



A STUDY RETAILER'S BEHAVIOUR TOWARDS PHILIPS SWITCHES AND IT'S COMPETITORS

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Abstract

Competitive Analysis of the Philips switches, to understand the consumer buying behaviour of retailers in Pune city. Pune city market was surveyed to attain certain results. The survey was conducted to analyse customer awareness for various brands of modular switches available in the market, to find how much customer is brand loyal, find out factors which would influence the buying decision of the customer and to highlight the awareness about the technical aspects of the products in the market and his preference and willingness to pay higher price for good quality product.

Questionnaire method was used along with some interviews to obtain the required information. Convenient sampling was used as a mode of conducting the survey. Care was taken that the respondents were as diversified as possible.

After the survey was complete, the data was sorted and then analyzed on the chosen parameters. This analyzed data was later converted into form of graphs such as pie – charts, bar graphs, etc. This was done to make the research easy to comprehend and to give it a presentable view.

Specific Activities

- *Conducting exhaustive market analysis and developing an in-depth understanding of the product categories and market constituents.*
- *Personal interviews with subject matter experts within organisation and industry.*
- *Studying various payment terms offered by competitors.*
- *Face to Face interaction with retailers, distributors, architects and builders.*
- *Data collection and collation*
- *Detailed analysis and fact finding*
- *Presentation to senior Executives*

Introduction

Market Size and Structure

The electrical switches sector is highly fragmented with over 500 brands being manufactured by more than 100 players.

Modular Switches market in 2011 is expected to be about INR 15000 Million. (Growth of 15% over 2010). West market size would be INR 4360 Million (29%).

Residential sector expected to grow at 16% & commercial at 13%.

Project based sales expected to rise by 19%.

Residential sector will drive growth in Modular Switches.

Projected Sector wise contribution will be

- Residential – 74%
- Commercial – 23%
- Hospitality – 4%
- Modular switch market expected to grow at a rate of 15% CAGR in value.
- Electrification in India CAGR: 9% ('09-15)
- Real estate market CAGR: 22% ('09-15)
- Refurbishment market growth: 17% ('09-15)
- Urban population CAGR: 3.3% ('09-15)
- Top 3 brands capture 45% of total market. South is currently the largest market but north and west will drive the growth in future.
- The highest market share has been garnered by Anchor (now a Panasonic brand), followed by Vinay, and Legrand. Philips has entered the market with switches manufactured in India in Sep 2009.

Usage of Modular Switches

Only 10% of the households in India have modular switches. Penetration of modular switches is the highest in urban area than in rural area. The usage of modular switches is increasing day by day.



Consumer Behaviour

In India, electricians play a dominant role in brand selection. Out of every 100 purchases, 56 brand selections are directly or indirectly made by the electricians and 11 by the retailers.

The purchase process in projects is largely dependent on the size of the project.

Architects play a crucial role in brand selection in large and medium-sized projects. The most important purchase criterion for the architect is brand equity.

Distribution Network

In India, electrical switches are sold largely through traditional electrical goods outlets. The total number of such outlets is estimated at 200,000 in India, with a large population in the smaller towns.

Research Methodology

Research Design

The research is conducted to identify exact reason why a retailer stocks a product in its outlet. FACTOR Analysis is being used for this purpose.

For this an exploratory research is being conducted to identify an exhaustive list of variable that could possibly influence buyer behavior. These variables were then evaluated for the significance of impact on consumer preferences at 90% confidence level. The shortlisted variables were then converted into a questionnaire in the form of statements. Respondents were asked to provide their responses on 7- point Likert scale where 1: strongly agree, 7: strongly disagree.

The shortlisted variables are:

1. The price of switches and sockets is affordable to customers.
2. There are very few replacements.
3. The product is easily available.
4. There is enough variety of switches..
5. The looks of the product are appreciated by many customers.
6. The payment terms of the company are good.
7. There is a good profit margin.
8. The brand image is good.

