Chapter 1

Introduction

It is said that India’s consumer market is riding the crest of the Country’s economic growth. Driven by a young population with access to disposable incomes and easy finance options, the consumer market has been showing (CCI report, March 2012 – www.cci.in). The major target of the MNCs is the growing middle class of India. MNCs have been offering superior technology to the consumers, whereas Indian companies have been operating mainly on their firm grasp and understanding of local markets, well established brands, and access to existing distribution networks.

Marketers in India classify population into 5 groups, based on annual Household Income (based on 1995 – 96 indices). These groups are: Lower Income, three sub–groups of Middle Income and Higher Income. Household Income in the top 20 boom cities of India is projected to grow at 10 percent annually over the next eight years. This coupled with continuous shift towards urbanization, growing nuclear families, shortage of domestic help, double income families, and constraints on time is likely to increase consumer spending on durables. With the emergence of concepts of easy finance options, zero Equated Monthly Installments (EMI) charges, loans through credit cards, etc., it has become easier for consumers to purchase durables without saving for the same first.

Key Industry Dynamics as stated by Corporate Catalyst India, a New Delhi based research firm, can be summarized as under:
Table 1 – Consumer Durable Industry Dynamics

<table>
<thead>
<tr>
<th>Industry Size</th>
<th>Approximately Rs. 35,000 crores</th>
</tr>
</thead>
<tbody>
<tr>
<td>Key categories</td>
<td>White Goods, Brown Goods and Consumer electronics</td>
</tr>
<tr>
<td>Competitive landscape</td>
<td>Dominated by Korean majors, e.g. Samsung, LG in most segments</td>
</tr>
<tr>
<td>Margin profile</td>
<td>Low Margin, Volume dependent</td>
</tr>
<tr>
<td>Growth Opportunities</td>
<td>Lower penetration coupled with growing disposable incomes</td>
</tr>
</tbody>
</table>

Representative data on Ownership of certain durables (% age of households) as per the same report is as follows:

**Chart 1 - Ownership of Certain Consumer Durables – percentage wise**

Even discounting the Purchase power parity factor, income classification may not serve as an effective indicator of ownership and consumer trends in the economy. Accordingly, the National Council for Applied Economic Research (NCAER) has released an alternative classification system based on consumption indicators, which could be more relevant for ascertaining
consumption patterns of various classes of goods. These have been divided into 5 classifications, which differ considerably in their consumption behaviour and ownership patterns across various categories of goods. These classed exist in urban as well as rural households, but consumption trends may differ significantly between similar income households in urban and rural areas.

Consumer durables are broadly segmented into the following groups:

**Table 2 – Segmentation of Certain Durables**

<table>
<thead>
<tr>
<th>Home Appliances</th>
<th>Electronic Goods</th>
</tr>
</thead>
<tbody>
<tr>
<td>White Goods</td>
<td>Brown goods</td>
</tr>
<tr>
<td>Air Conditioners</td>
<td>Microwave ovens</td>
</tr>
<tr>
<td>Refrigerators</td>
<td>Cooking ranges</td>
</tr>
<tr>
<td>Washing Machines</td>
<td>Chimneys</td>
</tr>
<tr>
<td>Sewing Machines</td>
<td>Mixer and Grinders</td>
</tr>
<tr>
<td>Watches and Clocks</td>
<td>Electric fans</td>
</tr>
<tr>
<td>Cleaning Equipment</td>
<td>Irons</td>
</tr>
<tr>
<td>Other domestic appliances</td>
<td></td>
</tr>
</tbody>
</table>

This study focuses mainly on the decision process in respect of home appliances and home electronic appliances, and is based on research done in Delhi NCR. This study is restricted to the study of the Buying Decision Process in respect of some select durables. This study seeks to analyze the factors that would affect the purchase of these select durables at the three stages in the Buying Decision Process:

- At Home
- Pre – Store
- In-store.
The Consumer Decision Process

According to Engel, James F., Kollat, David T. and Blackwell, Rodger D. (Consumer Behavior, 1st ed. New York: Holt, Rinehart and Winston 1968), A buying decision process (or cost–benefit analysis) describes the process a customer goes through when buying a product. This buying decision model has gone through lots of interpretation by scholars.


