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A Study of - "Consumer Behaviour towards Indian & Chinese Products in Amreli District"

Abstract:

India changing its scenario towards globalization, economic liberalization, changing demographics, development of women power, and increasing middle class has led to more disposable incomes in both urban and rural India. Purchasing patterns have changed from being frugal to indulgence. Inexpensive incomes are going into television, two wheelers, automobiles, cell phones, etc. Interestingly, while sale of Chinese products have increased significantly, grey market filling unsafe. Indian products are still found in houses of financial strong. Middle class consider the Chinese products makers as their friendly neighbourhood suppliers, who offer cheapest product arability. Mostly mobile phones are enticing people to the grey market. This research is based on objective of ascertaining the determinants for consumer preference for Indian and Chinese products. The study would help in consumer preferences for purchase priority of Indian products and Chinese products. The challenge before the manufacturers and marketers is whether Indian consumers purchase Chinese products or Indian products. Their key task is to convert consumer preference and loyalty towards Indian products.

1. Introduction:

India and China rank among the world's largest, fastest growing economies. Due to developing nation most of populous states and greatest ancient civilizations. But most importantly, both are among the foremost rising powers in Asia. In the past quarter of a century, China's productive forces and overall national strength have been constantly enhanced, which is now widely perceived as "the rise of China." Chinese electronic goods like radio, torch, DVD players, etc. are reigning supreme in the Indian market. Decorative items, fashion accessories like slippers, jewelleries, hand bags, etc. receive huge responses during festive seasons in India.. This year, one saw the flooding of the Indian markets with Chinese made idols which were welcomed with open arms by the Indian consumers. Globalization and liberalization offer competitive openings for several world brands to the Indian markets. Bestowed with growing disposable incomes, Indian consumers exhibit wide diversity in their buying habits. Apparently, the emerging fascination for imported brands impels distributors to leave enough space to shelf more with Chinese region brands in their showrooms. The substantial increase in consumers' demand for imported products with considerable attraction for 'made in China' brands inspired this study .It explores the perception of various types of Chinese products in the Indian regional markets. It is important due to increasing trade between India and China (ET, 2013)

Many factors contribute to China's economic success. Besides, recent years have seen fast globalization of business across the globe with the boom of Asian economies such as India, China, Indonesia and Malaysia, among others. Growth through international expansion has led to unprecedented numbers of global brands competing for share in markets around the world. An international retailer may gain an advantage from perceived brand globins. In emerging countries, a brand origin is classified as either foreign or domestic (Zhou, Yang, and Hui 2010). Economic reform, the opening-up policy, stable international environment, large-scale development, export-oriented strategy, central-led investment, national consensus and support play important roles in China's economic growth(Zhou, Yang, and Hui 2010, Ken Chinen and Yang Sun 2011). In spite of its three decades of sustained high economic growth rates, China has an image and reputation of a low cost producer in the global Marketplace (Ken Chinen and Yang Sun 2011) . China, however, "understands that it needs to move beyond a low cost production model into higher value-added products" (Loo and Davies, 2006). In spite of its three decades of sustained high economic growth rates, China has an image and reputation of a low cost producer in the global Market place(Ken Chinen and Yang Sun 2011) China, however, "understands that it needs to move beyond a low cost production model into higher value-added products" (Loo and Davies, 2006). By contrast, India's lag in GDP and other benchmarks compared with China due to the delay in economic reforms, lower national savings rate, lesser inflow of foreign direct investment (FDI), relative inefficiency of its bureaucracy, and the longstanding dispute with Pakistan. Most Indian scholars think that these explanations are reasonable and acceptable.

China has surprised the world with its robust economic growth throughout the 1980s and 1990s. According to the research done by Guntalee and Savika (2003), the average annual growth rate of GNP was about 9.4%, which made China the fastest growing economy in the world. China contributed 27.7% to world economic growth exceeding that of the United States, whose contribution in the same year was 16.3%. The Chinese exports to other Asian nations increased as companies from around the region moved their lower-end manufacturing processes to China. Trade relationship between India and China are rapidly emerging as one of the most important bilateral relationship in the worlds (ET, 2008). …

2. Rationale of the Study: Kotler (2000) says branding is “a major issue in product strategy.” Even after two decades of economic liberalization and entry of many foreign brands in India, unbranded products continue to compete with the branded ones. This research study examines the consumer behaviour towards branded products in the midst of the paradigm changes taking place in the Indian economy.