The data source primarily relied on respondents. Two principal methods were used to obtain data from the respondents. They are communication and observation. Communication required the respondents to actively provide data through verbal response, while observation required the recording of the respondents' behaviour. The data collection method used in communication with respondents included personal interviews and questionnaires. The observation were done in order to study the stocking behaviour of retailers while choosing a coffee and to obtain firsthand information regarding what actually happens in the sales counter. This helped to get some significant insights into the research problem.

The data collection procedure included the following decisions regarding:

- The measurement process.
- The attitude measurement.
- The data collection methods, and
- The design of data collection forms.

The process of measurement is a fundamental aspect of marketing research. It is often stated that the best way to really understand a thing is to try to measure it. For the process of effective measurement, nominal scales were used.

The measurement of attitude is central to many marketing situations. Attitudes are important in marketing decision making because of the assumed relationships between attitudes and behaviour. The self-reports technique was used for attitude measurement through questionnaires. Nominal scales and rating scales were used for measuring attitudes.

The data collection method consists primarily of communication method. Structured direct questions were used for obtaining data from the respondents. To a small extent, observation method was also used to obtain data regarding the retail market. Observation was done at the retail outlets and the process was structural to a large extent.



The designing of the data collection form- the questionnaire- was the crucial part of the preliminary stages of the study. A preliminary study was conducted in PUNE. This was done to make the questionnaire more effective and to make the survey easier and interesting. The questionnaire was then developed based on the findings. The final questionnaire was developed after half a dozen refinements. The questionnaire has the following sections.

- Request for co-operation
- Identification data
- Classification data
- Information sought

The Sampling Procedure

The places of survey were specified by the company. In each place of survey Area sampling was undertaken for the electrical shopkeeper.

The Sample Size

The sample size of 60 was taken for the study.

Data Collection Method

Primary Data: Primary data is collected through Questionnaire.

Secondary Data: Secondary data is the information that already exist somewhere, which has been collected for another purpose. In this study, secondary data has been collected from Company Website.

