

Consumer Behaviour for Selected Consumer Durable Goods –A Study in Kamrup District of Assam

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Abstract

The consumer always tries to maximise his or her satisfaction in the best possible way and therefore tries to explore the new roots to satisfy the needs in the most possible way. The consumer market of India is under the evolution over time as a result Indian consumer market is expected to reach the fifth position in the world by 2025 according to McKinsey Global Institution, 2007. The consumer durable good is a type of the consumer goods for which the study of consumer's behaviour is very important because for these goods consumer behaviour changes over time. Few years before, consumer durable goods like refrigerator, air conditioner, washing machines etc. were considered as the luxury items by Indian rural households even some urban households also but now these goods are no more luxury goods for the Indian consumers. The behaviour of consumer for these goods may vary from rural to urban households. The current study aims at exploring the consumer behaviour specially the purchasing behaviour for some selected consumer durable goods considering both the rural and urban households.

Key words: Consumer behaviour, Consumer durable goods, Indian consumer durable market.

Introduction

India has grown to the fastest growing economy among the G20 countries as stated by OECD Economic Survey, 2017. McKinsey Global Institution, 2007 stated that the consumer market has been expanding in India and for this reason Indian consumer market is expected to reach the fifth position in the world by 2025. It also expects that the middle class of India to constitute 41% of the total population by 2025. The growing middle class of India is attracting the attention of global investors in India and various domestic as well as multinational companies have been trying to absorb benefit from the Indian consumer market. The consumer durable market is experiencing a huge change over time which is why the Indian Brand Equity Foundation Report (2015), forecasts the Indian consumer durable market to reach the fifth position in the world by 2025. In the consumer durable market, consumer's behaviour for adoption of products experiences evolution over time, with the changes in marketing strategies of marketers and also with the changes in social, cultural, environmental factors etc. This necessitates a comprehensive study of consumer behaviour towards consumer durable goods. The present study has been conducted for four selected consumer durable goods that are Mobile Phone, Electric Fan, Television and Refrigerator.

Objectives

The specific objectives of the present study are as follows:

1. To examine the market size of consumer durable goods in India.
2. To study the purchasing behaviour of household for the selected consumer durable goods.

Data source and methodology

Sources of data:

Both primary and secondary data have been used for the present study. Secondary data shows the market size of consumer durable goods in India from Financial year 2005 to 2016. For the second objective of the study, a

field survey has been conducted. For this purpose primary data has been collected from households by filling up a pre-tested schedule. The schedule consists of questions relating to purchasing behaviour of the households for Mobile Phone, Electric Fan, Television and Refrigerator. The field study is confined to only two districts of Assam and they are Kamrup Metropolitan district and Kamrup district.

Selection of study area:

The field study has been carried out in two districts of Assam. For the study, both rural as well as urban households are considered by selecting one urban district and another is rural district of Assam and the selected districts are Kamrup Metropolitan and Kamrup district. The annual per capital income is highest in Kamrup Metropolitan (NEZINE, 2016) and Kamrup district is one of the nearest rural districts of Kamrup Metropolitan therefore these two districts have been selected for the present study.