The stages are:

1. Problem/Need recognition
2. Information search
3. Evaluation of alternatives
4. Purchase decision
5. Post-purchase behavior

These five stages are a good framework to evaluate customers' buying decision process. However, it is not necessary that customers get through every stage, nor is it necessary that they proceed in any particular order. For example, if a customer feels the urge to buy chocolate, he or she might go straight to the purchase decision stage, skipping information search and evaluation. (Kotler, Keller, Koshy and Jha (2009))

Problem/need-recognition

Problem/Need-recognition is the first and most important step in the buying decision. Without the recognition of the need, a purchase cannot take place. The need can be triggered by internal stimuli (e.g. hunger, thirst) or external stimuli (e.g. advertising). (Kotler, Keller, Koshy and Jha (2009)) Maslow held that needs are arranged in a hierarchy. According to Maslow's hierarchy, only when a person has fulfilled the needs at a certain stage, can he or she move to the next
stage. The problem must be addressed through the products or services available. It's how the problem must be recognized.

**Information search**

The information search stage is the next step that the customers may take after they have recognized the problem or need in order to find out what they feel is the best solution. This is the buyers' effort at searching the internal and external business environments to identify and observe sources of information related to the focal buying decision. (Bunn, Michele D. (January 1993). "Taxonomy of Buying Decision Approaches". *Journal of Marketing* (American Marketing Association) 57 (1): 38–56. Retrieved 9 February 2013.)

Consumers can rely on print, visual, and/or voice media for getting information.

**Evaluation of alternatives**

At this stage, consumers evaluate different products/brands on the basis of varying product attributes, and whether these can deliver the benefits that the customers are seeking. (Kotler, Keller, Koshy and Jha (2009)) This stage is heavily influenced by one's attitude, as "attitude puts one in a frame of mind: liking or disliking an object, moving towards or away from it". Another factor that influences the evaluation process is the degree of involvement. For example, if the customer involvement is high, then he/she will evaluate a number of brands; whereas if it is low, only one brand will be evaluated.
Table 4 – Customer Involvement Factors

<table>
<thead>
<tr>
<th>Customer involvement</th>
<th>High</th>
<th>Medium</th>
<th>Low</th>
</tr>
</thead>
<tbody>
<tr>
<td>Characteristics</td>
<td>High</td>
<td>Medium</td>
<td>Low</td>
</tr>
<tr>
<td>Number of brands examined</td>
<td>Many</td>
<td>Several</td>
<td>One</td>
</tr>
<tr>
<td>Number of sellers considered</td>
<td>Many</td>
<td>Several</td>
<td>Few</td>
</tr>
<tr>
<td>Number of product attributes evaluated</td>
<td>Many</td>
<td>Moderate</td>
<td>One</td>
</tr>
<tr>
<td>Number of external information sources used</td>
<td>Many</td>
<td>Few</td>
<td>None</td>
</tr>
<tr>
<td>Time spent searching</td>
<td>Considerable</td>
<td>Little</td>
<td>Minimal</td>
</tr>
</tbody>
</table>

**Purchase decision**

This is the fourth stage, where the purchase takes place. According to Kotler, Keller, Koshy and Jha (2009), the final purchase decision can be disrupted by two factors: negative feedback from other customers and the level of motivation to comply or accept the feedback. For example, after going through the above three stages, a customer chooses to buy a Nikon D80 DSLR camera. However, because his good friend, who is also a photographer, gives him negative feedback, he will then be bound to change his preference. Secondly, the decision may be disrupted due to unanticipated situations such as a sudden job loss or the closing of a retail store.