DATA ANALYSIS

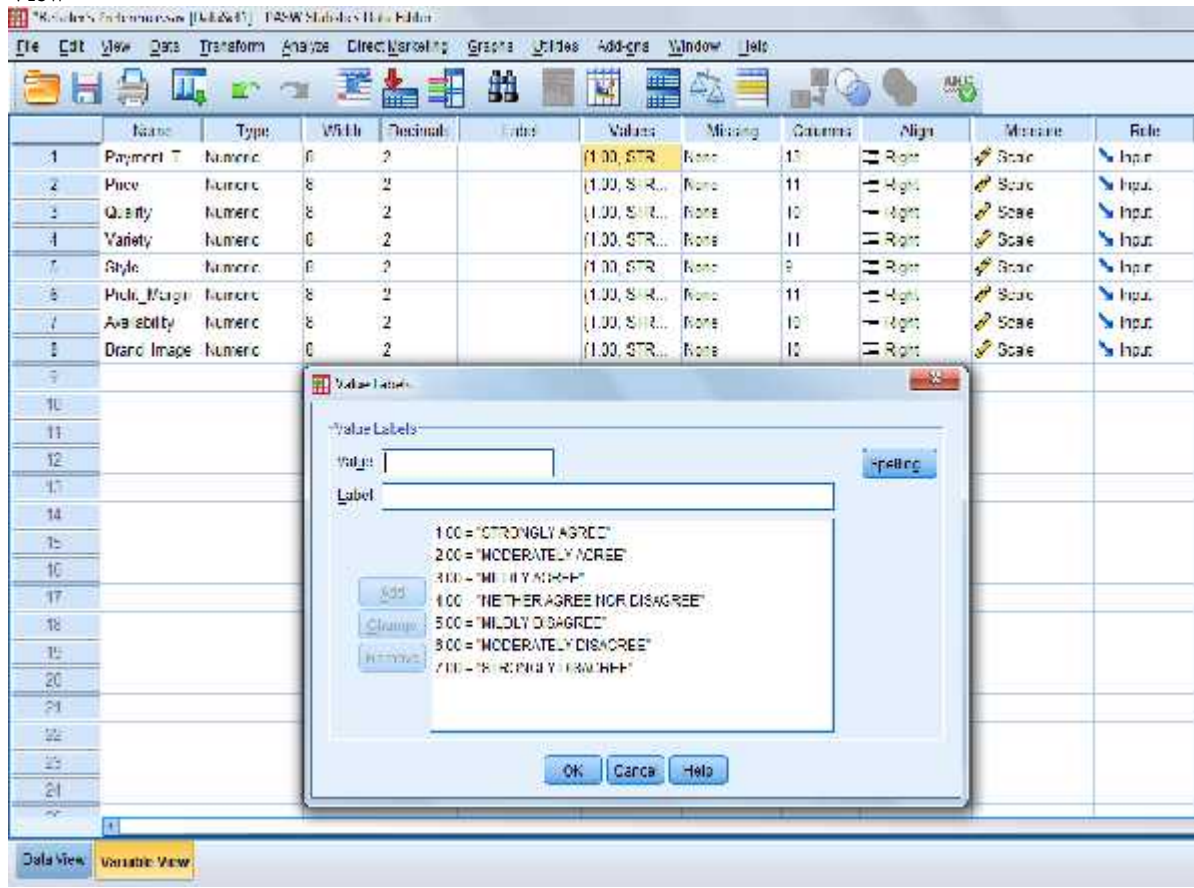
Factor Analysis

Data View

	Payment Terms	Price	Quality	Variety	Style	Prof. Margin	Availability	Brand Image	Net	Net
1	1.00	6.00	5.00	6.00	5.00	2.00	3.00	2.00		
2	2.00	4.00	5.00	3.00	3.00	6.00	6.00	2.00		
3	2.00	1.00	2.00	1.00	1.00	7.00	6.00	2.00		
4	4.00	2.00	2.00	2.00	2.00	3.00	2.00	5.00		
5	2.00	5.00	4.00	4.00	4.00	1.00	1.00	2.00		
6	3.00	3.00	3.00	3.00	3.00	6.00	6.00	3.00		
7	5.00	1.00	2.00	1.00	2.00	4.00	4.00	5.00		
8	3.00	4.00	4.00	5.00	3.00	2.00	3.00	3.00		
9	2.00	6.00	5.00	6.00	5.00	1.00	4.00	1.00		
10	2.00	2.00	1.00	2.00	1.00	4.00	4.00	1.00		
11	1.00	3.00	2.00	3.00	2.00	2.00	2.00	1.00		
12	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00		
13	4.00	4.00	4.00	3.00	3.00	6.00	5.00	3.00		
14	2.00	2.00	2.00	2.00	2.00	1.00	3.00	2.00		
15	1.00	3.00	2.00	3.00	2.00	2.00	1.00	5.00		
16	3.00	2.00	1.00	3.00	2.00	6.00	6.00	4.00		
17	2.00	2.00	1.00	2.00	1.00	1.00	1.00	3.00		
18	1.00	1.00	2.00	2.00	2.00	3.00	2.00	2.00		
19	2.00	3.00	4.00	3.00	4.00	3.00	3.00	3.00		
20	2.00	7.00	6.00	6.00	6.00	2.00	3.00	6.00		
21	1.00	6.00	5.00	6.00	5.00	2.00	3.00	2.00		
22	2.00	4.00	3.00	3.00	3.00	6.00	6.00	2.00		
23	2.00	1.00	2.00	1.00	1.00	7.00	6.00	2.00		



Variable View



Q.1 Identify the Major Factors Influencing Retailer Preferences.

Component	Total Variance Explained								
	Initial Eigen Values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.818	47.731	47.731	3.818	47.731	47.731	3.785	47.311	47.311
2	1.948	24.351	72.082	1.948	24.351	72.082	1.957	24.462	71.774
3	1.014	12.680	84.762	1.014	12.680	84.762	1.039	12.989	84.762
4	.850	10.629	95.392						
5	.159	1.993	97.384						
6	.124	1.553	98.938						
7	.048	.600	99.537						
8	.037	.463	100.000						

Extraction Method: Principal Component Analysis.

