consumer behaviourable changes make “Yesterday’s luxuries are today’s necessaries”. India is emerging as an attractive market for consumer durables. But the vibrant environmental factors and fierce competition is making it imperative to understand the dynamics of consumer durable market. Market survival depends on consumer satisfaction. Consumer satisfaction depends on their perception and brand preference of particular brand. 6 brands of consumer durables are available in the study area. The study would bring to light which consumer durable brand is most preferred by the consumers and why chose a particular consumer durable brand. Adopting a convenience sampling technique, 350 respondents of socio economic class (SEC A, B and C) were chosen among the consumer durable goods users in Lucknow City, randomly selected during the month of January and February 2014. The responses were analyzed through chi-square test and Garrett score with the help of SPSS-17. The paper has found that quality, technological innovations and multitude of brands across price points for price sensitive consumers are the three dominant factors which influence the consumer preference for consumer durables brands. The authors have found that quality has emerged as the most dominant factor influencing the consumers’ preference for the consumer durable goods.

Keywords: Quality; Innovation; Price

Introduction

The demography has witnessed a silent revolution during the 20th century, the growth of medical science gifted greater longevity to mankind in the past century that will result in an ageing population globally. The ageing is a far more serious subject then old age; contrary to the popular misconception that both ageing and old age are synonyms. Were old age merely relates to the people who have surpassed the average age of the nation and now are into the last stage of human life cycle, ageing is an elongated process. Population ageing is defined as a process of shift in nation’s population towards older ages. However, India for now is enjoying its demographic dividend and will continue to do so for couple of more decades. With fertility rate falling to 2.6 and the working age group population increasing to over 65%, India will have less dependents both in the age group of below 15 and above 60 years. This shall provide India with a special window of opportunities for business, investment, human development and faster rate of economic growth during the next few decades. To reap the fruits of demographic transition India needs to up its investment in health, education and physical infrastructure this will not only raise the productivity levels but will also make them more competitive in international markets.

Consumer durables involve any type of product purchased by consumers that is manufactured for long-term use. Durable goods are those which don’t wear out quickly, yielding utility over time rather than at once. Examples of consumer durable goods include electronic equipment, home furnishings and fixtures, photographic equipment, leisure equipment and kitchen appliances. They can be further classified as either white goods, such as refrigerators, washing machines and air conditioners or brown goods such as blenders, cooking ranges and microwaves or consumer electronics such as televisions and DVD players. Such big-ticket items typically continue to be serviceable for three years at least and are characterized by long inter-purchase times. The Indian consumer durables industry has witnessed a considerable change over the last few years. Changing lifestyle and higher disposable income coupled with boom in the real estate and housing industry and a surge in advertising have been instrumental in bringing about a sea change in the consumer behavior pattern. Consumer durables have emerged as one of the fastest growing industries in India. The consumer durable market is expected to become fifth largest consumer durable market in the world, the present consumer market size in India is US$ 7.3 billion in FY 12 and is expected to double at 14.8 per cent CAGR to reach US$ 12.5 in FY 15. The Indian consumer durables can be segmented into three groups.

India ranks first with 131 index points in the global consumer confidence survey [1]. Around two-third of Indian population is below the age of 35, and nearly 50% are below 25. There are 56 million people in the middle class who are earning $4,400-$21,800 a year. Besides the steady growth, changing lifestyles and disposable income resulting in greater affordability have been causing fundamental change in the Indian consumer behavior. A study by PricewaterhouseCoopers (PwC) and Federation of Indian Chambers of Commerce and Industry (FICCI), for the National Manufacturing Competitiveness Council (NMCC), points out that its favorable demographics and untapped market potential, India is emerging as an attractive market for consumer durables [2]. The urban market accounts for the major share (65 percent) of the total revenues in the consumer durables sector in India.

Despite the high growth rate, the penetration level of consumer durable categories is still very low relative to the size of the Indian market. The report by RNCOS finds that the penetration level of many appliances was very low. For example, the use of refrigerator stands at around 18%; washing machine 6%; microwave oven about 1% and air conditioner less than 2%. The low penetration of these products unveils a rewarding untapped market. Further, established brands account for less than 10% of the total consumer good market in India.

