

## **PURCHASE PATTERN OF CONSUMERS FOR CONSUMER DURABLES ALONG WITH PREFERENCE TOWARDS ORGANIZED AND UNORGANIZED RETAIL FORMATS**

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### **Definition of the Consumer Durable Industry**

Consumer goods like washing machines, motorcars, TV sets, audio -video systems etc, which yield services or utility over time rather than being completely used up at the moment of consumption can be termed as the consumer durables. Most consumer goods are durables to some degree, and the term is often used in a more restricted sense to denote relatively expensive, technologically sophisticated goods \_ consumer durables^ such as the examples given above which implies high involvement at the time of purchase.

### **Organized vs. Unorganized Retail**

In the developed economies, organized retail is in the range of 75 -80 per cent of total retail, whereas in developing economies, the unorganized sector dominates the retail Business. The share of organized retail varies widely from just one per cent in Pakistan and 4 per cent in India to 36 per cent in Brazil and 55 per cent in Malaysia. Modern retail formats, such as hypermarkets, superstores, supermarkets, discount and convenience stores are widely present in the developed world, whereas such forms of retail outlets have only just begun to spread to developing countries in Recent years.

#### **Organized Retail Sector**

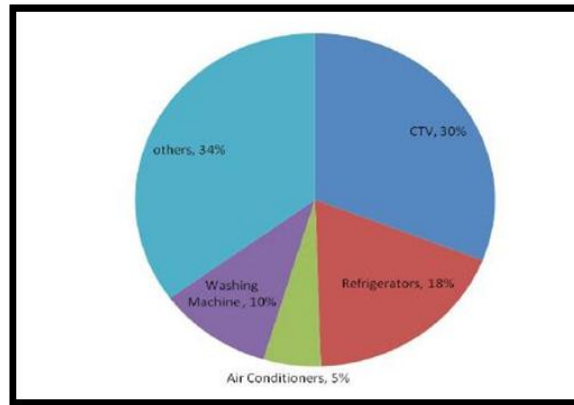


#### **Unorganized Retail Sector**



**Key Consumer Durables & Growth Trends**

The consumer durables market in India was estimated to be around US\$ 4.5 billion in 2006 - 07. More than 7millionunits of consumer durable appliances have been sold in the year 2006 -07 with color televisions (CTV) forming the bulk of the sales with 30 per cent share of volumes. CTV, refrigerators and Air-conditioners together constitute more than 60 per cent of the sales in terms of the number of units sold.



**Source:** Cygnus Quarterly Report, Aug 2007

The Key Players and Their Products:

Companies	Products
Videocon Industries	Refrigerator, Washing Machine, Television, Air Conditioner, Microwave Ovens
Godrej	Refrigerators, Air Conditioners
Whirlpool India	Refrigerator, Washing Machine
Mirc Electronics	Television
Panasonic	Television
Voltas	Refrigerator, Air Conditioner
BPL Limited	Refrigerator, Television
Electrolux	Vacuum Cleaner, Refrigerator
Samsung	Vacuum Cleaner, Refrigerator, Television, Mobile Phones
Hoover	Vacuum Cleaner
LG Electronics	Washing Machine, Refrigerator, Television, Mobile Phones
Eureka Forbes	Vacuum Cleaner
Sony	Television, Mobile Phones, DVD Players
Blue Star	Air Conditioners
Bajaj Electronics	Geysers, Electric Fan
Nokia	Mobile Phones

**LITERATURE REVIEW**

- The Indian retail market, which is the fifth largest retail destination globally, has been ranked as the most attractive emerging market for investment in the retail sector by AT Kearney's eighth annual Global Retail Development Index (GRDI), in 2009. As per a study conducted by the Indian Council for Research on International Economic Relations (ICRIER), the retail sector is expected to contribute to 22 per

cent of India's GDP by 2010. With rising consumer demand and greater disposable income, the US\$ 400 billion Indian retail sector is clocking an annual growth rate of 30 per cent. It is projected to grow to US\$ 700 billion by 2010, according to a report by global consultancy Northbridge Capital. The organized business is expected to be 20 per cent of the total market by then. In 2008, the share of organized retail was 7.5 per cent or US\$ 300 million of the total retail market.

