

CHAPTER 1

INTRODUCTION TO THE STUDY

- 1.1 Introduction
- 1.2 Research Problem
- 1.3 Statement of Research Problem
- 1.4 Hypotheses of the Study
- 1.5 Objectives of the Study
- 1.6 Scope of the Study
- 1.7 Importance of the Study
- 1.8 Research Methodology
- 1.9 Chapterisation

CHAPTER 1 INTRODUCTION TO STUDY.

1.1 Introduction:

New technological advances and new market forces are creating a new economy. Companies and marketers need to add new tools and practices if they hope to be successful. Two specific drivers of the new economy are digitalization and connectivity. Digitalization in particular has introduced exciting new capabilities for consumers and for businesses. New economy is shifting practices toward organizing by customer segments, focusing on customer lifetime value, focusing on stakeholders, building brands through behavior, focusing on customer retention, measuring customer satisfaction, and under promising and over delivering.¹

Customers are value-maximizers. They form an expectation of value and act on it. Buyers will buy from the firm that they perceive to offer the highest customer-delivered value, defined as the difference between total customer value and total customer cost. A buyer's satisfaction is a function of the products perceived performance and the buyer's expectations. Recognizing that high satisfaction leads to high customer loyalty, many companies today are aiming for TCS –total customer satisfaction. For such companies, customer satisfaction is both a goal and a marketing tool.

The majority of consumers typically buy a single brand of cola, Colgate or Nirma. A large fraction of consumers buy branded medications, even though chemically equivalent generic substitutes are available at the same stores for much lower prices. Theorists have long speculated that willingness to pay for brands today could depend on consumers' experiences in the past. Willingness to pay could be a function of past consumption, which could enter expected utility directly, through switching costs or through beliefs about quality. It could depend on past exposure to advertising, or on past observations of the behavior of others, at the extreme, brand preferences could be entirely determined by experiences in childhood.

1.2 Research Problem:

Technology product-markets are faced with a variety of challenges. One challenge is to monitor changes in consumer's brand preferences over time. In practice, intrinsic brand

¹ Kotler, P. (2005). Marketing Management. Delhi: Pearson Education.

preferences can be inferred from tangible performance measures such as sales after accounting for the effects of other factors that may have influenced these measures. Given the rapid introduction and withdrawal of models in these markets, one need to, while measuring the dynamics in brand preferences, partial out the effect of the changing portfolio of models on a brand's performance.

For example, the introduction of α line of digital cameras by Sony helped it obtain market leadership and the effect of such changes in product line need to be accounted for. Besides monitoring these preference changes, it is essential to understand the drivers of preferences over time. For example, extant research recognizes the importance of advertising in influencing brand preferences. Hence, management may be interested in understanding the role of advertising in driving the dynamics of brand preferences.

A second issue of interest to management is to understand what drives the changes in a brand's performance over time. Given that the markets for technology products evolve rapidly, we usually observe some interesting dynamics in the performance of the key brands. For example, in the context of digital cameras, while Casio, the first brand to enter the market, moves from the position of market leader at the beginning of the data to being the lowest selling brand at the end of the data, Sony registers a steady increase in sales. As noted previously, one possibility is that changes in performance are tied to changes in intrinsic preferences. At the same time, they could also be due to (a) the changing portfolio of models in a brand's product line; and / or (b) modifications in the attributes and prices of the models in the product line. This calls for an assessment of the relative influence of product line and intrinsic brand preferences on the performance of brands in a category. Such an assessment, will guide management on which aspect to emphasize in order to improve their brand's performance.²

Third, notwithstanding the rapid introduction and withdrawal of models and changing consumer preferences, management needs to evaluate the effects of product attributes and marketing activities on the performance in the marketplace. A related issue is the need to assess the effects of attribute improvements as well as the introduction of new models with enhanced product attributes on the performance of the brand. Given the high cost of new product development, brands in technology product-markets would like to quantify the potential benefits from developmental efforts leading to attribute improvements so as to evaluate their feasibility.

² Kotler, P. (2005). Marketing Management. Delhi: Pearson Education.

1.3 Statement of Research Problem:

India's economic growth has accelerated significantly from last two decades and it has inflated the spending power of its citizens. Real average household disposable income has doubled since 1985. With rising incomes, household consumption has increased and a new Indian middle class has emerged. Income levels has almost triple and India is on the way to climb from its position as the 12th largest consumer market today to become the world's fifth-largest consumer market by 2025. The identity of the Indian family is changing with many educated women entering the workforce, generating higher family disposable income and propelling consumer demand. The increase in variety, quality, availability of products and the convenience in the purchase process has resulted in consumers increasingly using supermarkets for personal shopping. The consumer behaviour indicates people taking more time for shopping and window shopping. There is an increasing tendency of brand switching and decreasing brand loyalty as well.

New innovations and development make it uncertain for long term existence in the market. Though certain brands are well established, it is never certain to be assured of the same demand in coming future for the same brand. Continuous innovation and consumer response mapping is essential, irrespective of well established player in the market.