Ans1: These three factors are selected because only values which are greater than 1.
The Values highlighted above are EIGEN VALUES.



Q.2 Determine the % Total Variance in the Data Explained By the Abstracted Factors Cumulatively.

Ans2: Percentage (%) variance

- a) 47.731
- b) 24.351
- c) 12.680

Q.3 Determine the Major Constituents Attributes of Each Factor.

Ans3: For an acceptable factor analysis:

- a. The Eigen value of rotated factor should be greater than 1.
- b. Percentage (%) of total variance explained cumulatively by the factor extracted with this table which are greater than “0.7” also which is less than „-0.7” and name them according to the variables characteristics, meaning the name which combine all the variables.

Rotated Component Matrix ^a			
	Component		
	1	2	3
Payment Terms	.100	.515	.124
Price	.972	-.043	.022
Quality	.955	.086	.057
Variety	.957	-.081	.006
Style	.968	.021	.104
Profit Margin	-.238	.894	.034
Availability	.047	.936	-.181
Brand Image	.079	.028	.988

Extraction Method: Principal Component Analysis.
a. Rotation converged in 4 iterations.

From the above table major attributes of each factor are:

Factor 1: Price (.972)

- Quality (.955)
- Variety (.957)
- Style (.968)

Factor 2: Profit Margin (.972)

- Availability (.955)

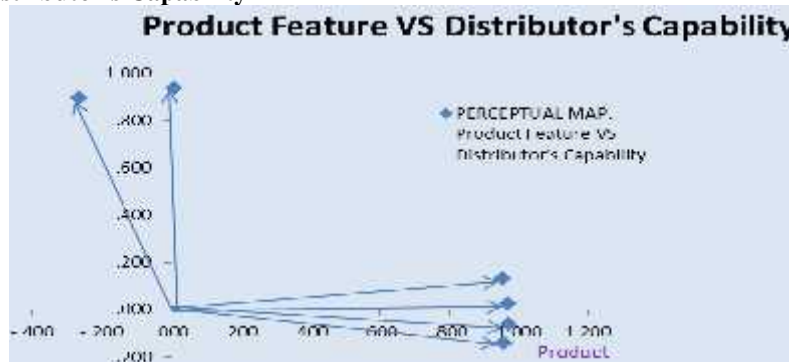
Factor 3: Brand Image (.972)

Q.4 Label each factor based on their dominant characteristics.

- F1: Price, Quality, Variety, Style ----- Product Feature
- F2: Profit Margin, Availability ----- Distributor’s Capability
- F3: Brand Image ----- Market Reputation