**Post-purchase behavior**

These stages are critical to retain customers. In short, customers compare products with their expectations and are either satisfied or dissatisfied. This can then greatly affect the decision
process for a similar purchase from the same company in the future, (Blythe, Jim (2008) Consumer Behavior. U.K., Thompson Learning, 2008) mainly at the information search stage and evaluation of alternatives stage. If customers are satisfied, this results in brand loyalty, and the information search and evaluation of alternative stages are often fast-tracked or skipped completely. As a result, brand loyalty is the ultimate aim of many companies.

On the basis of either being satisfied or dissatisfied, a customer will spread either positive or negative feedback about the product. At this stage, companies should carefully create positive post-purchase communication to engage the customers.

Also, cognitive dissonance (consumer confusion in marketing terms) is common at this stage; customers often go through the feelings of post-purchase psychological tension or anxiety. Questions include: “Have I made the right decision?”, “Is it a good choice?”, etc.

We can define the Buyer decision processes are the decision making processes undertaken by consumers in regard to a potential market transaction before, during, and after the purchase of a product or service.

More generally, decision making is the cognitive process of selecting a course of action from among multiple alternatives. Common examples include shopping and deciding what to eat. Decision making is said to be a psychological construct. This means that although we can never "see" a decision, we can infer from observable behaviour that a decision has been made. Therefore we conclude that a psychological event that we call "decision making" has occurred. It is a construction that imputes commitment to action. That is, based on observable actions, we assume that people have made a commitment to effect the action.

In general there are three ways of analyzing consumer buying decisions. They are:

- Economic models - These models are largely quantitative and are based on the assumptions of rationality and near perfect knowledge. The consumer is seen to maximize their utility. See consumer theory. Game theory can also be used in some circumstances.
- Psychological models - These models concentrate on psychological and cognitive processes such as motivation and need recognition. They are qualitative rather than
• quantitative and build on sociological factors like cultural influences and family influences.

• Consumer behaviour models - These are practical models used by marketers. They typically blend both economic and psychological models.

Neuroscience has become both a useful tool and a source of theory development and testing in buyer decision-making research, and using neuroimaging devices in order to investigate consumer behavior developed under the name of Neuromarketing. What is going on inside the head of the consumer as measured by various neuroimaging and biological correlates like genes and hormones can provide new insights and new ways to test theory, so this is a great opportunity for the decision-making researcher. (Engel, James F., Kollat, David T. and Blackwell, Rodger D. (1968) Consumer Behavior, 1st ed. New York: Holt, Rinehart and Winston 1968)

Dewey sees economic decision making as a vain attempt to be rational. He claims (in 1947 and 1957) that if a complete analysis is to be done, a decision will be immensely complex. He also says that peoples' information processing ability is very limited. The assumption of a perfectly rational economic actor is unrealistic. Often we are influenced by emotional and non-rational considerations. When we try to be rational we are at best only partially successful.

In an early study of the buyer decision process literature, Frank Nicosia (Nicosia, F. 1966; pp 9–21) identified three types of buyer decision making models. They are the univariate model (He called it the "simple scheme"). in which only one behavioral determinant was allowed in a stimulus-response type of relationship; the multi-variate model (He called it a "reduced form scheme"). in which numerous independent variables were assumed to determine buyer behaviour; and finally the "system of equations" model (He called it a "structural scheme" or "process scheme"). in which numerous functional relations (either univariate or multi-variate) interact in a complex system of equations. He concluded that only this third type of model is capable of expressing the complexity of buyer decision processes. In chapter 7, Nicosia builds a comprehensive model involving five modules. The encoding module includes determinants like "attributes of the brand", "environmental factors", "consumer's attributes", ...
"attributes of the organization", and "attributes of the message". Other modules in the system include, consumer decoding, search and evaluation, decision, and consumption.