- A McKinsey report, 'The rise of Indian Consumer Market', estimates that the Indian consumer market is likely to grow four times by 2025. Commercial real estate services company, CB Richard Ellis' findings state that India's retail market has moved up to the 39th most preferred retail destination in the world in 2009, up from 44 last year.
- India continues to be among the most attractive countries for global retailers. Foreign direct investment (FDI) inflows as on September 2009, in single-brand retail trading, stood at approximately US\$ 47.43 million, according to the Department of Industrial Policy and Promotion (DIPP).
- India's overall retail sector is expected to rise to US\$ 833 billion by 2013 and to US\$ 1.3 trillion by 2018, at a compound annual growth rate (CAGR) of 10 per cent. As a democratic country with high growth rates, consumer spending has risen sharply as the youth population (more than 33 percent of the country is below the age of 15) has seen a significant increase in its disposable income. Consumer spending rose an impressive 75 per cent in the past four years alone. Also, organized retail, which is pegged at around US\$ 8.14 billion, is expected to grow at a CAGR of 40 per cent to touch US\$ 107 billion by 2013.
- The organized retail sector, which currently accounts for around 5 per cent of the Indian retail market, is all set to witness maximum number of large format malls and branded retail stores in South India, followed by North, West and the East in the next two years. Tier II cities like Noida, Amritsar, Kochi and Gurgaon, are emerging as the favored destinations for the retail sector with their huge growth potential.
- Further, this sector is expected to invest around US\$ 503.2 million in retail technology service solutions in the current financial year. This could go further up to US\$ 1.26 billion in the next four to five years, at a CAGR of 40 per cent.
- Moreover, many new apparel brands such as Zara, the fashion label owned by Inditex SA of Spain, UK garment chain Topshop, the Marc Ecko clothing line promoted by the US entrepreneur of the same name and the Japanese casual wear brand Uniqlo are preparing to open outlets in India.

Buoyed by improved consumer spending, sales of listed retailers increased by 12 per cent in the September 2009 quarter compared with the same period in 2008.

- Australia's Retail Food Group is planning to enter the Indian market in 2010. It has ambitious investment plans which aim to clock revenue of US\$ 87 million from the country within five years from start of operations.
- British retail major Marks & Spencer (M&S) is looking at scaling up its India operations and plans to open at least 50 more outlets in the country over the next few years.

- Koutons Retail India plans to open 200 stores in FY11 in addition to its existing 1,400. Of the 200 stores, 100 would be family concept stores, which would include women and children's wear.
- Reliance Footprint, part of Reliance Retail, plans to spend US\$ 86.62 million to add 100 outlets across the country in two years to sell branded footwear. It currently has 16 outlets.
- Retail chain Suvidhaa Infoserve plans to open 1,000-1,200 new outlets every month across the country and is eyeing a 100,000 strong network in the next two to three years. At present, the Mumbai-based firm has 18,000 convenient neighborhood stores called 'Suvidhaa Point' across the country in over 20 states and over 400 cities.
- Lifestyle International, part of the Dubai-based US\$ 1.5 billion Landmark Group, plans to have over 50 stores across India by 2012–13. These will include 35 Lifestyle stores for retailing apparel, cosmetics and footwear, besides 15 Home Centers that sell home furnishing goods.
- Wills Lifestyle plans to expand its operations by opening 100 new stores in the next three years. It also plans to concentrate on online buyers.
- Pantaloon Retail India (PRIL) is planning to invest US\$ 77.88 million this fiscal to add up to 2.4 million sq ft retail space at its existing operations. Pantaloon Retail is also looking to hive off its value retail chain, Big Bazaar, into a separate subsidiary, which may eventually go for an initial public offer (IPO). PRIL proposes to open 155
- Big Bazaar stores by 2014, increasing its total network to 275 stores.

