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A STUDY ON MARKETING STRATEGIES OF HOUSEHOLD APPLIANCES

A Study on Marketing Strategies of Household Appliances

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Abstract – As an art and a science, marketing is undergoing dramatic and exciting changes, and the field promises to be just as dynamic in the years ahead. Marketing has emerged as the most critical function in today's international business climate; even the smallest firms are now using innovative marketing techniques to compete globally.

When we examine the historical perspective of marketing it is apparent that the traditional mode of trading has blossomed into the modern techniques of marketing. Whenever a person made more than what he needed or wanted, the foundation was laid for trade and trade is the heart of marketing. Although the essence of marketing is as old as trade itself, marketing emerged as a serious subject of study and has been accepted as a major management discipline only since the middle of the present century. The starting point of complexity of modern marketing can be attributed to the mass production of goods and services due to factory form of organisation be getted by industrial revolution. From this production orientation stage emphasis had shifted to sales and later to consumer satisfaction and now the scope of marketing has widened to imbibe a pulsating progressives social outlook.

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INTRODUCTION

The modern philosophy of marketing has turned the traditional views of business itself. As Peter Fructer has observed "Companies are not in business to make things, but to make customers." Instead of selling products or services, companies are in business to establish and maintain relationship with customers. Sales are simply the result of such successful relationships.

Marketing is not merely an economic activity. Non-profit making and service rendering organisations depend on marketing for furthering their objectives. Hospitals, Transport business houses, Amusement parks, Tourist resorts and even places of worship assume marketing strategies for achieving their respective goals. Similar tactics are adopted by lawyers, accountants, doctors, artists and even politicians. "The basic concepts and practices of modern marketing are used in a wide variety of settings: product and service firms, consumer and business:.. markets profit and nonprofit organisations, domestic and global companies, and small and large business."

Marketing is an exclusive, all-embracing and often a confusing term. During the evolution it was understood as a concept, a process and as a managerial function". For rating customer value and satisfaction are the heart of modern marketing thinking and practice. Marketing is the delivery of customer satisfaction at a profit. The two goal of marketing is to attract new customers by promising superior value and to keep

current customers by delivering satisfaction". It implies that customer satisfaction still remain as an integral part of modern marketing. However this relationship marketing is now being elevated to a higher plane of social marketing.

Distribution provides the required goods and services for ultimate consumer satisfaction. This provision is effected through the process of marketing. Production centers are linked with consumers through a network of wholesalers and retailers. Mass retailing has succeeded to a certain extent in reducing the importance of wholesalers. Retailing is a trading activity directly related to the sale of goods or services to ultimate consumer for personal, non-business use. Retail trade is selling of various goods in small quantities to the final consumer. Manufactured worthless until they pass acid test of retail distribution. The retailer alone can offer safe and reliable goods to consumers.

Compelled by globalisation and technological changes novelties and innovative techniques are being adopted by the art of retailing. Departmental stores and supermarkets are replacing old grocery shops and general stores. In developed nations one can visualize hypermarkets, specialty stores and discount houses. Thus we are witnessing power shift from manufacturers to giant retailers and new retail forms.

An important diversify; toning the field of retailing is the emergence of non-store retailing. A growing; amount of selling to individual consumers is now

taking place outside the traditional retailing structures. This innovation has culminated in direct marketing. Direct marketing is the marketing of products to ultimate consumers through face-to-face sales presentations at home or in the work place. Traditionally called door-to-door selling, direct marketing began in our country long ago and has grown into sizable industry of several hundred firms.

Today's direct marketing, though, is much more than simply a subsection of the marketing concept. It is a philosophy of an enterprise, an attitude, a belief and a way of running an organisation. At its very core are customers. What makes direct marketing uniquely different from traditional marketing is that it begins with information about customers and uses this database to build relationships.

This customer relationship building aspect of direct marketing is achieved through home delivery system. It is also known as "in home selling", "house to house selling" or "door to door sales". Retailing is a highly competitive field of business because of free entry and in order to survive and to win an edge over the competitors, innovative customer relationship building techniques were required. Some of the enterprising entrepreneurs have found an answer in home delivery. Even though home delivery system has a lot of variations the term home delivery is used in the study to denote a mode of retailing performed by retail outlets including supermarkets to sell easily exhausting consumer non-durable goods possessing a high turnover. The popularity of home delivery system can be ascribed to the incremental customer satisfaction that it has succeeded to generate.