Some neuromarketing research papers examined how approach motivation as indexed by electroencephalographic (EEG) asymmetry over the prefrontal cortex predicts purchase decision when brand and price are varied. In a within-subjects design, the participants were presented purchase decision trials with 14 different grocery products (seven private label and seven national brand products) whose prices were increased and decreased while their EEG activity was recorded. The results showed that relatively greater left frontal activation (i.e., higher approach motivation) during the pre-decision period predicted an affirmative purchase decision. The relationship of frontal EEG asymmetry with purchase decision was stronger for national brand products compared with private label products and when the price of a product was below a normal price (i.e., implicit reference price) compared with when it was above a normal price. Higher perceived need for a product and higher perceived product quality were associated with greater relative left frontal activation. (Nicosia, Francesco M. (1966) Consumer Decision Process. Englewood Cliffs, N.J.: Prentice Hall, 1966)

**Cognitive and Personal Biases in Decision Making**

It is generally agreed that biases can creep into our decision making processes, calling into question the correctness of a decision. Below is a list of some of the more common cognitive biases.

- Selective search for evidence - We tend to be willing to gather facts that support certain conclusions but disregard other facts that support different conclusions.
- Selective perception - We actively screen-out information that we do not think is salient.
- Premature termination of search for evidence - We tend to accept the first alternative that looks like it might work.
- Conservatism and inertia - Unwillingness to change thought patterns that we have used in the past in the face of new circumstances.
• Experiential limitations - Unwillingness or inability to look beyond the scope of our past experiences; rejection of the unfamiliar.

• Wishful thinking or optimism - We tend to want to see things in a positive light and this can distort our perception and thinking.

• Recency - We tend to place more attention on more recent information and either ignore or forget more distant information.

• Repetition bias - A willingness to believe what we have been told most often and by the greatest number of different sources.

• Anchoring - Decisions are unduly influenced by initial information that shapes our view of subsequent information.

• Group think - Peer pressure to conform to the opinions held by the group.

• Source credibility bias - We reject something if we have a bias against the person, organization, or group to which the person belongs: We are inclined to accept a statement by someone we like.

• Incremental decision making and escalating commitment - We look at a decision as a small step in a process and this tends to perpetuate a series of similar decisions. This can be contrasted with zero-based decision making.

• Inconsistency - The unwillingness to apply the same decision criteria in similar situations.

• Attribution asymmetry - We tend to attribute our success to our abilities and talents, but we attribute our failures to bad luck and external factors. We attribute other's success to good luck, and their failures to their mistakes.

• Role fulfillment - We conform to the decision making expectations that others have of someone in our position.

• Underestimating uncertainty and the illusion of control - We tend to underestimate future uncertainty because we tend to believe we have more control over events than we really do.

• Faulty generalizations - In order to simplify an extremely complex world, we tend to group things and people. These simplifying generalizations can bias decision making processes.
Ascription of causality - We tend to ascribe causation even when the evidence only suggests correlation. Just because birds fly to the equatorial regions when the trees lose their leaves, does not mean that the birds migrate because the trees lose their leaves.

This particular study deals with the purchase decision that is stage 4 as stated hereinabove and the factors that will impact the purchase decision in the three stages, at home, pre-store, and in-store, where the same can be impacted for consumer durables.

A new global shopper study, “Shopper Decisions made In-Store” (available on the WPP website) gives us some glimpses into what is happening in the world’s retail shopping aisles. In this study, roughly about 14000 shopper interviews were conducted in 700 retail outlets across 24 markets globally. This study spanned 5 retail channels across six product categories to examine how shopper decisions differ across shopping channels, product categories as well as brands and how these decisions vary by country and shopper profile can be impacted in-store. A common widely quoted statistic “70% of shopper decisions are made or can be impacted in – store” has never really proved to be of benefit to marketers. What we really need to understand is the kind of decisions that shoppers are making, and then generate insights that will help marketers to develop smarter and more targeted programs to activate the brands in – store.