Source: IBEF.org

### **OBJECTIVES**

- The research was aimed at studying the purchase pattern of consumers for consumer durable.
- To study the factors affecting purchase of consumer durables
- To study brand preference of consumers for consumer durable goods
- To study brand preference of consumers towards organized & unorganized outlet for the consumer durable goods.

### **SCOPE OF THE STUDY**

The research is conducted in Ahmedabad city to study purchase pattern of consumer durables which includes major factors affecting the decision, brand preference and preference towards organized and unorganized formats to purchase the same.

### **Research Design**

Research design is descriptive in nature. Preference of people is analyzed and quantified to know the factors responsible for their preference. Further preference is quantified in terms of organized and unorganized retail formats.

**Data Collection Sources****Secondary Data**

Information regarding the project, secondary data was also required. These data were collected from various past studies and other sources like magazines, newspapers, and websites which qualified as reliable.

**Primary Data**

These data was collected through survey of consumers with the help of questionnaire.

**Research instrument:** Structured questionnaire

**Sampling plan:**

**Target population:** Households of Ahmedabad

**Sampling unit:** households & People purchasing consumer durables from stores at the time of research

**Sampling method:** convenience and Step out sampling

**Sample size:** 200

**Analytical tools:** Graphical presentation

**Contribution of the study**

The study reveals preferential criteria for the purchase of consumer durables. it also gives insights into the preference towards organized and unorganized store along with reasons which may become helpful to the marketers to redesign strategies

**LIMITATION OF THE STUDY**

As the time given to complete the project is lesser than actual time required completing similar studies, the quality of findings may get affected. The sample size s 200 (hundred) thus the findings from the same may not be representative of the actual population.

**Analysis**

According to respondents, definition of organized and unorganized retail outlet is:

Organized outlet	Unorganized outlet
Avaibility of all brands at same place	Single owner
Manage by professional	Only famous brand available
Presence at many places	Not all brands at same time
Large investment	Small investment
Very good infrastructure	Extra benefits to loyal customer
Running by Employees	Payment flexibility

While purchasing consumer durables, which characteristics of following do you consider?  
(Rank appropriate, as 1 for the Highest & 5 for the Lowest.)

Characteristics	Rank					
	1	2	3	4	5	
<b>Durability</b>	21	20	26	68	65	200
<b>Price</b>	41	86	59	11	3	200
<b>Scheme</b>	77	48	35	35	5	200
<b>Technology</b>	42	31	39	39	49	200
<b>Service</b>	19	15	41	47	78	200
	200	200	200	200	200	

## Refrigerators

Characteristics	Rank					
	1	2	3	4	5	
<b>Durability</b>	97	56	26	19	2	200
<b>Price</b>	47	38	47	39	29	200
<b>Scheme</b>	31	64	67	27	11	200
<b>Technology</b>	21	28	33	59	59	200
<b>Service</b>	4	14	27	56	99	200
	200	200	200	200	200	

## Washing Machine

Characteristics	Rank					
	1	2	3	4	5	
<b>Durability</b>	27	18	22	54	79	200
<b>Price</b>	41	39	67	27	26	200
<b>Scheme</b>	72	77	21	19	11	200
<b>Technology</b>	23	45	53	67	12	200
<b>Service</b>	37	21	37	33	72	200
	200	200	200	200	200	

## Microwave Own

Characteristics	Rank					
	1	2	3	4	5	
<b>Durability</b>	27	5	43	60	65	200
<b>Price</b>	73	57	27	17	26	200
<b>Scheme</b>	43	62	19	37	39	200
<b>Technology</b>	45	67	61	23	4	200
<b>Service</b>	12	9	50	63	66	200
	200	200	200	200	200	

## Laptop/Desktop Computers

Characteristics	Rank					
	1	2	3	4	5	
<b>Durability</b>	21	12	63	67	37	200
<b>Price</b>	32	51	67	29	21	200
<b>Scheme</b>	17	37	49	26	71	200
<b>Technology</b>	94	62	13	17	14	200
<b>Service</b>	36	38	8	61	57	200
	200	200	200	200	200	