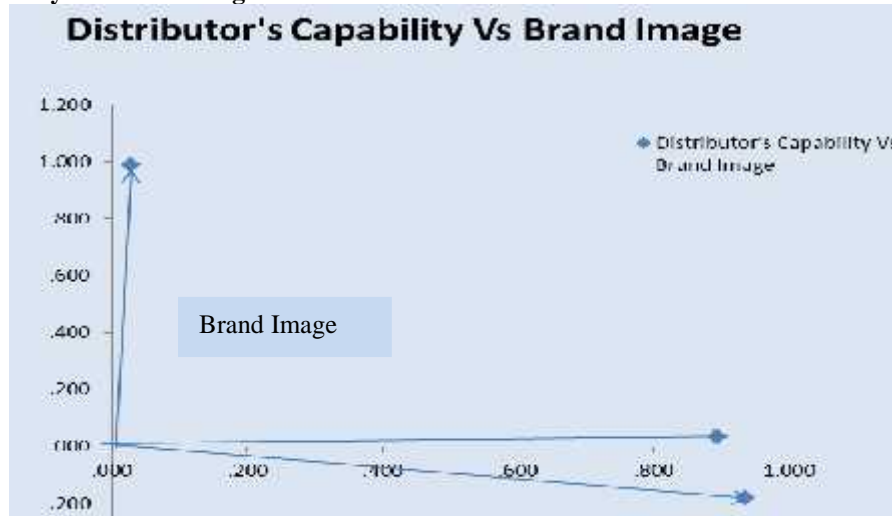
Perceptual Maps

1. Product Feature VS Distributor's Capability

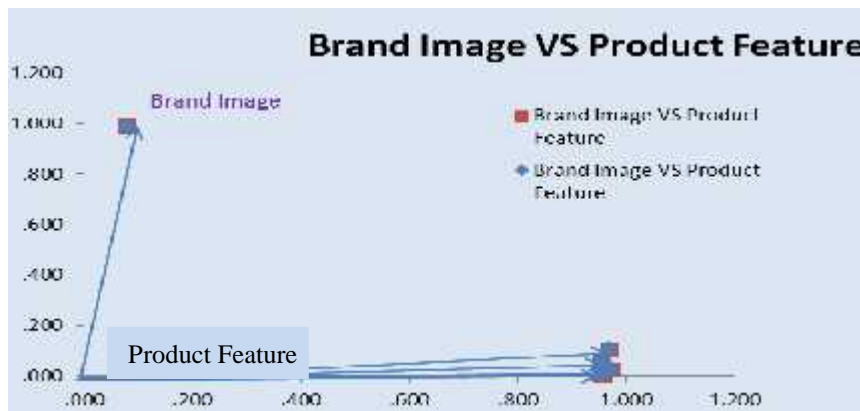




2. Distributor's Capability Vs Brand Image

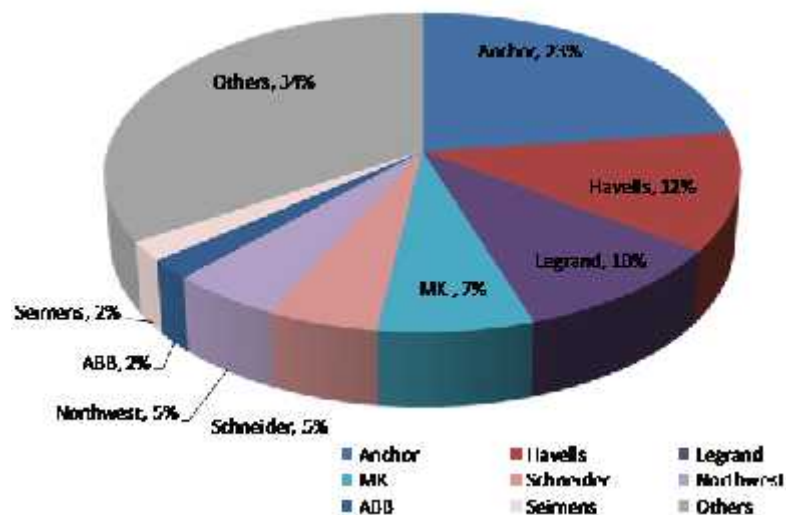


3. Brand Image VS Product Feature



Retailer's Perception

Q.1. Which Brand Sells Maximum?