3. Objective of the study:

- Determinants for customer preferences for Indian and Chinese products from primary data analysis

- Strategies and Conclusions based on primary data and secondary published literature and research studies.

4. Research Methodology:

4.1 Coverage of Study: This study examines the consumer behaviour towards Indian and Chinese products and services and retailers perception of the same with the help of a field survey using structured questionnaire followed by interviews.

4.2 Sampling Design, Sample Size and Data Sources: Data and information were gathered from primary source by means of field survey using structured questionnaires containing dichotomous and multiple choice questions covering retail consumers and retailers on random sample basis in Amreli from secondary published sources. The sample size consisted of 50 consumer respondents on a random sample basis.

Primary sources included personal interviews for open ended questions. The consumers were interviewed at their homes and offices and on shop floors. Secondary sources included books, journals, newspapers, websites, and research studies. They are used for literature review and conceptual reference.

4.3 Data analysis: A critical qualitative analysis of the data and information were made keeping the objectives of the study in mind. The collected primary data were classified, tabulated and analyzed using statistical techniques. Analytical tools like percentage, cross tabs, graphs and pie-charts were used for analysis and interpretation.

5. Findings of the Study:[Primary Data Analysis]

(A) Demographics: Demographics of the sample respondents are as follows.

[I] Age group:

Age Profile of respondents		
Age Group	No	%
15 to 25 Years	9	18
26 to 35 Years	17	34
36 to 45 Years	10	20
46 to 55 Years	2	4
56 to 75 Years	12	24
TOTAL	50	100

Table:- 1

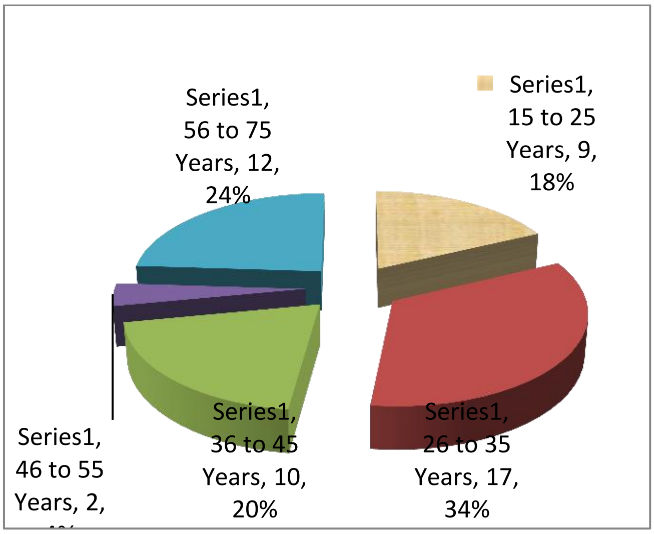


Figure: 1

Age-wise distribution of the respondents is given in Table 1 and Fig 1. 18% of respondents were in the age group of 15 to 25 years, 34% in the age group of 26 to 35 years; 20% belonged to the 36 to 45 years age group, 4% belonged to the group 46 or 55 years and the remaining 24% belonged to the 56 to 75 years age group. The sample design is thus fairly wide-spread across all age groups.[

[II] Educational Qualification:

Education Qualification		
Qualification	No	%
Under graduate	22	44%
Graduate	21	42%
Post Graduate	07	14%
TOTAL	50	100