STATEMENT OF THE PROBLEM

In the present social scenario Home delivery system has assumed more and more significance. It is being increasingly used in the context of the paradigm shift away from public sector to private sector that is taking place across the globe. In India it is more than being just another addition to the lexicon on marketing where of course it is most relevant today. We often encounter the scenario in which there will neither be an ideological basis in favour, nor prejudice against either to public sector or to private sector. As an economy measure a general tendency to be thrifter and to be extremely cautious in utilising time, which in form, as a whole, economise the social cost considerably. Home Delivery System inherently possesses the quality of service orientation so that the marketing of a commodity is intrinsically accompanied by service. Thus: the system bears the birthmarks of service marketing. If, skillful time management and reasonable timesaving without yielding quality is possible, undoubtedly people will not hesitate to embrace the system. It is being enforced and experienced by Asian countries at large in modern era. It will help consumers to be free from wandering door-to-door shopping and thereby saving time and money. The domain of retailing seemed to have been radically

transformed with the support of the remarkable innovative mode of Home Delivery System. More than that, it is genuinely adopted by retailers with a view to boost and enrich the customer relationship and well received by customers wing to its obvious multitude of economies.

The relevance and importance of the study can be briefly summarized below:-

1. To examine and highlight the potentialities and effectiveness of home delivery system particularly in an environment in which such a system has not gained momentum.
2. Home delivery system has a social outlook as it aims to satisfy consumer needs in the best possible manner. Complied with service motto it is the system of marketing, which can augment consumer satisfaction.
3. In the present day, time has become a very precious thing. It is regarded as a resource more valuable than money. Home delivery system recognizes this fact and tries to achieve economy in time.
4. With the help of fast growing transport and communication systems it is easy to operate Home delivery system with telephone, fax, computer etc.
5. Economies of time, money service etc., can be reaped by both consumers and traders by adhering to take system.

An important innovative mode of retailing which has gained momentum seems to be the Home Delivery System. This is adopted by retailers to enhance customer relationship and consumers have welcomed it due to its obvious economies. Hence this study has economic and social relevance. The problems and prospects of Home Delivery System from the point of view of retailers and customers is worthy of an in depth analysis and interpretation and hence it is attempted here.

REVIEW OF LITERATURE

In the following pages an attempt is made to review the existing literature on the subject and to explain the design and execution of the study. In spite of its importance, the different aspects of home delivery system have seldom been subjected to scientific enquiry in a substantial manner. It is against this background that the present study is undertaken to evaluate the working of home delivery system. No studies have been made and published literature is almost non-existing except for some references in marketing books.

Since published literature on the subject was almost nil, in order to design a theoretical framework for pursuing this research work the following procedure

was adopted. Visiting, of retail outlets where the system of home delivery is practiced effectively and meeting with owners and discussing the various aspects of the system .with them, collecting news and views from employees, meeting consumers who are beneficiaries of the system and ultimately seeking advice from academic experts in the relevant field.

A review of concepts and previous studies are useful to define precisely the concepts used in the present study, to place the problem in proper perspective and to decide the framework for analysis. Precise definition of the concepts would enable both : collection of relevant data and meaningful interpretation of the results for analysis.

According to the traditional view of Adam smith "Consumption is the sole end and purpose of all production and the interests of the producer ought to be attended to, only so far as it may be necessary for promoting that of the consumer."

OBJECTIVES OF THE STUDY

The study is an attempt to determine the functional aspects of Home Delivery System as an innovative mode of retailing. It concentrates on the problems and prospects of the system. To be more specific the main objectives are:

- > To understand the functional aspects of home delivery system adopted by large-scale retailers
- > To analyse the impact of home delivery system on consumption, buying behaviour 2nd shopping pattern.
- > To identify the problems and prospect of home delivery system from the point of view of distributors and customers
- > To suggest measures for improving the system to develop efficient distribution strategy.

LIMITATIONS OF THE STUDY

Being a Social Science research the study is not free from limitations. Since the study involves extensive use of primary data for drawing inference, the coverage of the study has been limited to the four central districts of Kerala only.

Primary data is elicited From consumers and owners of retail outlets who were varied and different in their attitude perception etc. Most of the questions were answered on the basis of a recall method and subject to normal recall errors. So the reliability of the data is questionable. Whatever efforts have been made to cross check and verify the accuracy of the data, the possibility of some errors still remaining cannot be entirely ruled out.

Majority of the retail outlets are partnership firms. They were hesitant to furnish all the details required for the study, as they were afraid that their business secrets would be disclosed to the competitors. In the absence of exact figures conclusions regarding profitability, scope for new entrants etc. was not possible. Likewise the full extent of potentiality could also not be studied for want of market related data.

However all efforts have been made to present an unbiased report on the study and it is hoped that this study will contribute albeit its limitations, to the undertaking of the problems of home delivery and to take appropriate measures to overcome these problems.

RESEARCH METHODOLOGY

The methodology adopted for the conduct of the study is presented in this chapter. While on the one hand, the study aims at obtaining a complete and accurate description of the problem selected which is not available and on the other hand, it seeks to substantiate evidence to the findings to the extent necessary. As such the study is a fact gathering expedition, assuring the characteristics of both descriptive and exploratory research.