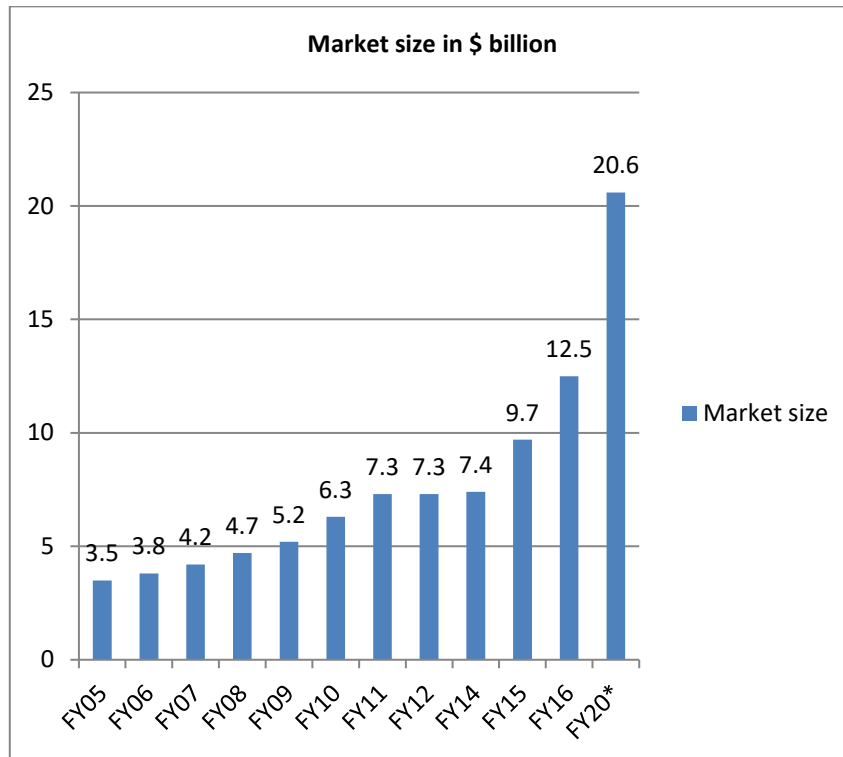
Literature review

Patel and Joshi (2013) conducted a study of purchasing pattern of consumer durable goods. The study found some important factors for influencing the purchase decision of consumer durables and they are price of product, guarantee and warranty associated with the product, brand image, service obtained by the product after use of these goods. Again, information obtained from various sources, also found as influencing factors for purchasing these goods. Sivamani (2011) found that the buying powers of urban consumers are more influenced by the number of earning members in the family and consumers' preference for buying the durable products does not differ between gender, working women, age, marital status, place of residence, educational qualifications and occupations. In 2013, Patel investigated the factors that influence the purchase of the electronic consumer durable goods from retail malls. The study stated that social- cultural factors, consumer's trust, promotional factors, satisfaction of consumers and some socio- economic and demographic factors influence the consumer preference to buy electronic consumer durables from retail malls. Johar (2015) found the influence of economic, social, cultural and psychological factors on the consumer behaviour towards consumer durable goods. The study also found that education level has an important influence on the buying behaviour. Rai (2013) found that advertisement is an important factor to influence consumer for durable goods not only in India but also in the world.

Findings and explanations

Market size of consumer durable goods in India:

The market size of consumer durable goods is an important part to depict the status of consumer durable goods in India. The market size for consumer durable goods in India has been depicted for the financial year (FY) 2005 to financial year (FY) 2016 and the estimated market size in FY 2020 has also been depicted in the Figure 1.1.

Figure 1.1 Market size of consumer durable market in India

Source: IBEF Report 2017 February

The size of consumer durable market in India has been increasing. The market size of consumer durables in FY2005 was US\$3.5 billion which became US\$ 9.7 billion in the FY2015. The market size in FY2011 and FY2012 was the same which was US\$7.3 billion during both the periods but after FY2012, the market of consumer durables again started increasing. It increases from USD3.5 billion in FY2005 to USD 12.5 billion in FY2016 which is forecasted to increase to USD 20.6 billion in FY2020. This shows a picture of market size of consumer durable goods market in India.

Consumer purchasing behaviour:

Store of purchase

The stores from which the sampled households are found to purchase Mobile Phone handset, Electric Fan, Television and Refrigerator are shown below. Here, total percentage may cross 100 because some households possess more than one unit of a good and each unit may be purchased from different stores.

The store selected by the sampled households of Kamrup Metropolitan and Kamrup district for Mobile Phone has been depicted in Table 1.1.

Table 1.1 Store of purchase for Mobile Phone handset

Location	Offline retailers other than shopping malls	Shopping malls	Online retailers	Second hand market
Kamrup Metropolitan	100%	16%	36%	2%
Kamrup District	100%	2%	6%	10%
Combined	100%	9%	21%	6%

Source: Primary data

From the Table 1.1, it can be observed that all the sampled households have purchased Mobile Phone from offline retailers including the two districts. In Kamrup Metropolitan, 16% of the sampled households have also purchased Mobile Phone from shopping mall which is more than that of the Kamrup district. Again, households with Mobile Phone, purchased from online retailers are more in Kamrup Metropolitan than in Kamrup district but households with Mobile Phone from second hand market is more in Kamrup district than in Kamrup Metropolitan.

