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A STUDY ON CUSTOMER MANAGEMENT ACTIVITY IN CONSUMER DURABLE GOODS INDUSTRY

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Abstract:-The Consumer Durable Goods Industry is not only growing at a good pace but it is also expected to grow further on in future. Due to the changing trends in the spending of consumers, the major players in this sector should inevitably take care of their customers in order to survive and grow further on. Retaining Customers and Maintaining relations with the customers has become a necessity and a common practice. The tremendous competition, increase in educational and awareness level, have forced companies to work in this direction so as to keep their customers happy. The author through this research has tried to analyse Customer Management Activity, which is one of the major aspects of Customer Relationship Management. Majorly, the Consumer durables sector can be classified as Brown goods and white Goods: Brown goods includes Consumer Electronics includes VCD/DVD, home theatre, music players, color televisions (CTVs), cameras, camcorders, portable audio, Hi-Fi, etc. and white Goods include dishwashers, air conditioners, water heaters, washing machines, refrigerators, vacuum cleaners, kitchen appliances, non-kitchen appliances, microwaves, built-in appliances, tumble dryer, personal care products, etc. This study will focus on both Consumer Electronics (Brown Goods) and Home Appliances (White Goods). More precisely, the study will cover the following range of products:

- i. Colour televisions/ LED/ Plasma
- ii. Refrigerators
- iii. Washing Machines
- iv. Air conditioners
- v. Microwaves

A sample size of 10 outlets of Videocon has been covered. This consists of its Direct Dealers, Exclusive Brand Outlets (EBOs), Multi Brand Outlets (MBOs) and some of the major Distributors of Videocon's products. Apart from this, the customers visiting these stores were also interviewed to gather complete information. In order to come out with the best results I've tried to cover both the parties i.e. the Customers and the Dealers. To add on, to provide the best recommendations a comparative study has also been carried out where in, I've covered 10 outlets of other major players of this sector in the market like LG, Samsung and Sony. These 10 outlets majorly consist of some of their major Exclusive Brand outlets and some of their major Direct Dealers. Besides the recommendations this report also covers a brief write up about the major players and the development in this sector.

Keywords:Customer Management Activity , Consumer Durable Goods Industry .

INTRODUCTION

Before liberalization of the Indian economy, only a few companies like Videocon, Kelvinator, Godrej, Allwyn, and Voltas were the major players in the Consumer Durables Market, accounting for no less than 90% of the market. Then, after liberalization, foreign players like LG, Sony, Samsung, Whirlpool, Daewoo and Aiwa came into

the picture. Today, these players control the major share of the consumer durables market. Some of these have got merged not only to perform better, but also to have a better market share. The Indian Consumer Durables Industry can be segmented into 3 Key groups

White Goods

- Refrigerators
- Washing Machines
- Air Conditioners
- Speakers and Audio equipments

Kitchen Appliances/Brown Goods

- Mixers
 - Grinders
 - Microwave Ovens
 - Iron
 - Electric Fans
 - Cooking Range
 - Chimneys
- Consumer Electronics
- Mobile Phones
 - Televisions
 - MP3 Players
 - DVD Players
 - VCD Players

Profitable revenue growth, efficient product innovation, and operational excellence are the attributes that differentiate winners from losers in the consumer durables industry. Companies continuously faced with many challenges and opportunities driven by market consolidation, competition from store brands, product proliferation, and diminished consumer brand loyalty.

Methodology

Sources of Data:

A. Primary Data: The primary data has been collected via two different Questionnaires. One has been filled up by the Store Owners/Dealers. The Second Questionnaire has been filled up by the customers visiting the stores being covered in the research.

B. Secondary Data: The secondary data has been collected from various Business Journals and Magazines (specifically 4 Ps of Marketing, Videopar Journal) and Web Search majorly.