What are the product attributes and characteristics that go into selection of a particular brand for the first time buyer or the household individual? whereas what characterizes a brand to be recommended to other people or word of mouth of the brand for professional users of digital cameras, will be the main stay of the research to be done.

Present study titled as, A STUDY OF CUSTOMERS' BEHAVIOUR IN BUYING DIGITAL CAMERAS IN SATARA.

The title signifies study of customer's behaviour towards selection of brands of digital camera on the basis of pre-determined parameters.

1.4 Hypotheses of the Study:

The study put to test following null hypotheses.

1. Demographic factors do not have any impact on selection of brand of digital camera.
2. Technical parameters for selecting brand in digital cameras are uniform for all users.

1.5 Objectives of the Study:

Present study purposes following objectives.

1. To find out awareness of different brands in digital cameras.
2. To assess buying behavior of customers towards digital cameras.
3. To evaluate impact of celebrity endorsement on purchase of digital cameras.
4. To find out factors influencing purchase decision of customers.

1.6 Scope of the Study:

The study was limited to finding out the brand awareness of particular digital cameras and reasons for selection of a particular brand for purchase. It was limited to buyers from various locations in Satara district. The concepts of demographic factors, celebrity endorsements, and technical parameters for purchase selection were focused in the present study. Analysis was limited to find out opinions from statements using likert scales, semantic differential scale and option choices to select from.

Hypotheses' testing was done on the basis of demographic factors, technical factors affecting for a professional using Chi-square and t-test.

1.7 Importance of the Study:

From Company point of view, it is important to adopt to consumer preferences, and by knowing the parameters that are important for first time buyer, so to stress more on that aspects of product that consumer thinks are relevant for consideration. And from professional point of view the satisfaction factors and technical qualities are of importance for further word of mouth and recommendation to others.

Consumers will be benefited in the sense that the brand which satisfies the characteristics and attributes will be evaluated by the consumer, who has not much time for doing it on his own. The attributes and characteristics which suit the needs of the individual will be known to him which he is looking for. The price, quality, trust, service, reliability and the like parameters which should be seeked in a particular brand of digital camera can be

known to the consumer.

1.8 Research Methodology:

Descriptive research design is used for the study and data is collected using inferential approach.

1.8.1 Data Required:

Data regarding demographic details of individuals and professionals, like age, sex, income etc., technical data about ease of use, weight, sensors, LCD, carry case, zoom, wide angle etc., Celebrity likeability, trustworthiness, familiarity, wide appeal, Product attributes, Relative price, Use / Application, User / Customer, Celebrity / Person, was collected using data collection instruments. Demographic details, technical features preferred, and celebrity and advertisements effects were the requirements for hypotheses testing from individual point of view, whereas, Provenance, Performance, Persistence, Portability, Praise, will be the requirements for hypotheses testing from professional's point of view.

1.8.2 Data Sources:

Through primary data sources, demographic profiles, celebrity endorsement opinions, and technical features preferred were collected from the respondents with relation to above said parameters for individual households and the professionals.

The concepts, the theoretical framework and current market happenings in consumer electronic markets in world and in India was collected through secondary data sources.

1.8.3 Instrument:

A structured closed ended codified Interview schedule unit was used to collect primary data for individuals and professionals with demographic details, brand awareness, technical features preferred, and celebrity endorsements structures. Two separate schedules were used for individuals and professionals with above mentioned structures with scales mentioned above.

1.8.4 Sampling:

The universe for the research was of infinite type. The sampling units were Digital camera users.

The 'Convenient' sampling technique was used for the purpose of individual buyers,
Shivaji University, Kolhapur

whereas for the purpose of the professionals 'Purposive' sampling technique was adapted so as to get more technical aspects that a professional would look into a camera with personal and telephonic interview methods.

Sample line was of 100 individuals and 25 professionals using digital cameras of any brand.

1.8.5 Data Analysis:

The data collected was edited, coded, classified and tabulated through simple frequency distributions tables, descriptive statistics, standard deviations, ranks, with Likert, semantic differential scales, and multiple option choice questions was done for analysis. Cross tabulations for studying relations with parameters was done. Hypotheses' testing was done through tests like chi-square and t-test.

1.9 Chapterization:

The study has been organized in following chapters

Chapter 1 'Introduction to the Study', It depicts introduction to the study, management problem, statement of research problem, as well as objectives, hypothesis, scope, importance, and research methodology adopted for this study.

Chapter 2 'Review of Literature', includes the past research and present studies carried on with same or related subject areas on international and national levels with varied approaches by researchers and scholars around the world.

Chapter 3 titled as 'Conceptual Background', it narrates, basic concepts, definitions adopted for the study and its applications with present work.

Chapter 4 titled as 'Analysis of Data' , it reveals presentation of data in tabular form, with its interpretation the chapter is divided into two main parts, first part contents data analysis while second part describes hypotheses testing.

Chapter 5 as 'Findings and Suggestions', it represents findings based on data analysis, the chapter ends up with concluding remarks by researcher.

Besides above chapters the dissertation is appended with relevant annexure like schedule used for study and list of references.