The store selected by the sampled households of Kamrup Metropolitan and Kamrup district for purchasing Electric Fan has been depicted in Table 1.2.

Table 1.2 Store of purchase for Electric Fan

Location	Offline retailers other than shopping malls	Shopping malls	Online retailers	Second hand market
Kamrup Metropolitan	100%	10%	8%	0%
Kamrup District	100%	0%	0%	2%
Combine	100%	5%	4%	1%

Source: Primary data

From the Table 1.2, it can be observed that all the sampled households have purchased Electric Fan from offline retailers including the two districts. In Kamrup Metropolitan, 10% of the sampled households have also purchased Electric Fan from shopping mall but it is 0% in Kamrup district. Again, there are 6% households with Electric Fan, purchased from online retailers in Kamrup Metropolitan but there is no household in Kamrup district with Electric Fan purchased from online retailer. Again, households with Electric Fan from second hand market are 2% in Kamrup district but that is 0% in Kamrup Metropolitan.

The store selected by the sampled households of Kamrup Metropolitan and Kamrup district for purchasing Television has been depicted in Table 1.3.

Table 1.3 Store of purchase for Television

Location	Offline retailers other than shopping malls	Shopping malls	Online retailers	Second hand market
Kamrup Metropolitan	98%	0%	0%	2%
Kamrup District	92%	0%	0%	6%
Combine	95%	0%	0%	4%

Source: Primary data

From the Table 1.3, it can be observed that 95% of the sampled households have purchased Television from offline retailers including the two districts. Again, households with Television purchased from second hand market are 6% in Kamrup district but that is only 2% in Kamrup Metropolitan.

The store selected by the sampled households of Kamrup Metropolitan and Kamrup district for purchasing Refrigerator has been depicted in Table 1.4.

Table 1.4 Store of purchase for Refrigerator

Location	Offline retailers other than shopping malls	Shopping malls	Online retailers	Second hand market
Kamrup Metropolitan	88%	2%	0%	2%
Kamrup District	68%	0%	0%	2%
Combine	78%	1%	0%	2%

Source: Primary data

From the Table 1.4, it can be observed that 78% of the sampled households have purchased Refrigerator from offline retailers including the two districts. In Kamrup Metropolitan there are 2% households with Refrigerator from shopping malls but it is 0% for Kamrup district. Again, households with Refrigerator from second hand market are 2% in Kamrup district that is also 2% in Kamrup Metropolitan.

From the store selected by the households of the two selected districts of Assam for purchasing Mobile Phone, Electric Fan, Television and Refrigerator, it is observed that the most of the households of Kamrup Metropolitan district and Kamrup district purchase these goods from the offline retailers other than shopping malls. For Mobile Phone, online and shopping mall purchases are the highest compared to the other selected consumer durable goods combining the two districts.

Percentage of households possessing different brands:

The percentage of households possessing different brands of Mobile Phone handset, Electric Fan, Television and Refrigerator are shown in the following way. The figures in percentage terms are showing the percentage of households possessing different brands of Mobile Phone, Electric Fan, Television and Refrigerator. Here, the total percentage may cross 100 that is the total sample size because one household may possess more than one unit of a good and may possess different brands of the same good.

Table 1.5 Percentage of households possessing different brands of Mobile Phone handset

Brand name	Percentage of household
Nokia	67%
Samsung	61%
Micromax	22%
Oppo	15%
Lava	14%
Gionee	10%
Intex	8%
Vivo	6%
Spice	5%
Karbon	5%
IPhone	5%
Redmi	4%
Jiolife	4%
Sony	2%
HTC	2%
Iball	2%
Asus	1%
Veideocon	1%
Reach	1%

Source: Primary data

Table 1.5 depicts the percentage of household possessing various brands of Mobile Phone. In this table, the total percentage exceeds 100 because some of the households possess more than one brand of Mobile Phone. Here, 67% of the households possess Nokia brand, 61% of the households possess Samsung brand and 22% of the households possess Micromax brand for Mobile Phone handset. So, the top three brands of mobile phone handset possessing by the households of Kamrup Metropolitan and Kamrup district are Nokia, Samsung and Micro max.