## Mobiles

Characteristics	Rank					
	1	2	3	4	5	
<b>Durability</b>	19	11	37	61	72	200
<b>Price</b>	45	91	42	18	4	200
<b>Scheme</b>	42	39	62	24	33	200
<b>Technology</b>	67	33	17	19	64	200
<b>Service</b>	27	26	42	78	27	200
	200	200	200	200	200	

## Music Systems

Characteristics	Rank					
	1	2	3	4	5	
<b>Durability</b>	36	16	29	50	69	200
<b>Price</b>	72	47	41	23	17	200
<b>Scheme</b>	21	32	37	47	63	200
<b>Technology</b>	59	88	26	14	13	200
<b>Service</b>	12	17	67	66	38	200
	200	200	200	200	200	

## Air Conditioners

Characteristics	Rank					
	1	2	3	4	5	
<b>Durability</b>	23	22	24	53	78	200
<b>Price</b>	36	23	58	64	19	200
<b>Scheme</b>	28	19	22	74	57	200
<b>Technology</b>	44	79	44	3	30	200
<b>Service</b>	69	57	52	6	16	200
	200	200	200	200	200	

Camcorder/Digital Camera

Characteristics	Rank					
	1	2	3	4	5	
<b>Durability</b>	18	17	29	67	69	200
<b>Price</b>	41	29	53	34	43	200
<b>Scheme</b>	33	52	37	40	38	200
<b>Technology</b>	82	66	32	11	9	200
<b>Service</b>	26	36	49	48	41	200

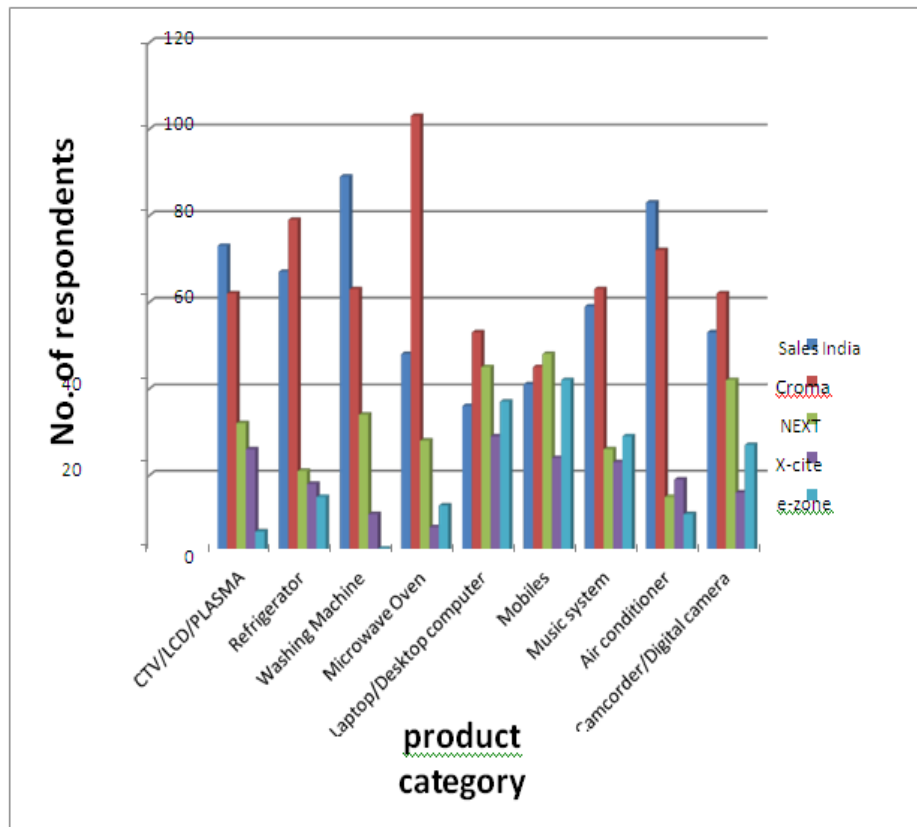
How frequently you change your consumer durables?