Keywords: Quality; Innovation; Price

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Though branded products are perceived to be costlier than the non-branded products, the penetration of branded product is increasing. This enumerated shift makes it imperative that sound understanding of the consumer profile is an urgent need for the marketers. With rising input costs and other environmental factors continuously putting pressure on margins, the competition among the consumer durable brands is building up in India. Effective marketing not only creates new and bigger markets, but also enables the firms to reduce cost, enhance demand and eventually achieve economies of scale. Therefore it is essential for the marketers to keep a close eye on markets to face new challenges and convert them into meaningful opportunities.

Indian market is very complex; it takes time to understand the dynamics of Indian market. According to Rama [3] consumer demand in India is like a curate’s egg—always good, but only in parts. SL Rao, the former head of National Council for Applied Economic Research (NCAER) described consumer demand in India as the walk of a drunken man. Businesses need to invest according to the pattern of the walk, which actually is not impractical, if one were able to take more coarse approach to understanding it as a sum of its many parts. Companies must be ready to digest the reality that their contributing segment would shift recurrently [3].

Today the environment is gradually updating in India. An enterprise’s marketing behavior should take the consumer as the core. By studying the influencing factors of consumer behaviors, the enterprise can identify the consumer demand, enhance the factors that promote consumer purchasing, and change unfavorable factors, taking the satisfaction of consumer as the start point and ultimate goal of marketing behaviors. Only by providing high-quality products, reasonable prices, and complete services, and satisfying consumers’ material and spiritual needs, can an enterprise earn more consumers, increase market shares, and create special core competences and competitive advantages.

Over the last twenty years the consumer durables industry has become more and more commercialized. Marketing and advertising have targeted the middle to upper income groups that have the disposable income to purchase durable goods and luxury items. An increasing number of market planners find the growing complexity and uncertainty of the environment difficult to cope with. Organizations are continuously facing new equations in their operating environment in every direction [4]. Complex competitive status, venerable demand forecast, varying attitudes towards branded products, existence of too many brands, changing attitude of channel intermediaries and shortening of the product lifecycle, are making marketing decision extremely difficult and risky [5]. To gain a better insight into the structure and drivers of consumer demand in India, marketers need to additionally develop a view of the market by looking at it through the consumer.

The paper first reviews the related literature and explains the adopted research method. It then analyses and interprets the data, discusses the limitations of the study and throws light on future research avenues before concluding.

**Literature**

Consumer behavior is the scientific study of the processes consumers use to select, secure, use and dispose of products and services that satisfy their needs. Knowledge of consumer behavior directly affects marketing strategy. This is because of the marketing concept, i. e., the idea that firms exist to satisfy customer needs. Firms can satisfy those needs only to the extent that they understand their customers. For this reason, marketing strategies must incorporate knowledge of consumer behavior into every facet of a strategic marketing plan. Market may be effectively segmented through statistical analysis of brand preference and selection [6]. Single brand preference can be regarded as a measure of loyalty, which also provides valuable information for customer management and worker segmentation [7].

The concept of consumer satisfaction occupies a central position in marketing thought and practice. Satisfaction is a major outcome of marketing activity and serves to link processes culminating in purchase and consumption with post purchase phenomena such as attitude change, repeat purchase and brand loyalty. The centrality of the concept is reflected by its inclusion in the marketing concept that profits are generated through the satisfaction of consumer needs and wants. The need to translate the philosophical statement of the marketing concept into pragmatic operational guidelines has directed attention to the development and measurement of consumer satisfaction. In the early 1970s consumer satisfaction began to emerge as a legitimate field of inquiry. The US Department of Agriculture’s Index of Consumer Satisfaction [8] was the first study to report direct information on consumer satisfaction to policy makers. Both Olshavsky and Miller [9] and Anderson [10] examined disconfirmed expectancies and their influence on product performance rating. The customer value concept holds that customers buy what creates the most value for them. It has also been defined as an emotional bond created between a customer and a supplier. A precondition for this bond to be established is that the product be able to meet or exceed customer’s expectations. Customers can be delighted if the supplier is able to improve its performance continuously [11].

Performance refers to how well the product does what it is supposed to do. For example, for microwave ovens, good performance involves how well the product cooks and defrosts food. Whereas for cameras, good performance involves how well the product takes pictures. For some complex consumer durables, such as automobiles, the performance dimension may itself be multidimensional. For example, for automobiles, performance involves power, safety, and comfort. To achieve high performance quality, a product must perform well and it must do so consistently. This consistency can be referred to as reliability or dependability. Thus, it is not enough that a lawn mower can start easily; it must do so every time.

The diffusion of innovation can be traced as by Rogers [12], to the beginning of this century and has included investigations of the diffusion of new products, processes and organization practices. Towards the middle of this century, this body of work came to be dominated by the epidemic model of diffusion, represented by the logistic equation and now familiar S-curve. The S-shaped curve has remained one of the central ‘stylized facts’ of much of the subsequent work [13]. Another characteristic of much of the innovation diffusion has been the attention paid to the adoption of technologies between firms, ignoring the diffusion of consumer goods. Companies are adopting emerging disruptive technologies like social media, mobility, cloud and data. Combination and convergence of these technologies is leading to the emergence of new products and solutions offering. With the multiplying smart devices, instant connectivity and massive growth of social media, customers today demand real time communication and consistent experience across channels. Companies are leveraging disruptive technologies to not just meet these changed expectations, but also to innovate and present cutting-edge products and solutions.
Deneckere and de Palma [14] develop a model of a vertically differentiated durable goods duopoly. In the version of their model with endogenous quality choice it is difficult for the low quality firm to soften competition by lowering the quality of its product. This leads to less vertical differentiation than would arise in a market for non-durable goods. Whereas redefining the customer satisfaction Zeithaml et al. emphatically mentioned that companies should first examine the impact of service quality on customers’ responses by asking them the following questions: What is the level of quality a supplier must deliver in order to keep the customer; what would encourage the customer to recommend the supplier; what factors would reduce the likelihood of a customer spreading negative word-of-mouth; and should the supplier focus on proactive service improvements or on complaint handling in order to keep the customer.

Before the shift in focus towards brand's and the brand building process, brands were just another step in the whole process of marketing to sell products. “For a long time, the brand has been treated in an off-hand fashion as a part of the product” [15]. Kotler [16] mentions branding as “a major issue in product strategy” (p.404). As the brand was only part of the product, the communication strategy worked towards exposing the brand and creating brand image. Aakar David and Joachimsthaler [17] mention that within the traditional branding model the goal was to build brand image; a tactical element that drives short-term results. Four factors combine in the mind of the consumer to determine the perceived value of the brand: brand awareness; the level of perceived quality compared to competitors; the level of confidence, of significance, of empathy, of liking; and the richness and attractiveness of the images conjured up by the brand. According to Keller [18], brand awareness consists of brand recognition - the “consumer’s ability to confirm prior exposure to the brand when given a brand as a cue” (p. 67) - and brand recall - the “consumer’s ability to retrieve the brand form memory when given the product category, the needs fulfilled by the category, or a purchase or usage situation as cue” (p. 67). On the other hand, “brand image is created by marketing programs that link strong, favorable, and unique associations to the brand in the memory” (p. 70). These associations are not only controlled by the marketing program, but also through direct experience, brand information, word of mouth, assumptions of the brand itself - name, logo-, or with the brand’s identification with a certain company, country, distribution channel, person, place or event.

The extant research on multi-generational durables such as software, computer chips, etc. assumes that the firm faces very high development costs and very low marginal costs. In such markets, firms usually practice skimming pricing (e.g. [19]). By setting initial prices high and reducing them later, the firm maximize profits via price discrimination. However, in such markets, some consumers learn the patterns of price changes over time and build expectations about future price reductions (see, e.g., Song and Chintagunta). Some forward-looking consumers may delay purchasing and wait for the price to fall. The composition of the market with regard to the number of consumers who will purchase immediately versus waiting has an important impact of the firm’s pricing over time.

The topic of customer satisfaction/dissatisfaction has recently become of one the most studied issues in the field of consumer behavior. In general, researchers agree that the concept of consumer satisfaction/ dissatisfaction refers to an emotional response to an evaluation of a product, store or service consumption experience. Satisfaction can be thought of as a feeling of “delight” and dissatisfaction a feeling of “disappointment”. Positive feelings of satisfaction can have positive effects on word of mouth behavior. Pleased consumers contact the company with positive feedback, spread the “good news” among friends and acquaintances, or decide to repurchase and /or remain loyal. In general however, such positive consumer actions have received less attention from researchers (and, apparently, marketers) than the seemingly more urgent negative reactions. Sarah Cook in his work 'Customer Care Excellence': 'How to Create an Effective Customer Focus’, 5th Edition: stated as customers begin to experience a better service their expectations rise. Furthermore, the service experienced is transferable in the mind of the customer. The customer makes conscious and unconscious comparisons between different service experiences – irrespective of industry sector (Table 1).

### Objectives of the Study

The present study focuses on the consumers’ brand preference for consumer durable goods in the Indian context with the following objectives.

- To know the brand preference of the customers purchasing consumer durable goods
- To study the factors which are influencing brand preference for different consumer durable goods.

### Hypothesis for the Study

The paper describes the data collection process and analysis of consumers’ brand preference for consumer durable goods.

- The set of assumptions framed for the purpose of the study are
- H0: Attributes are uncorrelated with the population
- H1: Attributes are correlated with the population
- H2: There is no relationship between Performance, Technology, Quality, Overall Brand Image, Price, Services and the buyers of consumer durable goods.
- H3: There is a relationship between Performance, Technology, Quality, Overall Brand Image, Price, Services and the buyers of consumer durable goods.

### Tools used for the study

- Chi Square Test
- Factor Analysis
- Garrett Score Method.

### Research Methodology

The data was collected through questionnaire (Appendix) were distributed to customers in different supermarkets and hypermarkets of Lucknow city in the month of May June 2014. The questionnaire included several scales which were continuous and categorical in nature.

<table>
<thead>
<tr>
<th>White Goods</th>
<th>Brown Goods</th>
<th>Electronic Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mixer</td>
<td>TV</td>
<td>Mobile Phones</td>
</tr>
<tr>
<td>Grinder</td>
<td>Home theatre</td>
<td>Television</td>
</tr>
<tr>
<td>Micro wave oven</td>
<td>VCD players</td>
<td>MP3 player</td>
</tr>
<tr>
<td>Iron</td>
<td>Camsorders</td>
<td></td>
</tr>
<tr>
<td>Electric Fan</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 1: The Indian consumer durables can be segmented into three groups (a) White Goods, (b) Brown Goods, (c) Electronic Goods.
The last rank was given to Onida (ranked, 6) with a mean score of 0.004. Samsung, Sony and LG have strong presence on social media, whereas Whirlpool, Voltas and Onida have weak presence on social media.

**Testing of hypothesis one:**

H0; Attributes are uncorrelated with the population

H1; Attributes are uncorrelated with the population

The findings of the data analysis are discussed, and are instrumental in gaining an insight into the buying behavior of the consumer durable products. In order to find out the key factors which affect the purchase of consumer durable goods, exploratory factor analysis was performed and the results are shown in Table 7.

**Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy**

The KMO measure of sampling adequacy is an index used to examine the appropriateness of factor analysis. High values (between 0.6 and 1.0) indicate factor analysis is appropriate. Value below 0.6 indicates factor analysis is not appropriate. 

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implies that factor analysis may not be appropriate (Table 8).

For our factor analysis, the KMO measure of sampling adequacy = 0.812, which is greater than 0.6. This also implies that the scales of all variables of the questionnaire were properly understood by all the respondents and they have answered correctly to the scale. Additionally, the Barlett’s test of sphericity has a high chi square value and the significance is .000 which is less than 0.05 (Table 9). Hence the null hypothesis is rejected and H1 is accepted, as the factors are correlated with each other.

In order to identify the key preferences of the consumer durable goods buyers, an exploratory factor analysis was conducted. The respondents were asked to rate the 6 variables using a 5-point Likert scale, which ranged from 'strongly disagree' to 'strongly agree'. The inter-term consistency reliability of these 6 variables was tested before carrying out the factor analysis.

The result for cronbach's Alpha test was .943. The closer the reliability coefficient is to 1.0, the better is the reliability of the measure. This scale can be considered to be good.

Table 9 shows the factor analysis of 6 variables which consumers gives preference to when purchasing consumer durable goods. This factor analysis extracted three factors from the 6 variables.

Table 10 shows the factor analysis of the 6 variables which would be considered as key drivers influencing the shopping behavior of the customer’s in retail stores.

Table 11 shows that these variables account for 89.89% of the total variance.

Testing of hypothesis two:

H2; There is no relationship between Performance, Technology, Quality, Overall Brand Image, Price, Services and the buyers of consumer durable goods.

H3; There is a relationship between Performance, Technology, Quality, Overall Brand Image, Price, Services and the buyers of consumer durable goods.

Interpretation: All the three factors as shown in Table 12 have a significant value of .000 respectively which is quite less than 0.5, and therefore null hypothesis is rejected and the alternate hypothesis is accepted and it suggest that there is a evidence of a strong relationship between quality, price and technology and the consumer preference for consumer durable goods.

The descriptive statistics indicates that the most important criterion in the purchase of consumer durable goods was found to be technology with a mean value of 4.38, followed by price and durability with mean of 4.33 and 3.54 respectively (Table 13, Figures 1 and 2).

Conclusion

The research finding indicates that factors such as quality, technology and price have statistically proved to be significant in determining the attitude towards consumer durable goods. The market for consumer durables is becoming more competitive now a day. Therefore, the producer of durable products should understand consumer interest much to find higher sale of their products. Overall, it is argued that the study of consumer behavior is rapidly evolving as researchers recognize and implement new techniques to understand the nature of purchase and consumption behavior. A consumer prefers a particular brand based on what benefits that brand can offer to him/her. Because of such consumer preferences, the brand can charge higher prices and command more loyalty. In this study, it was observed that in forming tendency of customers to prefer a particular brand, the variables such price of the product, quality of the product and the innovative technologies play an essential role. Therefore this research will assist the companies in increasing their market share.

Managers need to address the buyers of consumer durable goods by showcasing the experience of users and ensuring service delivery close to the consumer’s doorstep. Consumer durable goods companies would have to integrate social media management with the customer relationship management system, as the marketers need to move beyond complacencies of metrics such as ‘Likes’ to one which would enable the companies to more customer centric business. Quality

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**Table 8:** KMO and Bartlett’s Test.

<table>
<thead>
<tr>
<th>KMO and Bartlett’s Test</th>
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<tbody>
<tr>
<td>Kaiser-Meyer-Olkin Measure of</td>
<td>.812</td>
</tr>
<tr>
<td>Sampling Adequacy</td>
<td></td>
</tr>
<tr>
<td>Bartlett’s Test of Sphericity</td>
<td></td>
</tr>
<tr>
<td>Approx. Chi-Square</td>
<td>1696.011</td>
</tr>
<tr>
<td>df</td>
<td>15</td>
</tr>
<tr>
<td>Sig.</td>
<td>.000</td>
</tr>
</tbody>
</table>

**Table 9:** Reliability Statistics.

<table>
<thead>
<tr>
<th>Reliability Statistics</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cronbach’s Alpha</td>
<td>.943</td>
</tr>
<tr>
<td>N of Items</td>
<td>11</td>
</tr>
</tbody>
</table>

**Table 10:** Factor Analysis.

<table>
<thead>
<tr>
<th>Component</th>
<th>Initial Eigenvalues</th>
<th>Extraction Sums of Squared Loadings</th>
<th>Rotation Sums of Squared Loadings</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Total</td>
<td>% of Variance</td>
<td>Cumulative %</td>
</tr>
<tr>
<td>1</td>
<td>3.536</td>
<td>58.941</td>
<td>58.941</td>
</tr>
<tr>
<td>2</td>
<td>1.102</td>
<td>18.359</td>
<td>77.300</td>
</tr>
<tr>
<td>3</td>
<td>1.012</td>
<td>12.589</td>
<td>89.890</td>
</tr>
</tbody>
</table>

and value are vital for the success of a new product as they bring improvement to consumer lives in terms of productivity. For products that generate the perception of providing comfort or improving the quality of everyday life, the price is not questioned and the role played by additional features is not significant in influencing choice. Managers also need to understand the product specific evaluation process from primary research to mapping the succession of their brand from consideration set to choice set. This deal with the product deficiencies in relation to competition and improves its chances of selection during evaluation. Customer satisfaction is the key to building a profitable and sustainable relationship with the consumers.

**Limitation and Scope for Further Research**

The study was conducted based on data acquired from the buyers of Lucknow city only, and the findings may not be applicable to the other cities. The sample size is very small and it may not be the representative of the population in general. Therefore there is a wide scope for repeating this research with a more broad-based sample which could lead to a different set of results. As such, this study can be considered as exploratory.

**References**