Table 1.6 Percentage of households possessing different brands of Electric Fan

Brand name	Percentage of possessing household
Usha	58%
Orient	41%
Havells	17%
Bajaj	16%
Crompton	7%
ARUN	4%
Pollar	3%
Sameer	2%
SEC	1%
Polycad	1%
Anchor	1%
Ashai	1%
Green apple	1%

Source: Primary data

Table 1.6 illustrates the brand of Electric Fan possessing by the households. The top three brands of Electric Fan possessed by the households of Kamrup Metropolitan and Kamrup district are Usha, Orient and Havells. The percentage of households possessing the brands Usha, Orient and Havells are respectively 58%, 41% and 17%.

Table 1.7 Percentage of households possessing different brands of Television:

Brand	Percentage of household possessed
Samsung	32%
LG	31%
Sony	11%
Phillips	7%
Salora	7%
Videocon	5%
BPL	4%
Panasonic	3%
Micromax	2%
Santash	2%
Oscar	1%
Akai	1%
Beston	1%
Hitech	1%
SVL	1%
Telivista	1%
Oscar	1%
MTX	1%
Altasim	1%

Source: Primary data

Table 1.7 depicts the percentage of households possessing different brands of Television. The top three brands of Television possessed by the households of Kamrup Metropolitan and Kamrup district are Samsung, LG and Sony. The percentage of households possessing the brands of Television are Samsung, LG and Sony are 32%, 31% and 11% respectively.

Table 1.8 Percentage of households holding different brands of Refrigerator:

Brand name	Percentage possessing
LG	42%
Samsung	26%
Godrej	12%
Whirlpool	11%
Kalvinator	5%
Panasonic	4%
Veideocon	2%
Voltas	1%
Haier	1%

Source: Primary data

Table 1.8 shows the percentage of different brands of Refrigerator possessing by the households of Kamrup Metropolitan and Kamrup district. The top three brands of Refrigerator possessing by the households are LG, Samsung and Godrej and their respective percentages are 42%, 26% and 12%.

Purchasing behaviour of the selected goods:

Here, the average expenditure of households on the selected consumer durable goods has been considered for a period of last one year that is from the month of June, 2016 to the month of May, 2017. The average expenditure on the selected consumer durable goods that is, Mobile Phone handset, Electric Fan, Television and Refrigerator during one year is calculated by dividing the total expenditure on these goods by the total number of items of the selected goods purchased during one year. Here, average expenditure is assumed as a proxy for possession of the selected consumer durable goods. In an attempt to understand the factors influencing the purchase decision of household, we look at the cross tabulation of relevant variables.

Table 1.9 Cross tabulation of average expenditure and monthly income

Income (in Rs.)	Average expenditure (in Rs.)					
	0-5,000	5,000-10,000	10,000-15,000	15,000-20,000	20,000-25,000	25,000-30,000
Below 20,000	12	2	2	0	0	0
20,000-40,000	25	3	4	2	0	0
40,000-60,000	11	8	3	0	0	0
60,000-80,000	8	4	2	0	0	0
80,000-1,00000	2	2	1	1	1	0
Above 1,00000	1	0	1	1	2	2

Source: Primary data

From the Table 1.9, it can be observed that there is a direct association between average expenditure and the monthly income of household that is higher average expenditure is associated with higher monthly income.

Table 1.10 Cross tabulation of average expenditure and location the household

Average expenditure (in Rs.)	Location of sampled households		Total
	Kamrup Metropolitan	Kamrup District	
0-5000	24	35	59
5000-10000	12	7	19
10000-15000	5	8	13
15000-20000	4	0	4
20000-25000	3	0	3
30000-35000	2	0	2
Total	50	50	100

Source: Primary data

From the Table 1.10, it can be observed that higher average expenditure is associated with the households in Kamrup Metropolitan.