	Time Duration					
	Less than a year	1-3 years	3-5 years	5-10 years	More than 10 years	
CTV/LCD/PLASMA	9	94	72	14	11	200
Refrigerator	3	23	36	96	42	200
Washing Machine	12	59	37	72	20	200
Microwave Oven	17	38	112	33	0	200
Laptop/Desktop computer	9	49	107	28	7	200
Mobiles	16	112	53	19	0	200
Music system	29	82	59	27	3	200
Air conditioner	32	41	103	23	1	200
Camcorder/Digital camera	10	32	91	67	0	200

What is your preference for the following : (Rank from 1 to 5, as rank 1 is for highest)

CATEGORY	Organized Outlet					Unorganized (give name)	Purchasing area
	Sales India	Croma	NEXT	X-cite	e-zone		
CTV/LCD/PLASMA							
Refrigerator							
Washing Machine							
Microwave Oven							
Laptop/Desktop computer							
Mobiles							
Music system							
Air conditioner							
Camcorder/Digital camera							





Preference towards Organized & Unorganized

Product category	Organized	Unorganized
CTV/LCD/PLASMA	164	34
Refrigerator	173	27
Washing Machine	176	24
Microwave Oven	182	18
Laptop/Desktop computer	143	57
Mobiles	114	86
Music system	167	33
Air conditioner	171	29
Camcorder/Digital camera	157	43

Rank the given reason behind purchasing from the organized retail? (From 1 to 10, as 1 to be highest & 10 to be lowest) Preference of people for purchasing in organized retail

Reasons	Rank										Weighted Total	Preference
	1	2	3	4	5	6	7	8	9	10		
Availability of all brands	390	306	208	133	100	135	36	63	8	1	1380	1
After sales services	310	216	248	224	85	80	72	36	26	6	1303	2
Promotional Schemes	270	297	272	105	125	110	36	51	18	9	1293	3
Display	260	225	176	119	210	145	68	57	4	1	1265	4
Financial Schemes	210	225	144	266	105	60	92	60	6	19	1187	5
Status	100	171	184	245	120	170	68	84	6	7	1155	6
Sales person's interaction	190	99	128	91	140	65	136	24	64	26	963	7
Replacement time	130	117	56	119	40	45	48	78	74	58	765	8
Proximity	60	27	72	56	40	105	180	105	98	16	759	9
Home delivery	80	117	112	42	35	85	64	42	96	57	730	10
	<b>10</b>	<b>9</b>	<b>8</b>	<b>7</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>		
	<b>Weight</b>											

Preference of people for purchasing in Unorganized retail

	Rank							Weighted Total	Weighted mean	Preference
	1	2	3	4	5	6	7			
Home delivery of all products	371	258	110	104	48	48	16	955	4.775	1
Availability of financial services	154	306	160	192	54	24	17	907	4.535	2
After sales services	266	138	75	76	123	78	25	781	3.905	3
Convenience	217	102	170	108	81	42	43	763	3.815	4
Promotions	147	156	165	124	87	42	39	760	3.8	5
Trusted brands (by providers)	168	102	145	88	126	76	28	733	3.665	6
Trustworthiness in owner	77	138	175	10	81	90	32	701	3.505	7
	<b>7</b>	<b>6</b>	<b>5</b>	<b>4</b>	<b>3</b>	<b>2</b>	<b>1</b>			
	<b>Weight</b>									