We have all been Shoppers with purchasing power for much longer than we probably realize—since the first time we were asked which cereal or toy we wanted. Over the years, you’ve developed a systematic way you choose among alternatives, even if you aren’t aware of it.

Other consumers follow a similar process. The first part of this chapter looks at this process. The second part looks at the situational, psychological, and other factors that affect what, when, and how people buy what they do.

We must keep in mind, however, that different people, no matter how similar they are, make different purchasing decisions. One might be very interested in purchasing a Smart Car. But your best friend might want to buy a Ford 150 truck. Marketing professionals understand this. They don’t have unlimited budgets that allow them to advertise in all types of media to all types of people, so what they try to do is figure out trends among consumers. Doing so helps them
reach the people most likely to buy their products in the most cost effective way possible.

According to Saylor (Saylor URL: http://www.saylor.org/courses/bus203), some specimens of questions that are usually asked by marketers are:

- Why do you buy the things you do?
- How did you decide to go to the college you’re attending?
- Where do like to shop and when?
- Do your friends shop at the same places or different places?

Marketing professionals want to know the answers to these questions. They know that once they do have those answers, they will have a much better chance of creating and communicating about products that you and people like you will want to buy. That’s what the study of consumer behavior is all about. Consumer behavior considers the many reasons why—personal, situational, psychological, and social—people shop for products, buy and use them, and then dispose of them.

Companies spend billions of dollars annually studying what makes consumers “tick.” Although you might not like it, Google, AOL, and Yahoo! monitor your Web patterns—the sites you search, that is. The companies that pay for search advertising, or ads that appear on the Web pages you pull up after doing an online search, want to find out what kind of things you’re interested in.

Doing so allows these companies to send you popup ads and coupons you might actually be interested in instead of ads and coupons for products such as Depends or Viagra. Massachusetts Institute of Technology (MIT), in conjunction with a large retail center, has tracked consumers in retail establishments to see when and where they tended to dwell, or stop to look at merchandise. How was it done? By tracking the position of the consumers’ mobile phones as the phones automatically transmitted signals to cellular towers. MIT found that when people’s “dwell times” increased, sales increased, too. (“The Way the Brain Buys,” Economist, December 20, 2009, 105–7.)
Researchers have even looked at people’s brains by having them lie in scanners and asking them questions about different products. What people say about the products is then compared to what their brains scans show—that is, what they are really thinking. Scanning people’s brains for marketing purposes might sound nutty. But maybe not when you consider the fact is that eight out of ten new consumer products fail, even when they are test marketed. Could it be that what people say about potentially new products and what they think about them are different? Marketing professionals want to find out. (‘The Way the Brain Buys,’ Economist, December 20, 2009, 105–7.)

Studying people’s buying habits isn’t just for big companies, though. Even small businesses and entrepreneurs can study the behavior of their customers with great success. For example, by figuring out what zip codes their customers are in, a business might determine where to locate an additional store. Customer surveys and other studies can also help explain why buyers purchased what they did and what their experiences were with a business. Even small businesses such as restaurants use coupon codes. For example, coupons sent out in newspapers are given one code. Those sent out via the Internet are given another. Then when the coupons are redeemed, the restaurants can tell which marketing avenues are having the biggest effect on their sales.

Some businesses, including a growing number of startups, are using blogs and social networking Web sites to gather information about their customers at a low cost. For example, Proper Cloth, a company based in New York, has a site on the social networking site Facebook. Whenever the company posts a new bulletin or photos of its clothes, all its Facebook “fans” automatically receive the information on their own Facebook pages. “We want to hear what our customers have to say,” says Joseph Skerritt, the young MBA graduate who founded Proper Cloth. “It’s useful to us and lets our customers feel connected to Proper Cloth.” (Rebecca Knight, “Custom-made for E-tail Success,” Financial Times, March 18, 2009, 10.) Skerritt also writes a blog for the company. Twitter and podcasts that can be downloaded from iTunes are two other ways companies are amplifying the “word of mouth” about their products. (Rebecca Knight, “Custom-made for E-tail Success,” Financial Times, March 18, 2009, 10.)
We all have been a consumer with purchasing power for much longer than we probably realize—since the first time we were asked which cereal or toy we wanted. Over the years, unknowingly, we have developed a systematic way you choose among alternatives, even if we aren’t aware of it. Other consumers follow a similar process. The first part of this chapter looks at this process.