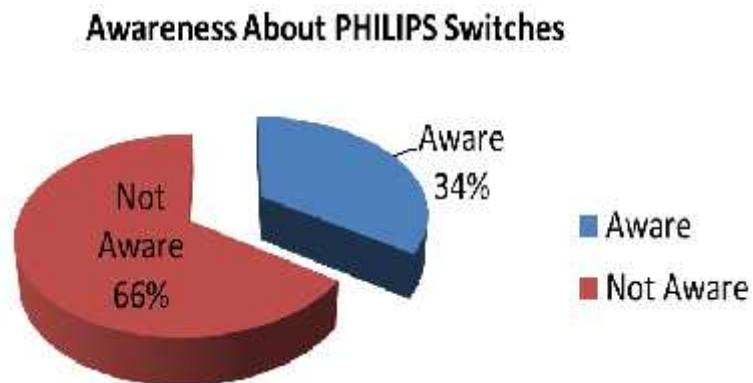




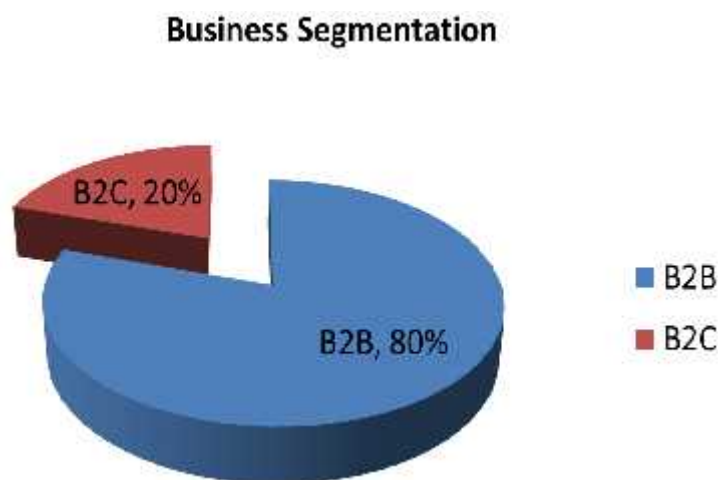
Q.2. Retailer's Perception of Customer's Sensitivity towards Various Attributes of Switches.



Q. 3 Awareness about Philips Switches

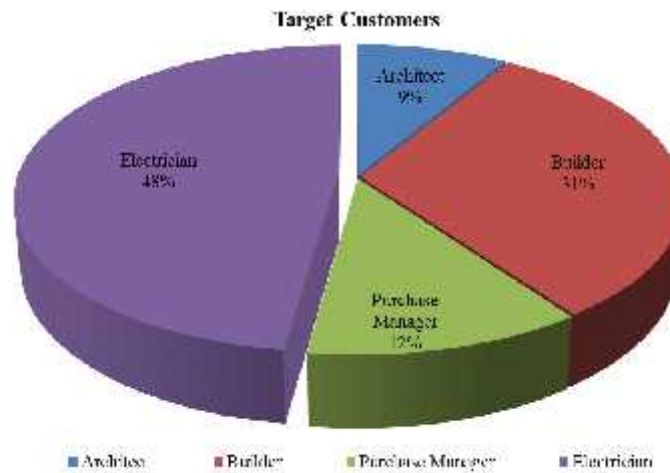


Q.4. Business segmentation (B2B & B2C)





Q.5. Major Decision Makers in Selecting a Brand.



Findings

- Most of the outlets were multi branded.
- Among the total retailers covered maximum retailers were stocking Anchor Roma switches followed by Vinay (a local brand) and Legrand.
- According to retailers, customer prefers Anchor followed by Legrand over other brands.
- Retailers prefer to sell Anchor, followed by Vinay to the customer because of varied reasons like reputation of the brand, market share by these brands, their profit margin, competitive prices, good relation, and various schemes being offered by them.
- According to retailers Anchor is the hottest selling brand, followed by Vinay and Legrand.
- According to retailers while making purchase decision customer is sensitive to the brand name, followed by the price of the product. By brand name customers mean a reputed company having goodwill like Anchor(Panasonic), PHILIPS, Legrand, Vinay, MK.
- Most of the retailers don't face any major complaints from customers in any brand.
- All the retailers get 100% replacement for any manufacturing defect from every Indian Company

Conclusions

It is concluded that Philips is having high reputation for the past ten decades due to its renowned quality despite small increase in price. But it is true that despite the small increase in price, customers are safeguarded for its renowned quality which will make Philips to stand in this field for long run. Philips has created a great impact in electrical market, so at any cost it is not ready to lose its reputation.

Recommendations

- Style and cost attribute of Philips modular switch are affordable. The company have to increase awareness on modular switches.
- Advertising and sales promotion activity is require for modular switches.
- The company should organise the “Building Expo” for creation of awareness of modular switches as well as electronic ballast among the customer.
- Electrician act as middle man between company and customer. So the company have to train them about electronics ballast and modular switches.

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