**KEY FINDINGS**

- Organized consumer durable outlet means the large investment, availability of all brands at one place, their presence in major cities of India, professionalism etc.
- Unorganized consumer durable outlet is defined by the respondents by the unavailability of the all brands or the specific brands only available, special schemes are there, financial schemes are generally preferred way.
- While purchasing LCD & washing machine, generally most of the respondents are preferred the promotional schemes to purchase it.
- Refrigerator is preferred by durability characteristic.
- Price is most important while purchasing the music system & the microwave oven.
- Technology is more important & preferred while purchasing the mobile, laptop/desktop & Digital camera.
- While purchasing the air conditioners the services are the most important criteria.
- Generally the consumers change their microwave oven, laptop/desktop, air conditioners,& camera in 3 -5 years.
- Consumers are generally changes their mobiles within one year.
- LCD are generally changed in every 1-3 years of time span.
- Refrigerators are generally changed in 5 -10 years because of their durability.
- Consumers are generally preferred the both organized & unorganized stores.
- In ahmedabad city, the organized stores like sales India & croma are the most preferred to purchase their consumer durables.
- While purchasing from organized outlet, consumers prefer availability of all brands, after sales service, & display.
- While purchasing from unorganized outlet, consumers prefer trustworthiness of owners & availability of financial services.
- After sales services & employees interaction should be improved here. & the lack of knowledge of the employees should not be there in organized retail outlet.
- Availability of all brands at a time should be there in unorganized retail outlet.
- More than 60% of the respondents are preferred financial schemes to purchase the consumer durables.
- Approximately 80% of the respondents purchases consumer durables while discounts are available during festivals & promotional schemes.
- Approximately 35% are respondents which are not the brand specific if they get the promotional schemes.
- Most of the Respondents are generally not preferred the exclusive showrooms.
- Sales India & Croma are the most relevant & preferred brand stores according to the

consumers.

- Sales India & croma is also the retail outlet which is very famous & brand recall is there in the mind of the consumers.
- Generally consumers are not preferred much of the retail outlets for the mobile & all little accessories purchase.
- Consumers who are brand conscious, they are generally not switch over the brand for the any type of financial or the promotional schemes.
- Next retail outlet is generally not preferred by the consumers or it is less preferred also the x-cite is less preferred brand outlet for consumers.
- The reasons behind the less preferred brand outlets are only the marketing & the advertisements are not done by planning.
- E-zone which is sub brand of big bazaar is the attractive one due to the less prices & discounts are there.
- Unorganized outlets like the Vijay sales & all that are generally not preferred here in Ahmedabad due to the lack of awareness & trustworthiness.
- All the types of products in which all of the brands can available, this type of store is of croma.

#### **SUGGESTIONS**

- Organized outlet should improve its after sales service because its hits badly to the company's market share.
- More detailed customized services should be provided.
- The training to in shop demonstration should be given at frequent time interval and feed back should be considered positively.
- The companies have to look into the matter of person hiring for in shop demonstration. A big showroom should have at least 2 such kind of person.
- Organized retail outlet should try new dealer who have the potential. So they can target more market.
- As there is a bottle neck competition between Organized & Unorganized, it is necessary to take measure steps to overcome the area of downfall in Unorganized with respect to Organized.
- Customer considers quality as their first preference, so the Outlet should give more stress on this.
- The switching of customer from one brand to other brand is due to the bad after sell service in shop.
- The product is well aware and it is on top of mind of customer. So organized as well as unorganized retail should always improve services and update their technology.

**CONCLUSION**

- In this study, we found that the Organized & Unorganized retail outlet both are preferable. But generally consumers see the preference of the product & as per the product & the schemes, it differs. Purchase pattern of the consumers are differ from the product to product & store to store. Generally sales India & croma is the most preferable organized outlet.
- The study for the how frequently the consumers buy the products, which are generally less than a year, or more than that. So generally, by product wise it differs. The availability of all the products is the main criteria behind purchasing from the organized outlet. While the last reason for purchasing from the organized outlet is only the display of all the products.
- Home delivery of all the products is the main & important criteria behind purchasing the unorganized outlet. Convenience is the last reason behind purchasing the unorganized outlet. Financial schemes are generally preferred for the purchasing consumer durables. Promotional schemes are also preferred for the consumer durables by consumers. Normally, the discount schemes are also preferred by the consumers.
- Some consumers are also brand specific for the some of the products. Like the laptop is preferred only of sony vaio by the most of the consumers. While some of the consumers have dream for that sony vaio laptop. Generally exclusive showrooms are not so much preferred for the consumer durable electronics.

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