Table 1.11 Cross tabulation of average expenditure and occupation of head of the household

Average expenditure (in Rs.)	Occupation of head of the household		Total
	Public sector	Private sector	
0-5000	26	33	59
5000-10000	14	5	19
10000-15000	7	6	13
15000-20000	2	2	4
20000-25000	3	0	3
30000-35000	2	0	2
Total	50	50	100

Source: Primary data

The Table 1.11 shows that higher average expenditure is associated with the households where head of the household works under public sector.

Table 1.12 Cross tabulation of average expenditure and earning members in household

Average expenditure (in Rs.)	Earning member in households		Total
	Only 1 earning member	More than 1 earning member	
0-5000	30	29	59
5000-10000	7	12	19
10000-15000	3	10	13
15000-20000	2	2	4
20000-25000	1	2	3
30000-35000	1	1	2
Total	44	56	100

Source: Primary data

From the Table 1.12 we can't observe a clear association between category of average expenditure and the categories of earning member.

Table 1.13 Cross tabulation of average expenditure and average age of household

Average expenditure (in Rs.)	Average age of household			Total
	15-30	30-45	45-60	
0-5000	24	30	4	58
5000-10000	5	14	0	19
10000-15000	4	9	0	13
15000-20000	3	1	0	4
20000-25000	0	2	1	3
30000-35000	0	3	0	3
Total	36	59	5	100

Source: Primary data

From the Table 1.13 we can't have a clear idea about the association between the category of average expenditure and average age of household.

Table 1.14 Cross tabulation of average expenditure and size of the households

Average expenditure (in Rs.)	Size of household				Total
	2-3	3-4	4-5	More than 5	
0-5000	12	27	15	5	59
5000-10000	2	8	7	2	19
10000-15000	4	3	3	3	13
15000-20000	2	2	0	0	4
20000-25000	0	1	2	0	3
30000-35000	2	0	0	0	2
Total	22	41	27	10	100

Source: Primary data

From the Table 1.14, a clear association between average expenditure and household size can't be observed.

Null hypothesis to be tested for Chi-square test of association are as follows:

- H01: There is no association between average expenditure and monthly income of a household.
- H02: There is no association between average expenditure and occupation of the head of a household.
- H03: There is no association between average expenditure and location of a household.
- H04: There is no association between average expenditure and number of earning member in a household.
- H05: There is no association between average expenditure and average age of a household.
- H06: There is no association between average expenditure and size of a household.

Table 1.15 Results of chi-square test of the association of socio-economic factors on the average expenditure of household

Variables	Pearson chi-square value	Degrees of freedom	Significance level (2 tailed)
Monthly income	67.285***	25	.000
Location of household	13.059**	5	.023
Occupation of head of the household	9.592*	5	.088
Earning member in household	4.054	5	.542
Average age	16.036	10	.155
Size of household	19.018	15	.213
Note: ‘*, **, ***’ indicate level of significance at 0.1, 0.05, and 0.01 respectively			

Source: Primary data

From the Table 1.15, it can be concluded that there is association between average expenditure on the selected goods and monthly income of household at 1% level of significance and there is also an association between average expenditure on the selected goods and location of household at 5% level of significance. Again, the average expenditure and occupation of head of the household are associated at 10% level of significance. So, monthly income of household is found to be the most influencing factor on the possession of selected consumer durable goods among the other socio-economic features or profiles of the sampled households, considered in this study.

Conclusion:

The market size of overall consumer durable goods in India was USD 3.5 billion in FY2005 which became USD 12.5 billion in FY2016 and it is forecasted to further increase till FY 2020. It can be concluded that the market size of consumer durable goods has been continuously increasing but at fluctuating growth rates from FY2005 to FY 2016. The average expenditure on the selected goods is taken as a proxy for possession for this study. The socio-economic factors influencing on the average expenditure made by the households are monthly income of the household, location of the household and occupation of the head of the household. Thus, rising incomes of the people, both in the rural and urban areas, have an important bearing of the consumer durable goods in Assam. The study also concludes that both commercial factors as well as non-commercial factors play an important role in guiding consumer behaviour.

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