We must keep in mind, however, that different people, no matter how similar they are, make different purchasing decisions. We might be very interested in purchasing a Blackberry. But our best friend might want to buy an Android based device. Marketing professionals understand this. They don’t have unlimited budgets that allow them to advertise in all types of media to all types of people, so what they try to do is figure out trends among consumers. Doing so helps them reach the people most likely to buy their products in the most cost effective way possible.

The Buying Decision process thus can be illustrated and elaborated as, taking as a sample purchase of a computer system
The process commences with a felt need, and follows the process stated above till post purchase evaluation which could include cognitive dissonance. This is also crucial to marketers as this could impact re-purchase of the brand or purchase of a brand extension. This researcher has discussed this later in this study when discussing the Awareness – Interest – Desire – Action – Satisfaction (AIDAS) model.
Figure 2 – Consumer Purchase Decision Process


The Buying Decision Process is also impacted at three levels
At Home
Pre – Store
In-Store

Each of these three stages are where a shopper can be positively or adversely impacted. Each of these stages are subject to influences from external as well as internal factors, which can ultimately decide the choice of the brand.
Similarly, in the Buying Decision Process, there could be multiple factors which impact at the stages:

**The Introduction Stage**, where the consumer first comes into knowledge regarding the brand

**The Pre–Store Stage**, where the consumer has come to a primary decision regarding the choice of the brand and

**The In-Store stage** where the consumer who is now the shopper can still be impacted or influenced by factors in – store.

This researcher having been a marketer throughout has always been keenly interested in understanding and researching what are the factors that influence the shoppers and consumers when making their purchase decisions. Of particular interest to this researcher was Consumer Durables. 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 behaviour pattern. Consumer durables involve any type of product purchased by consumers that is manufactured for long-term use. As opposed to many goods that are intended for consumption in short term, consumer durables are intended to endure regular usage for several years or longer before their replacement is required. Just about every household contains at least a few items that may be considered to be of consumer durable nature. With India being the second fastest growing economy having a huge consumer class, consumer durables have emerged as one of the fastest growing industries in India. According to Bhagaban Das, Sangeeta Mohanty and Nikhil Chandra Shil, (International Journal of Business and Management September, 2008), in today’s competitive scenario, business organizations in India are most worried about the future uncertainty. An increasing number of market planners are finding that growing complexity and uncertainty of the environment are difficult to cope up.

Behavioral dimension added new complexity to marketing people. Still, there is no other alternative but to face this situation. Organizations are continuously facing new equations in their operating
environment in every direction (Bettis & Hitt, 1995). Complex competitive status, vulnerable demand forecast, varying consumer preference, existence of too many brands, changing attitude of channel intermediaries, shortening of the product lifecycle, (Hammer, 1997) are making marketing decisions extremely difficult and risky. And here comes the role of multidimensional analysis of a particular field.

Why did this researcher choose this particular sector and this particular topic?

As per a recent report by The Associated Chamber of Commerce and Industry of India (ASSOCHAM), the consumer electronics and durables sector in India is expected to grow at a Compound Annual Growth Rate (CAGR) of about 15 per cent and grow from Rs.34,000 crores in 2012 to reach Rs 52,000 crore by 2015 fuelled by rising demand from the Indian middle class as well as growing sales through the online retail format. The study titled ‘Emerging trends in Consumer Electronics and Durables Industry,’ has been released by ASSOCHAM and focuses on consumer demand and its supporting factors.