Sample Size: Due to time constraint the sample size of the stores to be covered was limited to 20 out of which 10 were specifically Videocon’s outlets. This list consisted of the Exclusive Brand Outlets, Multi Brand Outlets, and Direct Dealers. The remaining 10 stores were of the other major players in the market in the Consumer Durable Goods Sector namely Samsung, LG and Sony. This list consisted of their Exclusive Brand Outlets and Direct Dealers.

Area Covered: Due to availability of very limited this research is limited to Delhi only. The work has been carried out after dividing the stores equally in all the zones of Delhi i.e. North, South, West and East.

OBJECTIVE OF THE STUDY

Having analysed the growth foreseen in the consumer durable goods sector, and the importance of customer management; the objective of this research is to analyse the practices of Videocon and its competitors with regards to the manner in which they deal with their customers. After studying the current scenario in the market and the expectation of the customers I’ve given my recommendations as to how the customer should be managed by these companies.

Due to time constraint this research was restricted to Delhi. A total of 20 stores have been covered, apart from which 50 customers have been interviewed so as to know what they actually expect out of these companies. A

big challenge that Videocon is facing today is the stiff competition while marketing their products and services. Not only do they have to work their way up to establish credibility but, they also need to retain customers by offering prompt after-sales service of the highest order. They are facing competition from companies like LG, Samsung, Sony etc. which not only claim to provide a better product, but they also take pains in getting back to their customers time after time to see how their product is functioning. They also stay in touch with their customers via calls and emails through which they inform their customers about the new models that will be introduced in the market. After having realized these problems that Videocon; was facing I decided to work on this ground so as to provide my inputs on this problem and also to have a greater learning by carrying out a comparative research on all major players in this industry, which in turn also enabled me to see the complete picture.

Analysis

About the 10 Stores of Videocon:

The Next Stores: NEXT is one of the emerging giants in the organized retailing of consumer electronics and home appliances products which has been formed to tap the immense potential of the 50,000 crores retail industry. NEXT is a project developed by a consortium of investors and professionals with more than 3 decades of retail experience. Under the aegis of NEXT Retail India Ltd, NEXT has now become the only consumer electronics chain that delivers across India with its presence in 16 states and over 384 outlets spanning across all metros and mini metros in the country. Aiming to be a multi-brand multi-product outlet it stocks an entire range of consumer durables right from Air-Conditioners, LED and Plasma TVs, Home Theatre systems, Washing Machines, Refrigerators, Microwaves to small Home Appliances. NEXT has some of the topmost brands such as Electrolux, HCL, Hyundai, Kelvinator, Kenstar, LG, NEXT, Nokia, Onida, Philips, Sahara, Samsung, Sansui, Toshiba, Videocon including its own brand under its stable. Apart from retailer's margins, Videocon also has the manufacturer's margins to drive scale and profitability in the retail venture. Out of a list of 15 stores NEXT stores 4 stores were covered. No doubt all of these stores had the same ambience, but still I found all the stores different from one another in some way or another. Some of the major problems that I noticed in these stores were:

- I. All the models were not available. Videocon gave several ads in the newspapers regarding some specific models of televisions (34"CTVs); however some of the stores did not have those models. Customers did come to the shop but due to the fact that the model was not available several stores lost their potential customers.
- II. Some of these stores did not even have a visiting card of their store, so the customers coming in the store could not be handed one for future reference.

However, there were some unique qualities about these stores which were:

- I. The ambience of the stores was bright and colorful which in itself helps in attracting customers to these stores.
- II. Lot of offers and schemes were given to the customers. There was a sticker pasted on almost all the products, which educated the customer as to how much money will they save in case if they buy that product.
- III. NEXT has "Gurus" like "AC Guru" and "LED Guru" who try talk to the customer, understand their needs and they try their best to give the customer something exactly like what they desire.
- IV. They have their own Help Desk and they take care of their customers and forward their complaints to the companies. They stay in the loop with the customer and the company until the customer's complaint has been resolved.