Sources of Data

In tune with the objectives of the study the researcher has to depend on both primary and secondary data. The sources of data were as follows:

Primary Data:

The primary data required for the study were collected from the consumers and owners of detail outlets. Necessary details have also been collected from departmental stores, supermarkets, margin free shops, Maveli stores and various other agencies. Discussions were also made with the staff of retail outlets having home delivery system. Consultations and discussions with academic experts have enormously contributed to the data source.

Secondary Data:

The secondary data necessary for the study were compiled from published and unpublished sources. Published sources include Yearbooks, Annual Reports, Research Publications, leading Journals in marketing, other journals weeklies and dailies. The unpublished sources like Ph.D. thesis, Project works, Dissertations etc. contributed significantly to the data source.

CONSTRUCTION OF TOOLS AND PRE TEST

Initially the researcher for the purpose of pre-testing constructed an interview schedule. The same was administered on a sub-sample of respondents drawn out from ultimate sample. The sub sample constituted 10% of the ultimate sample. The experience obtained from the pilot survey helped the researcher to redraft and revise the questions to the extent necessary and it provided direction, accuracy and sharpness to the final interview schedule, which was used for collecting primary data.

SAMPLING DESIGN

The sampling procedure adopted for the study is as follows. As the population to be covered is very large and spread over the districts, a representative sample of retail outlets and consumers were taken from the population for the collection of primary data. For this purpose a multi stage sampling technique was used. For the purpose of selecting consumers, the telephone directories were made use of and they were selected by lottery method.

FRAME WORK OF ANALYSIS

The primary data collected is tabulated and analysed with the help of computer software keeping in view the objectives of the study. Mathematical, statistical and financial tools were used for analysis, wherever necessary. The mathematical tools applied are averages, ratios and percentages. The statistical tools include, testing of hypothesis, measures of dispersion, comparison of data, diagrammatic presentations of data and weighted score ranking.

Financial tools made use of in the study consists of mainly accounting ratios. Diagrammatic presentation of the data is an effective pictorial device for comparing data and the bar charts are used for appropriate comparisons. It facilitated in emphasising new and significant relationships and to discover new facts and in developing hypothesis.

Measures of central tendency are a descriptive measure of central location and it discounts observations into a single value. The extent of variability is measured by measures of dispersion. Ratios, proportions and percentages are used for comparing distributions of sub groups. Ratios show the relation between one variable and the other. These are relative measures and enable the comparison of graphs of unequal size.

Hypotheses are tested with tests of significance. This testing involves the assessment of the probability of specific sampling results under assumed population conditions. Assumptions about the population parameters are made in advance and the sample then provides the test of these assumptions. Hypotheses are tentative propositions relating to the phenomenon under study.

They have to be tested empirically before we can accept or reject them. The relative influence of various factors on a variable is measured with the help of a weighted ranking technique. Scoring technique is employed to rank the responses of consumers.

Accounting ratios are indispensable for analysis and interpretation. It clearly establishes the relationships worked out among various data which are mutually interdependent and which influence each other in a significant manner. It is a fact that absolute figures standing alone convey no meaning. A meaningful analysis of the financial situation and performance can be done with the help of accounting ratios. Inter-firm comparison and intra-firm comparison are both possible on the basis of accounting ratios.

The Return on investment (ROI) or profitability ratio is ascertained by a comparison of profit earned and capital employed to earn it. ROI explains how much income is generated by the use of capital. It is expressed as net margin on sales showing the effectiveness with which the resources at the disposal of the firm are being used. Turnover and performance ratios judge how well the facilities at the disposal of the concern are being used. The stock turnover ratios express the rapidity with which a unit of capital invested in stock produces results. Higher the ratio, the better it is since it indicates that more sales are being produced by a unit of investment in stocks. Firms in which the stock turnover ratio is high usually work on a comparatively low margin of profit - the rate of profit on sales must be high if the stock turnover ratio is low.

HYPOTHESES

In order to substantiate the study questionnaires that translate the research objectives hypotheses were constructed and pre-testing was duly made. Necessary corrections, deletions, additions and changes in question wording and sequences were made and the collected data were classified and analysed.

Three types of data were collected. One related to Supermarkets having Home Delivery and the other pertained to those not having such a system and the third one related to consumer responses.

To test the significance level, two hypotheses were formed H_0 and H_1 .

H_0 : profit of SM and profit of other are equal

H_1 : Profit of SM is less than that of profit of other i.e. $H_1: P_1 < 2$.

With the help of statistical tools the hypothesis was tested and arrived at the conclusion that the net result is significant.

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