Mr D.S. Rawat, secretary general, ASSOCHAM while releasing the findings of the study. Has stated that “Demand for consumer electronics and durables is driven by a young demographic population, coupled with rising disposable incomes amid skilled and highly educated workforce,” “Besides, low penetration levels, easy availability of finance options, growing prominence of consumer electronics’ retail stores, online retail industry and a robust 400 million plus Indian middle class with a comprehensive rise in level of affluence is also fuelling the demand in this industry,”

As per the study, the global consumer electronics and durables industry is growing at about 10 per cent CAGR and is currently estimated at about Rs 16 lakh crore and is likely to cross Rs 21 lakh crore mark by 2015.

Ranjith Boyanapalli, Founder and CEO of Buytheprice.com, an e-Tailer of electronics and consumer durables. says “If you look at the Awareness – Interest – Desire – Action (AIDA)
model of buying), since the AID are happening increasingly online, there is a growing chance to convert the last stage online too, provided the right price point, delivery time and experience are served. A lot of products such as storage devices and small appliances have become low involvement purchases for a lot of consumers, because of which convenience of shopping from home and getting it delivered saves them effort and time. Also, with product life cycle getting shorter, people are switching to newer gadgets more often than ever."

As per the report, multi-national companies (MNCs) with superior technology and better quality control account for a market share about 70 per cent of the overall consumer electronics and durables market in India and maintain a strong hold on the urban middle class segment growing at about 12 to 15 per cent. As per the report, the consumer durables and electronics market in rural and semi-urban areas account for about 40 per cent of the overall market and is growing at about 30 per cent CAGR.

Talking about growth in the online retail format, Ranjith, further stated, “Over the past two years, our traffic has grown without much marketing effort which in turn keeps our customer acquisition cost low. Our revenues from the segment have been doubling every 3 months with mobiles, computer accessories and large appliances being the top performers. We expect demand to continue to pour in through this route.”

In a short span of time, eTailers such as Buytheprice, HomeShop18, Flipkart, Infibeam, Indiaplaza, Futurebazaar, etc. along with multi-channel retailers such as Croma Retail, Vijay Sales, etc. have captured a large share of the pie, which keeps getting bigger by the day. The rise in demand from the online format has also prompted original manufacturers to set up their online retail formats such as Samsung.

As per Forrester Research Inc., growth in Indian online retail market is set to be the fastest in Asia-Pacific with total market slated to reach over Rs. 47000 crores by 2016. The online format has also added additional consumers from Tier-II and III cities thereby increasing the
overall demand for such products. Consumers can now research product and category manuals, compare prices as well as hunt for discounts before making a purchase online. The online market for consumer durables and electronics is now moving towards inflection point and maturity and we may see some consolidation happening over the next couple of years.

As per a report released by Corporate Catalyst India Pvt. Ltd., in May 2014, India is expected to become the 5th largest consumer durable market in the world by FY 2015, reaching up to Rs. 75000 crores in revenue, up from Rs. 43000 crores in FY 2012. Urban markets account for the major share (65 %) of the total revenues in the consumer durable sector.

Chart 2 – Indian Urban : Rural Market Share

Demand in urban markets is likely to increase more for non – essential products such as LED TVs, laptops, split Air Conditioners etc, while in rural markets, durables like refrigerators and consumer electronic goods are likely to witness high demand in the coming years, with the Government planning to invest significantly in rural electrification.

The growth in the consumer durables market has been steady and can be illustrated by the following chart:
The consumer durables market is expected to post a CAGR of 15% till 2015. The major players in the sector can be listed as follows:

1. **Samsung India:**
   Samsung India commenced operations in December 1995, and current turnover is estimated to be Rs. 6000 crores. The Samsung manufacturing complex is located at NOIDA, Delhi NCR. It currently employs around 16000 employees, with an estimated 18% in Research and Development.