Table: 2

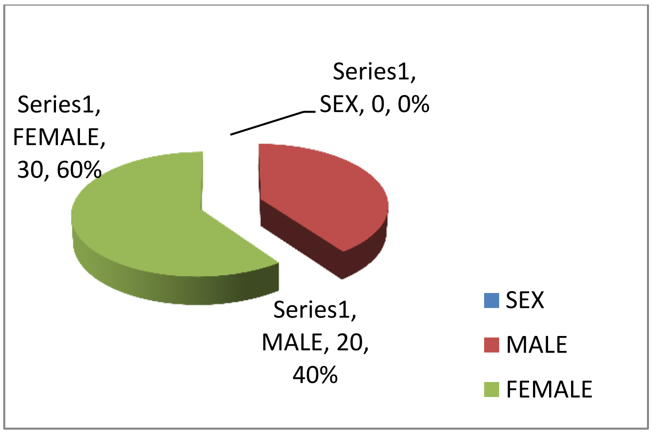
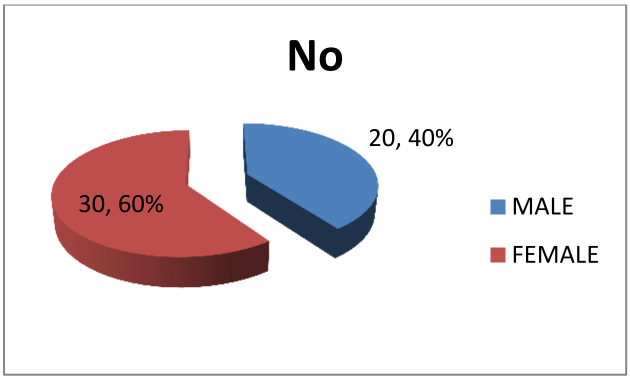


Figure: 2

Distribution of sample respondents Educational Qualification is given in Table 2 and Fig 2. While 44% of respondents were undergraduates, 42% were graduates with the remaining 14% Post Graduates.

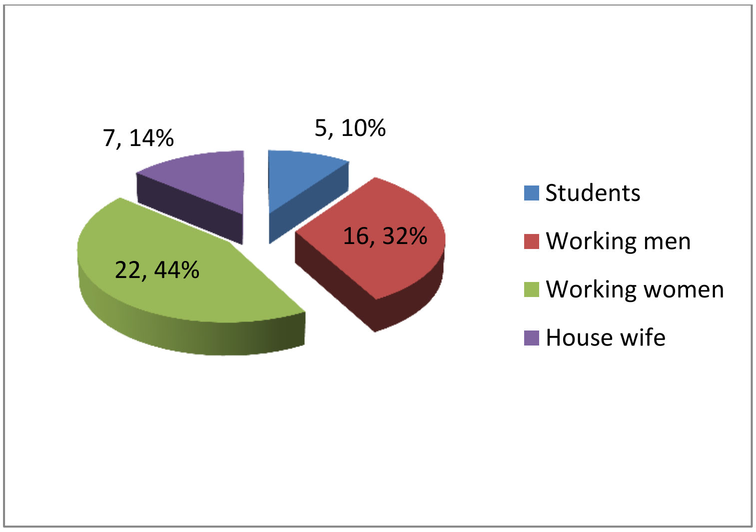
[III] Composition of Respondents:



Composition of Respondents		
SEX	No	%
MALE	20	40%
FEMALE	30	60%
TOTAL	50	100

The sample respondents comprised of 40% males and 60% females.

[IV] Category of Respondents:

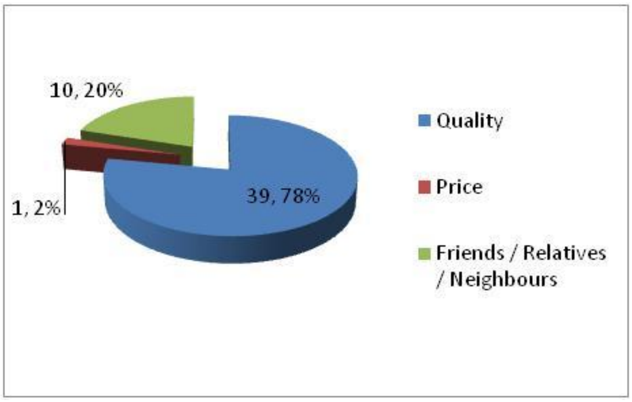


Category of Respondents		
Category	No	%
Students	5	10%
Working men	16	32%
Working women	22	44%
House wife	7	14%
TOTAL	50	100

Table 4 and Fig 4 give the category-wise frequency distribution of the sample respondents. 10% of respondents were students, 32% were working men, 44% working women and the balance 14% housewives.