Videocon Plazas

These are the Exclusive Brand Outlets of Videocon. 2 Videocon Plazas were covered.

Distributors:

In all, Videocon has several distributors but for the purpose of the study only 2 major distributors were covered.

To fulfil the purpose of this research; information has been gathered from a list of 10 stores of Videocon. This research is limited to Delhi region and to get the best output I've divided the city in 4 zones ie North, South, East and West. The research has been carried out accordingly.

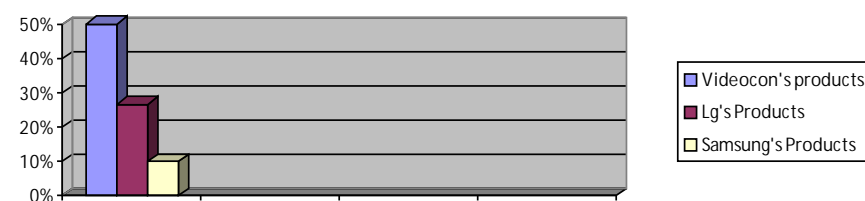
Two questionnaires had been prepared in order to carry out the study, of which one concentrates on the Dealers/Store Managers and the second questionnaire tries to extract information from the customers. Apart from dealing with the Dealers/Store Managers, some inputs have been taken from the In Shop Demonstrators as they are the ones who interact with the customers on a continuous basis and also understand the needs of the customer. It is

necessary to maintain healthy relations with the Dealers besides the Customers in order to sustain and perform well in the market. So the company should develop some strategies keeping the same in mind.

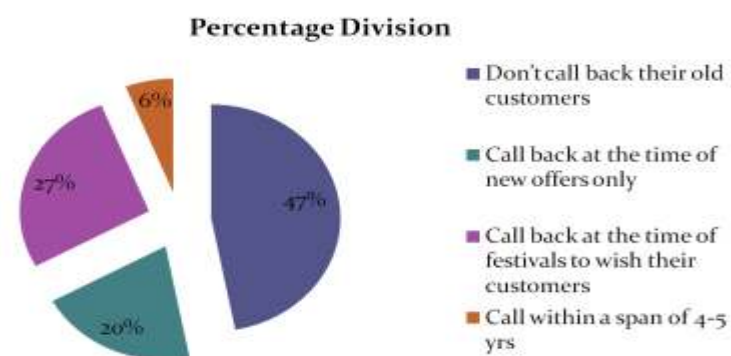
CONCLUSIONS AND OBSERVATIONS:

On analysing a sample size of 10 stores the following observations have been made:

1. 50% stores sell more of Videocon's Products majorly consisting of Washing Machines and CTVs. 27% stores sell more of LG's products more, which consist of CTVs and LEDs. 10% stores sell more of Samsung's CTVs and lastly 13% stores sell other brands like Voltas and Whirlpool. Videocon's products have major sales because of their low product price, the brand name and also because it is an Indian company. However LG's and Samsung's products sell well mainly because of the quality of their product and their Brand name.

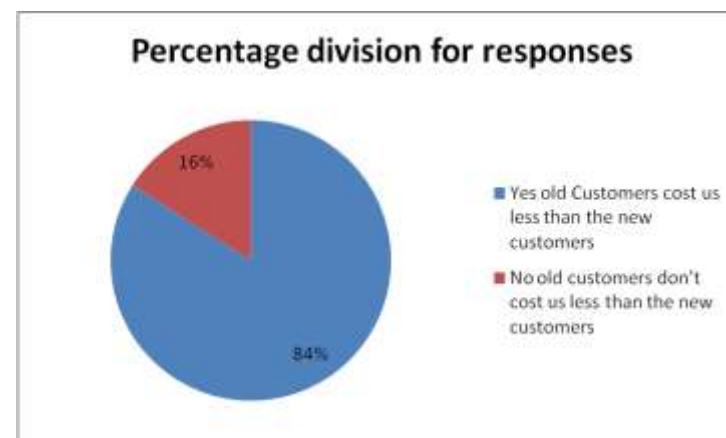


2. On asking the Dealers/Store managers as to whether they call back their old customers or not these are the responses that I got:



3. 74 percent of stores maintain customer's records with or without software and the remaining 26 percent of stores don't maintain any sort of records with regards to their customers.