2. **Whirlpool India**
   Whirlpool is the most recognized brand in home appliances today and enjoys a market share of approximately 25%. The company has manufacturing facilities at Faridabad, Pondicherry and Pune.

3. **LG India**
   LG’s leading products include Air Conditioners, consumer electronics and music systems, mobile handsets, optical storage system and home theatre systems.
4. **Godrej India**  
   Established in 1897, incorporated in 1932, the company is one of the largest privately held corporations in India. It has a strong retail network and also has representative offices outside India.

5. **Sony India**  
   Sony Corporation established its India operations in 1994. It has a vast distribution network and sells directly as well as through channel partners.

6. **Hitachi India**  
   Hitachi India Ltd was established in 1998. In consumer durables it supports the sale of Plasma TVs, LCD TVs Projectors Camcorders etc.

With so many international players as well as Indian companies competing fiercely for a share of the pie, this researcher believes that research into what actually impacts the shift from the shelf to the purchase basket of the shopper / consumer would be the key into determining and enhancing the market share for the players. It is with intention and aim in mind that this topic was selected for research.

As stated herein above, the Consumer Decision Making Process consists of the following steps:

1. Problem/Need recognition
2. Information search
3. Evaluation of alternatives
4. Purchase decision
5. Post-purchase behavior

This study is focused on stage 4 of the process mentioned above, and is further focused on the decision process in respect of home appliances and home electronic appliances. This study is restricted to the study of the Buying Decision Process in respect of some select durables. This study seeks to analyze the factors that would affect the purchase of these select durables at the three stages in the Buying Decision Process At Home, Pre-Store and In-Store.

This study seeks to look at the roles and influencing factors at the Introduction, Influencing
and Decision Making Stage of the Buying Decision Process.

This study seeks to find answers to the following questions:

Are there any specific factors which influence a shopper in the Introduction Stage of the Buying Decision Process?

Are there any specific factors which play a major role in the influencing Stage of the Buying Decision Process?

Are there any major factors which impact the Decision Making Stage of the Buying Decision Process?

Where would a shopper feel more comfortable when purchasing a particular type of consumer durable?

Why does a shopper choose a particular store vis-a-vis another when purchasing a consumer durable?

What are the factors which would influence a shopper in selecting a brand before going to the store and after going to the store?

Does the Economic (Income) criteria determine where a shopper would make his purchase?

It was felt that if the study could get answers to these key questions, it would enable marketers to plan strategies accordingly, as well as lay the ground for further research into this topic, as Consumer and Shopper preferences and shopping styles are extremely dynamic and subject to change very often.

**Aim**

The aim of the study is to get a clearer understand on what factors influence a shopper / consumer in the purchase of a particular brand in the different levels of the Buying Decision Process. Further the study aims to research into what makes the shopper / consumer choose a particular shopping format, as also a particular store, and whether income is also a determinant in the same.

Accordingly, the following objectives were laid down for the study:
Objectives:

- To explore the factors which play a major role in the Introduction Stage of the Buying Decision Process in the purchase of Consumer Durables
- To explore the factors which play a major role in the Influencing stage of the Buying Decision Process in the purchase of Consumer Durables
- To explore the factors which play a major role in the Decision Making stage of the Buying Decision Process in the purchase of Consumer Durables
- To study shopper preferences with regards to the channels preferred for purchase of consumer durables
- To study the factors which influence a shopper’s decision to choose a particular store for purchase of consumer durables
- To study the factors that impact a shoppers brand choice at Pre - Store and In – Store Stage of the Buying Decision Process
- To study whether income is a determining factor in choosing a particular shopping format.

Based on these objectives, the further study was taken up, commencing with the review of available literature on the subject.

Summary of the Chapter:

In this chapter we have discussed:

1. The Consumer Buying Decision Process and the various stages therein
2. The importance of this sector in the economy
3. The reasons for selection of this topic for research
4. The aims and objectives of this study.

The studies / works referred to during this chapter: