

Consumer Buying Behaviour for Electronic Products

A Study of select items

S.VijayaLaxmi¹, Research Scholar, KakatiyaUniversity,Warangal, India
 E mail: vijaya1524@gmail.com
 Dr.T.Srinivasa Rao², Professor, Kakatiya University,Warangal, India

Abstract:

Day by day with growing needs and importance, the buying behavior of consumer is changing rapidly. In the overall population, in this study, we divided the consumer groups in to three categories based on significant growth in recent years. The categories are upper class, middle class and below middle class based on their financial status .consumer attitude also studied based on need, information search, evolution of alternatives, purchase decision and purchase behavior .here we tried to explain broadly on Select items.

INTRODUCTION

The consumer electronics industry has growing every day and witnessed a unique growth over the past few years. This growth can be attributed to the increasing effect of state of the art electronic devices on the market. The consumer electronics industry is ushering in the dawn of Convergence. It is the confluence and merging of hitherto separated markets of digital based audio, video and information technology, removing entry barriers across the market and industry boundaries. This convergence of technologies has resulted in a greater demand for consumer devices, be they portable, in-home (mobile phones, digital camera) or in-car (DVD players), offering multiple functions.

1.0 Literature Survey

Consumer Electronics in India

According to a McKinsey 2005 report, while Food and Grocery took the highest share of wallet, and electronics took only a mere 5%, the proportion of spending on electronics was definite bound to increase by 2015 and also the growth rate for the share of organised retail in the electronics segment was set to increase from 15% to an

astounding 45% in 2015. A graph representing the share of wallet to the share of organised retail is shown below.

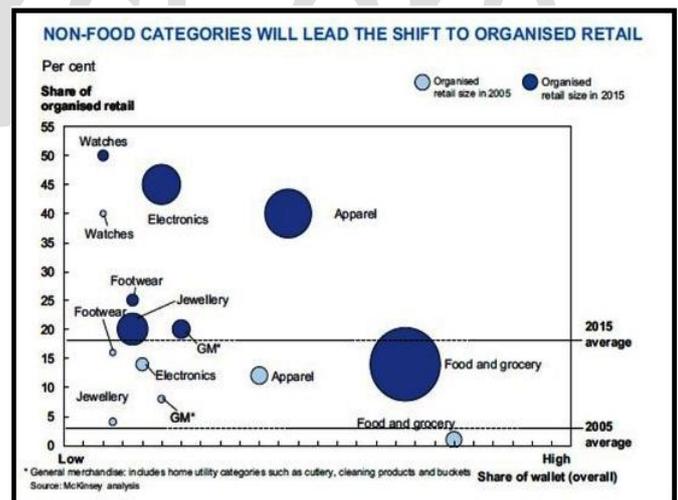


Figure shows non-food categories

2.0 Segment Definition

In general consumer electronics refers to a variety of electronic equipment used by private customers. This industry can be divided into many segments.

1. 'Traditional' Consumer Electronics: audio and video equipment
2. Computing Devices: Computers, Calculators, Laptops
3. White Goods: Household /Domestic Appliances such as washing machines,



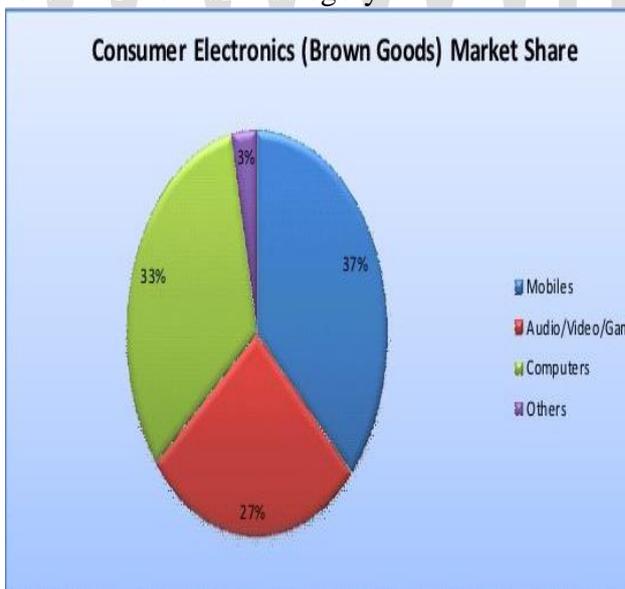
irons, vacuum cleaners, grinders, etc.

4. Personal Care: Hair Dryers, shavers, electric toothbrushes.

In addition to this, emergence of telecommunication has lead to the convergence of mobile technology into the consumer electronics industry and hence this paper will only deal with traditional consumer electronics, mobile phones and computing devices which can be termed as Brown Goods as per industry definitions. Hence forth in this paper consumer electronics will refer to Brown Goods.

2.1.1 Brown Goods Industry in India

Out of the electronics industry in India, the consumer electronics segment is one of the biggest markets. The consumer electronics industry comprises of communication devices, computing devices, audio, video and gaming products. Televisions, music players, digital players, cameras, laptops, PCs, mobile handsets and accessories, gaming consoles commonly fall into the consumer electronic category.



Graph shows consumer electronics (brown goods) market share(source from www.google.com)

In 2008, the market size was estimated to be \$22 billion and growing. With the growing

population in India, exceeding 1 billion, the consumer electronic Industry is all geared up for fast growth in the coming years. The predicted figure for the consumer electric market by 2013 is around \$46 billion, growing at a compound annual growth rate (CAGR) of 16%. This astounding growth is due to many factors, the major ones including

- Rising disposable incomes coupled with increasing consumer exposure
- Increase in manufacturing in the local grounds
- Credit/Financing schemes which make purchase easy
- Growing competition, leading to better deals
- Increased reach due to better distribution networks

3. Consumer Electronics Market in India

India has an increasingly affluent middle class population that, on the back of rapid economic growth, has made the country's consumer electronics industry highly dynamic. The industry has been witnessing significant growth in recent years due to several factors, such as retail boom, growing disposable income and availability of easy finance schemes. But still, the consumer electronics goods, like refrigerators, microwave and washing machines have low penetration in the country, representing vast room for future growth.

The report finds that since the penetration of several products like LEDs, Refrigerators, A/Cs are reaching saturation in the urban areas, the markets for these products are shifting to the semi-urban and rural areas.

The report thoroughly analyzes the historic performance and future prospects, offering 4-year industry forecast, of following consume electronics products:

- Mobile Handsets
- PCs (Desktop, Laptops, Notebook & Tablet PCs)
- Digital Camera & Camcorder



- TVs (LCD's, LED's, 3D TVs)
- Air Conditioner
- Refrigerator (Frost-free & Direct Cool)
- Washing Machines (Semi-automatic & Fully Automatic)
- Set-top Box
- Microwave Oven
- MP3 Players

- What do consumers buy?
- When do consumers buy?
- How do consumers buy?
- From where do consumers buy?
- Why do consumers buy?

3.2 Consumer Buying Behavior

What is Buying Behavior?

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 suppliers: substitute products are available to consumers, who make decision to buy products. Therefore a seller most of his time, seeks buyers and tries to please them. In order to be successful, a seller is concerned with.

- Who is the customer?



Fig 1.0 Consumer attitude on buying behaviour

4.0 Need/Want/Desire is Recognized- In the first step the consumer has determined that for some reason he/she is not satisfied (i.e., consumer's perceived actual condition) and wants to improve his/her situation (i.e., consumer's perceived desired condition). For instance, internal triggers, such as hunger or thirst, may tell the consumer that food or drink is needed.

External factors can also trigger consumer's needs. Marketers are particularly good at this through advertising; in store displays and even the intentional use of scent (e.g., perfume counters).

Search for Information- Assuming consumers

A buyer makes a purchase of a particular product or a particular brand and this can be termed

“product buying motives” and the reason behind the purchase from a particular seller is “patronage motives” When a person gets his pay packet, and if he is educated, sits down along with his wife and prepares a family budget, by appropriating the amount to different needs. It may happen that after a trip to the market, they might have purchased some items, which are not in the budget, and thus there arises a deviation from the budgeted items and expenditure, all the behavior of human beings during the purchase may be termed as „buyer behavior“.

How Consumers Buy

are motivated to satisfy his or her need, they will next undertake a search for information on possible solutions. The sources used to acquire this information may be as simple as remembering information from past experience (i.e., memory) or the consumer may expend considerable effort to locate information from outside sources (e.g., Internet search, talk with others, etc.). How much effort the consumer directs toward searching depends on such factors as: the importance of satisfying the need, familiarity with available solutions, and the amount of time available to search.

Evaluate Options- Consumers' search efforts may result in a set of options from which a choice can be made. It should be noted that there may be two levels to this stage. At level one the consumer may create a set of possible solutions to their needs (i.e., product types) while at level two the consumer may be evaluating particular products (i.e., brands) within each solution. For example, a consumer who needs to replace a television has multiple solutions to choose from such as plasma, LCD and CRT television.

Purchase- In many cases the solution chosen by the consumer is the same as the product whose evaluation is the highest. However, this may change when it is actually time to make the



purchase. The “intended” purchase may be altered at the time of purchase for many reasons such as: the product is out-of-stock, a competitor offers an incentive at the point of-purchase (e.g., store salesperson mentions a competitor’s offer), the customer lacks the necessary funds (e.g., credit card not working), or members of the consumer’s reference group take a negative view of the purchase (e.g., friend is critical of purchase).

After-Purchase Evaluation- Once the consumer has made the purchase they are faced with an evaluation of the decision. If the product performs below the consumer’s expectation then he/she will reevaluate satisfaction with the decision, which at its extreme may result in the consumer returning the product while in less extreme situations the consumer will retain the purchased item but may take a negative view of the product. Such evaluations are more likely to occur in cases of expensive or highly important purchases. To help ease the concerns consumers have with their purchase evaluation, marketers need to be receptive and even encourage consumer contact. Customer service centers and follow-up market research are useful tools in helping to address purchasers’ concerns.

4.1 Types of Consumer Purchase Behavior

Consumers are faced with purchase decisions nearly every day. But not all decisions are treated the same. Some decisions are more complex than others and thus require more effort by the consumer. Other decisions are fairly routine and require little effort. In general, consumers face four types of purchase decisions:

Minor New Purchase - these purchases represent something new to a consumer but in the customer’s mind is not a very important purchase in terms of need, money or other reason (e.g., status within a group).

Minor Re-Purchase - these are the most routine of all purchases and often the consumer returns to purchase the same product without giving much thought to other product options (i.e., consumer is brand loyal).

Major New Purchase - these purchases are the most difficult of all purchases because the product being purchased is important to the consumer but the consumer has little or no previous experience making these decisions. The consumer’s lack of confidence in making this type of decision often

(but not always) requires the consumer to engage in an extensive decision-making process.

Major Re-Purchase - these purchase decisions are also important to the consumer but the consumer feels confident in making these decisions since they have previous experience purchasing the product.

For marketers it is important to understand how consumers treat the purchase decisions they face. If a company is targeting customers who feel a purchase decision is difficult (i.e., Major New Purchase), their marketing strategy may vary greatly from a company targeting customers who view the purchase decision as routine. In fact, the same company may face both situations at the same time; for some the product is new, while other customers see the purchase as routine. The implication of buying behavior for marketers is that different buying situations require different marketing efforts.

Objectives of the Study are:

1. To present an overview of the Consumer Electronic Market in India.
2. To identify the motives behind the buying behaviour,
3. To examine the buying behavior for Electronic Products, and
4. To conclude based on the findings of the study.

5.0 Cultural factors Influencing Consumer Behavior

Cultures, which only goes on to make the marketer’s job tougher. Some of the few cultural factors that influence buyer behavior are:

Product (colour, size, design, and shape)-There are many examples that support this point. A good example would be Philips audio systems. Urban India looks at technology with the viewpoint of “the smaller the better”. However, in Rural India, the viewpoint is totally opposite. That is the main reason for the large acceptance of big audio systems. Thus Philips makes audio systems, which are big in size and get accepted in rural India by their sheer size.

Social practices- There are so many different cultures, and each culture exhibits different social practices. For example, in a few villages they



have common bath areas. Villagers used to buy one Lifebuoy cake and cut it into smaller bars. This helped lifebuoy to introduce smaller 75-gram soap bars, which could be used individually.

Decision-making by male head- The male in Indian culture has always been given the designation of key decision maker. For example, the Mukhiya's opinion (Head of the village), in most cases, is shared with the rest of the village. Even in a house the male head is the final decision maker. In rural areas, this trend is very prominent.

Changes in saving and investment patterns- From Gold. Land, to Tractors, LED"s, LCDTV"s etc.

6.0 Marketing Implications of Consumers Decision Process

It was during 1960's that a number of theories to explain the consumer's decision process started appearing. The three leading theorists were Howard-sheth. Engel Kollat- Blackwell and Nicosia. Since then a considerable research on the marketing implications of the process has been developed and tested the applications of many elements of marketing.

Many of the marketing strategies and tactics will have to be developed in relation to consumer attitudes. Marketing strategies, if effectively used, will go a long way in initiating and developing consumer attitudes in favour of the products.

6.1 The Important Motives Influencing the Ultimate Buying Behaviour of

Customers Fear: To overcome theft, you may purchase a burglar alarm(out of fear)

Desire for money: Purchasing when the price falls down.

Vanity: Getting costly items to be admired by others

Pride: Possessing luxurious items for high position in the society

Love and affection: When you purchase toys, dresses for your sister, it is out Of affections. **Sex and romance:** Spending much on dresses, ornaments etc.

Fashion: Imitation motives: Old people dress like young ones.

Possession: This refers to collection of stamps, coins etc.

Health and Physical Well being: Purchasing health foods, vitamins etc.

Comfort and: Purchasing equipments like refrigerator, pressure cookers etc

Consumer Electronics Market

- Rapid Innovation
- Dynamic Market Place
- Highly Competitive Industry
- Significant Time-To-Market Pressures
- Significant Cost Pressures
- Rapid Rates of Market Penetration
- Rapid Transition from One Technology to another

7.0 Technology effect on Consumer Behaviour

Technology impact in Electronic items we can find easily what consumer mindset towards electronic items. Because the Technology changes human life from man to machine in their works. With the day by day increasing of technology, consumers mindsets also changes along with technology. Consumers always try to buy new technology Products as well as branded products. This is the reason to increasing the brand market and many companies prove their self before customers with lot of futures lot of models in their products. We can find easily in every day changes in technology in Mobile phones. This is fastest growing industry in India in day by day. Consumers also attracted to technology feels more comfortable as well as for status in market.

7.1 Consumer buying behavior on Electronic Products 2011-2012

The below table shows ,With the 200 participation of respondents Most bought gadget online is mobile phones.



Sl No	Description of item	Percent age
01	Online mobile phones	32%
02	Mp4 players	21%
03	Digital camaras	19%
04	Local models (vide range of options selected)	33%

Table.1 comparison of online sales of electronics(the source is taken from flipcart)

seem to be the main driver of the sales. As expected, people who are making online purchases are young crowd between 19-35 years of age (78%). Better prices, discounts and hot deals (37%) form their major motivation while making a decision to purchase online. However they would like more discount/hot deals (39%) and convenient and secured payment options (29%) to make more purchases online. Late delivery of products (37%) seems to be the main addressable factor preventing people from making online transactions. Besides, quality not up-to mark also seems to be the major cause holding back people from making online purchases.

7.2 Mode of Payment

The preferred Mode of Payment is

- Credit/Debit Cards – 37%
- followed by Cash on Delivery – 33%
- Online Banking – 27%

Segment Profile Buyers

Bulk segment Profiles constitutes as follows

Sl No	Description of item	Percent age
01	Students	29%
02	Entrepreneurs	9%
03	IT professionals	17%
04	Doctors	04%
05	House wives	04%
06	The rest are spread across other services	38%

Table.2 shows different segment profiles of buyers

The targeted age group for the survey was 19-35, which Demographics amounted to more than ¾th of the overall participants, followed by 36-45 years old (11%) and 45+ (4%). People in 19-35 age group are more internet savvy and that perhaps explains the demographic mix. Mobile Phones are largest contributor to the Electronics Products Purchased Products that are purchased online (32%), while Mp4 Players/iPods (21%) and Digital Cameras (19%) form other bulk product categories that are bought online.

Wider range of options available on the online stores (particularly of latest models and new brands), good deals and convenience seem to be the main drivers for online sales. More than 57 percent of the participants responding to Proximity of Purchase the survey said that they purchase the electronic goods, when the need arises, while 17% of the people buy once a month and 16% of the people have not bought so far or is willing to purchase online soon. Interestingly, 10% of the people buy once a year. Seemingly, the ecommerce penetration in India is still very restricted even among internet savvy people and does not cater to impulse purchases as in the case in the West. The prices and discounts offered are the main motivation (37%) for the people purchasing online. 33% of the people Motivation also feel that the range of the products available in Online stores is also a strong motivation for them to buy online, followed by ease of purchase through internet (28%).

7.3 Preferred Price Factor

Sl.No	Description	%
01	Respondents have purchased electronic goods for Preferred	37%
02	Less than Rs. 5000, followed by Rs. 5001-Rs. 10000	35%
03	Rs. 10001-Rs. 30000	20%
04	More than Rs. 30000	08%

Overall the ticket size of online sales of gadgets is still quite small and seemingly people are reluctant to make high value purchases. 37% of People prefer Credit/Debit Card, while 33% of Preferred Mode of people prefer Cash on Delivery, while 27% favor online Payment



banking. This was bit surprising, taking into account frauds committed on payments made through credit cards. It'll be interesting to know how the ratio of net banking to other modes of payments changes in the coming times, which we'll try to cover in the future surveys.

Facing of Problem

30% of the people voice the inability to feel or touch the product as the main concern, 37% say that the products Problems Faced arrived late, did not arrive at all, or the quality was compromised, when they received the delivery. Interestingly, 8% of the people couldn't search for the product, as they found the site too confusing. The component immediately to be addressed by online stores is definitely late delivery of goods.

8.0 Factors that may prompt Purchases:

- Good discounts (39%),
- Convenient/secured payment prompt purchases (29%) and
- Sellers with credible track records (20%)

Some of the factors that may trigger more purchases by people. Contrary to the popular belief, high speed / broadband connections (11%) does not come out as major factor that will prompt people to make more purchases online. Conclusion The ecommerce industry is striving to evolve and upgrade to make consumer's e-tailing experience hassle free and convenient. However, to attain it, it needs to refine the system of timely delivery, bring in more convenient payment options, and provide people with lucrative offers and discounts to increase impulsive buying rather than compulsive.

9.0 Conclusions

Despite the basic characteristics of consumers the behavior pattern of consumers are more or less similar to each other, particularly in the aspects like quality, preference and decision making. However it is evident that the present approaches to draw the attention of customers are not adequate. The consumers are particular about the appropriate system of distribution and hence there is a great need for change in the electronics buying system. It may not be always correct to

say that consumers behave in the same way as it much depends on type of products, quality of the products and price of the products. Consumer attitude towards electronics based on age group , income group ,and price leads major role while purchasing the electronic goods.

10.0 References

1. <http://www.businessdictionary.com/definition/brown-goods.html>
2. <http://www.dare.co.in/news/others/cut-duties-on-electronics-hardware-to-12-from-30-assochem.htm>
3. "India Consumer Electronics Report Q4 2009" By Business Monitor India
4. China and India's Electrical and Electronics Industries: A Comparison of Market Structures By Koichiro Kimura
5. Technopak, India
6. "Impact of Organized Retailing on the Unorganized Sector" Mathew Joseph, Nirumapa Soundarajan, Manisha Gupta, Sanghamitra Sahu (May 2008)
7. AT Kearney Report 2009
8. Indian retail: on the fast track and time for bridging capability gaps-KPMG Report
9. India Calling 2009 KPMG Report
10. www.univercell.in
11. www.themobilestore.in
12. www.viveks.com
13. www.cromaretail.com
14. www.next.co.in
15. http://www.cci.in/pdf/surveys_reports/indias_retail_sector.pdf
16. PHILIP KOTLER, "Marketing Management" Reprint(2001) Himalaya Publishing House, Mumbai.
17. PHILIP KOTLER, "Principles of Marketing." Reprint(2001) Himalaya Publishing House, Mumbai.
18. www.google.com
19. www.wikipedia.com