[B] **Customers' Responses to Branded Products:**

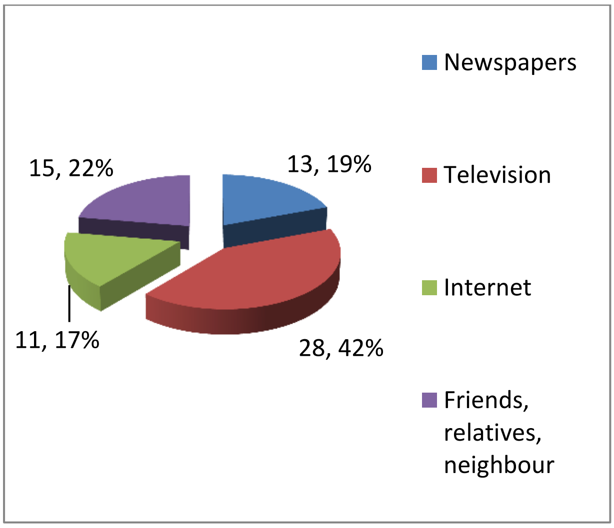
[I] Motivation for Purchasing Chinese products:



Motivators for purchase of Products		
	No	%
Quality	39	78%
Price	1	2%
Friends / Relatives / Neighbours	10	20%
TOTAL	50	100

Motivating factors for purchasing Chinese products are given in Table 5 and fig 5. Among the respondents, the primary reason for purchase of Indian products is quality (78%), followed by advices from friends, relatives and neighbours (20%).

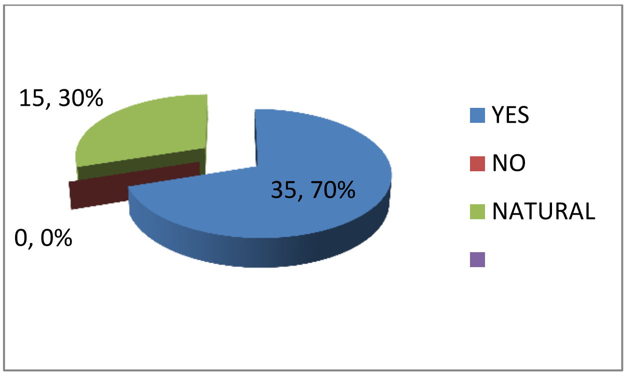
[II] Information Sources for Chinese Products:



Sources of Information for Chinese Products		
	Respondents	%
Newspapers	**13**	**26.00%**
Television	**28**	**56.00%**
Internet	**11**	**22.00%**
Friends, relatives, neighbour	**15**	**30.00%**
Total	**50**	**100%**

Customers get information about the branded products from multiple sources. While television (56%) is the major source of information about Indian products, the other sources are friends, relatives and neighbours (30%), newspapers (26%) and internet (22%).

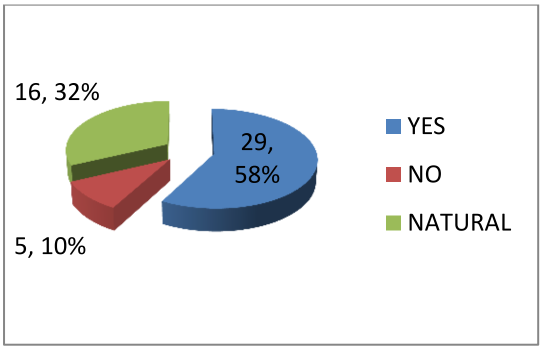
[III] Legal Protection for Chinese Products:



Legal Protection for Chinese Products		
Legal Protection	Respondents	**%**
YES	**35**	**70%**
NO	**0**	**0%**
NATURAL	**15**	**30%**
Total	**50**	**100%**

From Table 7 and Fig 7, it can be seen that 70% of the respondents are affirmative to legal protection to Indian products with the remaining 30% remaining neutral.

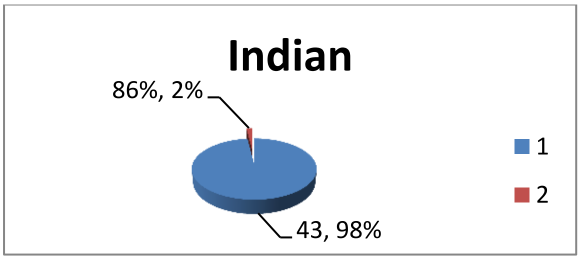
[IV] Company fulfilling customer expectations related to Chinese Products:



Fulfilment of Customer Expectations		
Customer expectorations	**No**	**%**
YES	**29**	**58%**
NO	**5**	**10%**
NATURAL	**16**	**32%**
Total	**50**	**100%**

It is interesting to note that while 58% of the respondents stated that Indian products fulfil their expectations, 42% were either neutral or say „No" to meeting their expectations.

[V] Product Preference:

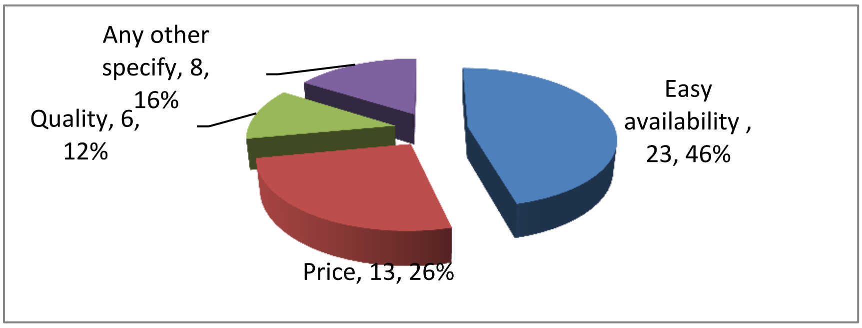


Product Preference		
	No	**%**
Indian	43	86%
Chinese	7	14%
Total	50	100%

86% of the respondents prefer to buy branded products while 14% prefer Chinese products.

[VI]Factors Influencing Purchase of Chinese Products:

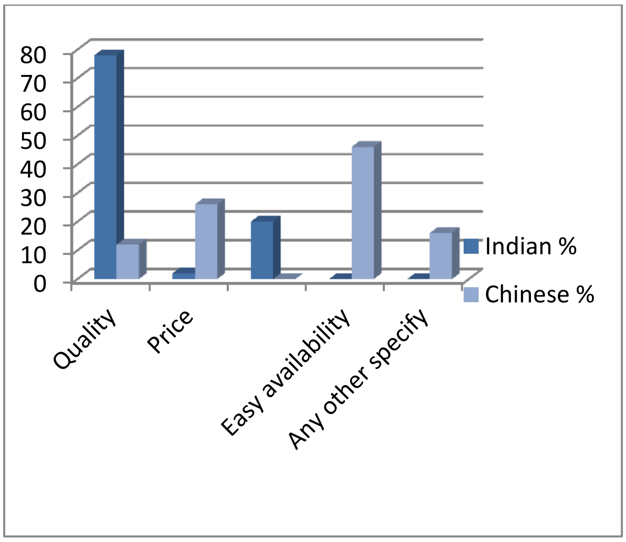
Motivators for Purchase of Chinese Products		
	No	**%**
Easy availability	23	46%
Price	13	26%
Quality	6	12%
Any other specify	8	16%
Total	50	100%



The two chief motivators for purchase of Chinese products were “easy availability‟ and “price”.

[VII] Comparison of the Factors Influencing Purchase of Indian and Chinese Products:

Normalized comparison of Indian and Chinese Products		
	Indian %	Chinese %
Quality	78	12
Price	2	26
Friends, Relatives, Neighbours	20	0
Easy availability	0	46
Any other specify	0	16
Total	100	100



A comparison of the factors influencing purchase of Chinese and Indian products indicates different motivators. While “quality” (78%) is the prime motivator for branded products, “easy availability” (46%) and “price” (26%) are the reasons for people going for unbranded products.

6. Evaluation:

Many people interviewed have one or few unbranded products in their homes. Indian PCs are still popular in middle class and in affluent houses. Main attractions for Indian home PCs are price and availability of freebies. Middle class consider the unbranded PC makers as their friendly neighbourhood suppliers, who offer personalized support services. Cell phones are enticing people to the grey market. Many of them have one branded cell phone and for their spouse and children, they buy from the grey market. It is revealed during the personal interviews with respondent consumers that some of them buy Chinese bath soaps, but for washing utensils and clothes they buy Indian or local. It also emerges from the field survey that while consumers prefer Chinese luxury products, for items of daily consumables they prefer Indian products.

Closer examination of the responses of customers to the questionnaire and personal interviews reveals the following:

- “Quality” is the prime determinant for purchase of Chinese products by consumers.
- Ease of availability” and “Price” are the major motivators for purchasing Indian products.
- Only 58% of the respondent customers felt that branded products fulfil their expectations; this could be one of the reasons for Indian products continuing to be in demand.
- A significant 30% of respondent consumers feel legal protection is lacking for Chinese products.
- A significant segment of consumers (42% of the respondents) feel that Chinese products do not fulfil their expectations.
- Another interesting revelation from the field study is that brand extension does not lead to product demand.
- Company reputation helps sell Chinese products.
- Most of the retailers in both organized and unorganized segment stock and sell both Chinese and Indian products.
- Retailers continue to offer discounts and free offers to sell Indian products.
- Consumers said that Indian products are priced lower.
- Not meeting the high expectations of the customers from Chinese products appears to be one reason for consumers continuing to buy Indian products.

7. Conclusion:

Indian retail market is a great paradox where Chinese and Indian products co-exist. Even shops in organized sector stock and sell Indian products. While the Indian consumers are becoming Chinese aware and there is discerning shifts towards Chinese products, the demand for Indian products and services are still significant. Indian consumers are still steeply ingrained in tradition and use traditional products and practices. Retailers, to withstand competition and sustain their bottom-line, peddle both Chinese and Indian products on their shop floors to increase turnover and customer base. Consumers being price sensitive sometimes do not mind compromising on quality. This can become more pronounced during times of inflation.

Indian consumers are maturing and retailers find it increasingly difficult to influence their purchase decisions merely with promotional offers. They would need to innovate. Retaining customers has become a challenge due to lifestyle changes, needs and values. Young customers are more demanding and do not mind experimenting and changing to new Chinese products. Retailers therefore have to adopt a mix of marketing and promotional strategies leveraging available technology to withstand competition.

8. Limitations of the study:

The small sample size and sample design are limitations of this Study. The cost and time constraints are also limitations of this study. The study is confined to parts of Amreli districts. So the generalization of conclusions of the study may not have universal applicability. But the findings give empirical inputs for a larger study across different market segments.

9. Significances and Scope for Further Research:

The findings and conclusions of the study provide an experiential insight in to consumer behaviour in an economy that is in the midst of an upswing. Further the changing demography, socio-economic shifts and upwardly mobile younger generation with shifts in older generation attitude and thinking and behaviour as well signifies the importance of studies such as this to throw up the unexplained and unexplored aspects of consumer behaviour. Pan India research using SPSS and better statistical and sampling techniques would definitely help further understand the psyche of the Indian consumers who are maturing and becoming increasingly brand conscious. The research of this nature would help in product strategy and positioning especially in the vast expanding rural areas where there is pronounced tilt towards Chinese or Indian products. The challenge before the manufacturers and marketers is making consumers purchase Chinese instead of products. Their key task is to convert consumer preference and loyalty towards Indian Product.

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