4. On being asked whether the old customers cost them less or not this was the general observation that I made:



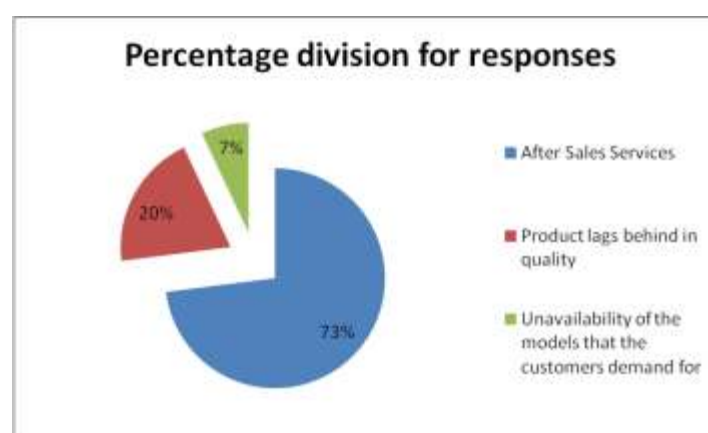
However, some Dealers/Store managers also said that because both the old and the new customers are

equally important for them so both the customers cost them the same amount.

5.30 percent Store Owners think that there are no advantages of retaining customers. In fact, they said that the customers want the best quality at the cheapest price which is a little difficult combination and the remaining 70 percent think that it is advantageous for them. Now out of this 70 percent; 67 percent of stores try to retain their customers and the remaining 33 percent don't do anything to retain their customers.

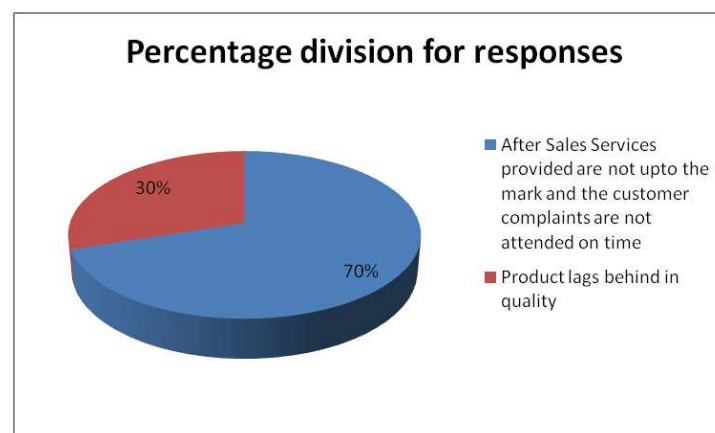
6. Further on, out of those stores that try to retain their customers 23 percent Store Owners think that maintaining long relations with the customers is important because it is a necessity, 30 percent think that it is a practice these days, and the remaining 47 percent think that it is beneficial for them and the company.

7. On being asked the major areas of dissatisfaction among the customers this is what the dealers responded:



8. 50 percent of Store Owners sit with their customers in case the customers are experiencing any sort of problems with regards to the product and then forward the complaint to the company's service centre. However, the remaining 50 percent Store Owners straight away forward the complaint to the company's service centre without entertaining them.

9. The major problems that the Dealer/Store Owner face while maintaining relations with the customers are:



Analysis of the other major players in the market:

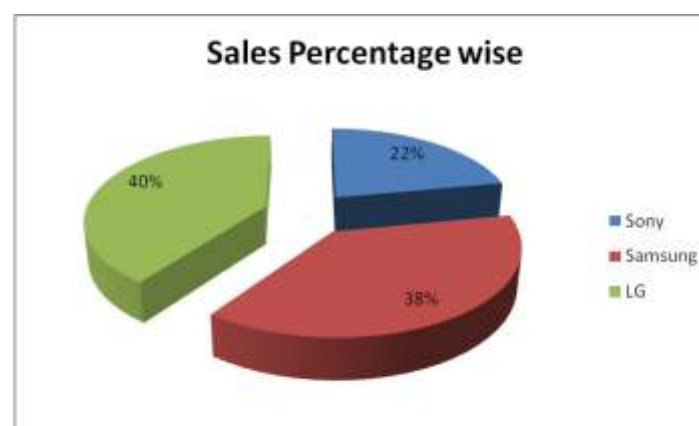
10 stores were covered. These were covered in the same way stores from north, south, east and west Delhi were covered. The learning in these stores was highly enriching as not only did I get to meet new people who were not associated with Videocon but also because the entire procedure of convincing them to talk to me was not simple.

Even after carrying a letter from my college which clearly stated that the information that was being collected will be used only for academic purpose many store owners made me wait for hours and hours. They answered the queries only when they were convinced that the study and the questionnaires will strictly be used only for academic purpose.

However there were some specific stores, especially the Exclusive Brand Outlets of LG and Samsung where the Store owners not only helped me by clearing my doubts and answering my queries but they also gave me the product brochures of various products so that I could know more about their company's products.

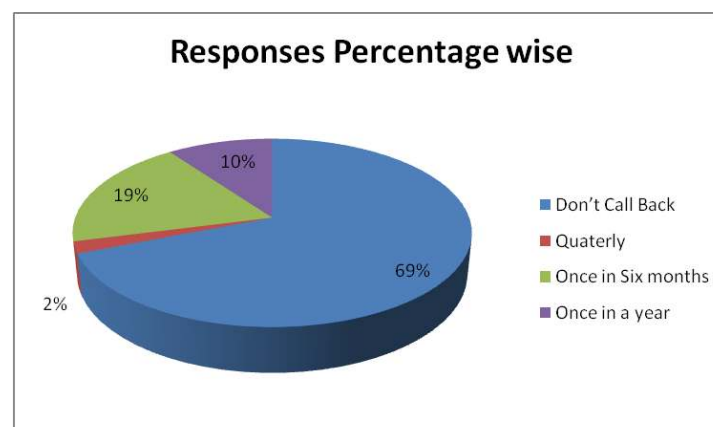
Observations made in the comparative study:

1. 40% stores sell LG's Products majorly consisting of Air Conditioners, LEDs/Plasmas, CTVs and refrigerator. 38% stores sell Samsung's products, which consists its Air Conditioners and LEDs and lastly, 22% stores sell Sony's Plasma/LEDs.



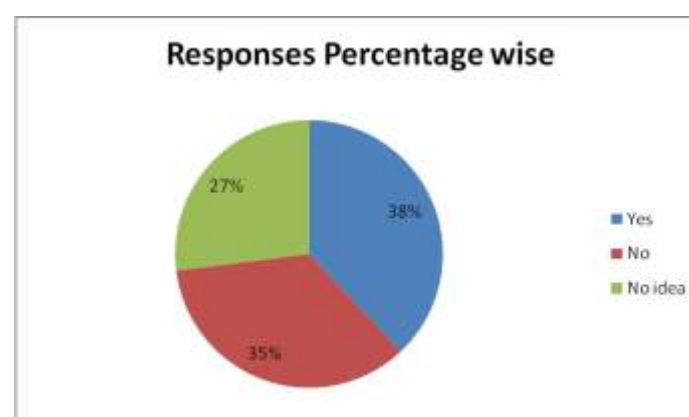
2. LG's products have major sales because of their brand name, advertisements and also because they have a good after sales service back up. However Samsung's products sell well mainly because of the quality of their product and the after sales service provided by the company.

3. On asking the Dealers/Store managers as to whether they call back their old customers or not these are the responses that I got:



4. 52 percent of stores maintain customer's records with or without software and the remaining 48 percent of stores don't maintain any sort of records with regards to their customers.

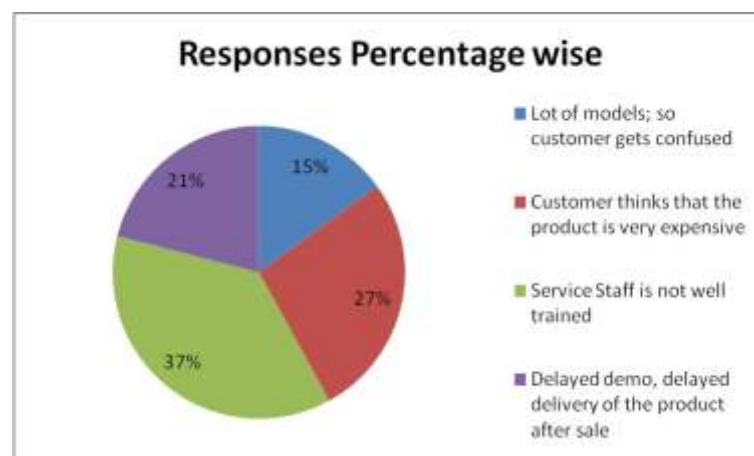
5. On being asked whether the old customers cost them less or not this was the general observation made:



6.12 percent Store Owners think that there are no advantages of retaining customers. The remaining 88 percent think that it is advantageous for them. Now out of this 88 percent; 71 percent of stores try to retain their customers and the remaining 29 percent don't do anything to retain their customers.

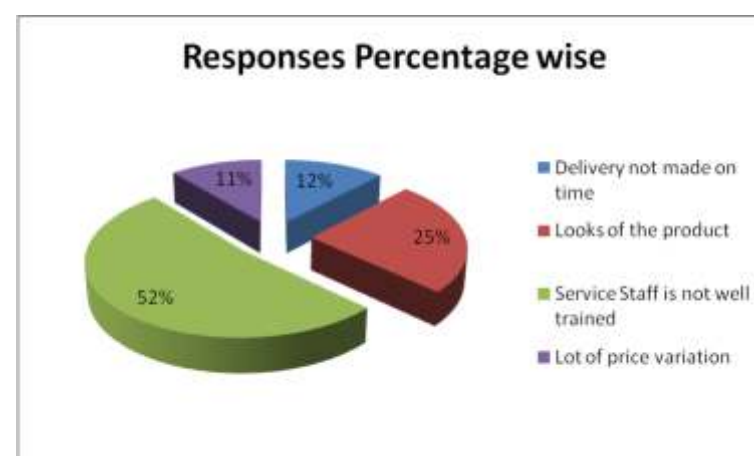
7. Further on, out of those stores that try to retain their customers 40 percent of the Store Owners think that maintaining long relations with the customers is important because it is a necessity, 15 percent think that it is a practice these days, and the remaining 45 percent think that it is beneficial for them and the company.

8. On being asked the major areas of dissatisfaction among the customers this is what the dealers responded:



9. 65 percent of Store Owners sit with their customers in case the customers are experiencing any sort of problems with regards to the product and then forward the complaint to the company's service centre. However, the remaining 35 percent of Store owners straight away forward the complaint to the company's service centre without entertaining them.

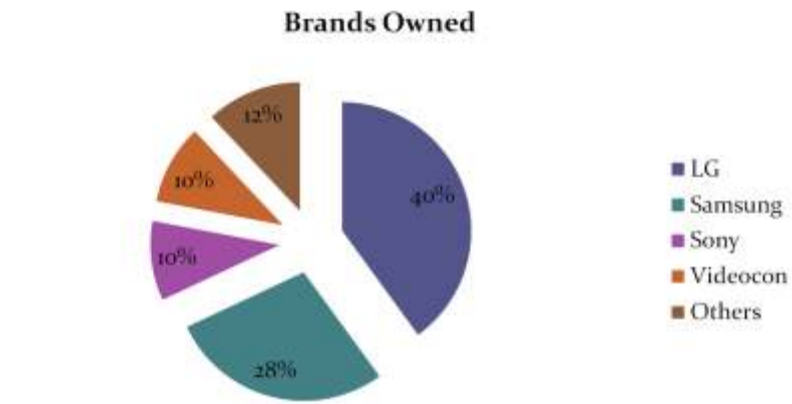
10. On being asked the major areas of problems that the Dealer/Store Managers face while establishing healthy relations with the customers their responses were:



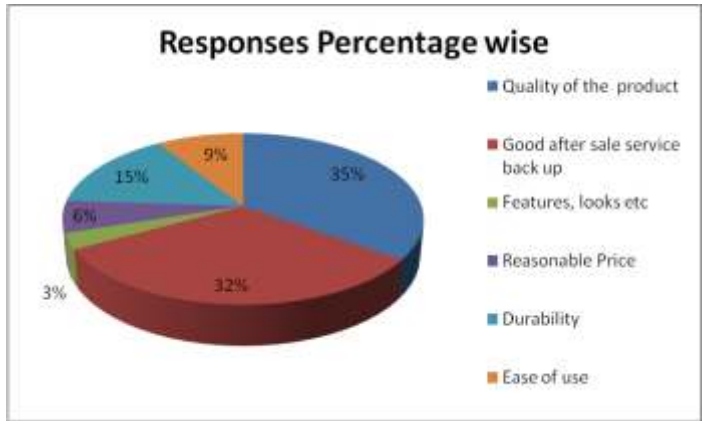
Analysis of Customer's Questionnaires:

Due to time constraint a sample size of only 50 customers was taken which were covered equally from all the stores.

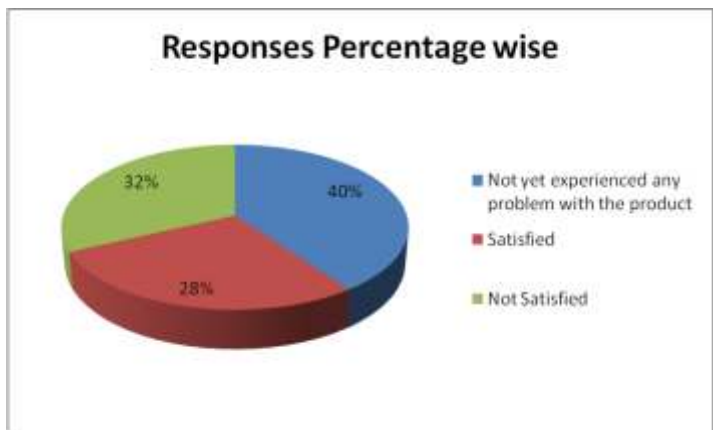
1. On asking about the current brand owned by them the following conclusion could be made:



2.The basic things that the customers expect out of the company and its products are:

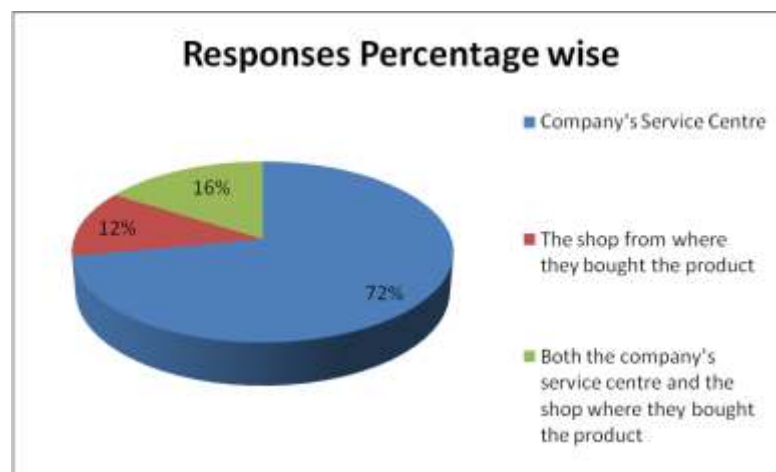


3.Observation on the satisfaction of after sales service:

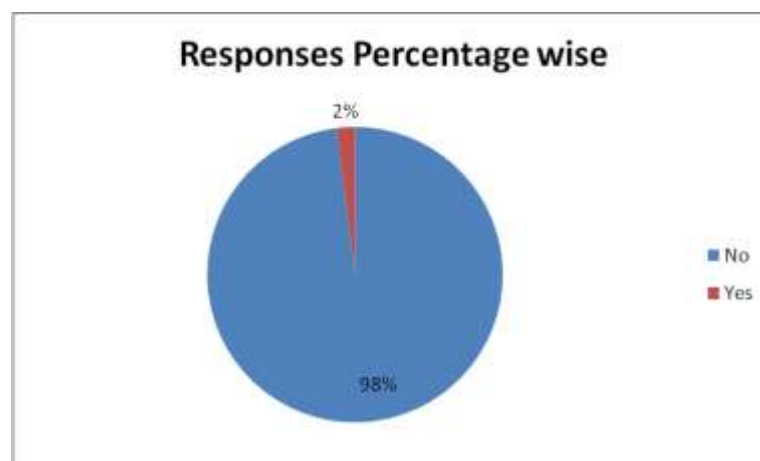


4.Surprisingly, none of the customers had any idea whether the company was providing any sort of online help or not. However a majority i.e. 84 percent of them expect an online help from the company’s side. The remaining 16 percent do not expect any sort of online help.

5.The observation on the channel preference of the customer to their queries revealed:



6.The observation on whether anyone from the company sends any sort of mailers about new launches and schemes revealed that:



7.18 percent of the customers did not want to receive any sort of mails from the companies, 16 percent of the customers wanted mails on regular basis regarding everything, 60 percent of customers wanted to receive mails on regular basis only about the new models entering the market and the remaining 6 percent wanted mails only at the time of schemes.

8.86 percent of the customers have never received any sort of call from the company after the installation of the product at their place. However the remaining 14 percent have received calls on the company's behalf.

RECOMMENDATIONS AND CONCLUSIONS:

Problem Areas: Some of the reasons attributable to the Industry are as follows:

- Inadequate stress on R&D
- Quality - Yet an issue
- Sale Service & Customer Satisfaction

Actions recommended to the Industry for Growth

- Commit sufficient resources for R&D
- Need to be more quality conscious
- Need to improve after sales services
- Explore exports as a viable option
- More emphasis to develop Rural Market

RECOMMENDATIONS

1.Ameliorate after sales service and train the service staff

After the research one thing was sure that Videocon was not the only brand where the after sales service was an issue. It was a problem faced by products of other brands also. However the ratio of complaints in Videocon's products was more than the other brands.

In Videocon the problem was not that the after sales services were not good, the major area of concern was that the complaints were not attended to. However in case of the other brands the after sales services were good but the service staff was not well trained. So in any case, the customers were facing a problem.

2.Extended warranty and guarantee for old customers

To retain the old customers companies must come up with extended warranties on their subsequent purchases of the same company's products. This will make them loyal towards the company.

3.Important information about the product to be mentioned on the product

In summers many a times the refrigerator gets heated up, or in case of excess heat customers feel that the cooling of the product is not satisfactory. To avoid such problems the company must put the temperature that the customer will get with regards to the cooling so that the customer does not feel cheated. Many dealers told me that in summers a bit heating up of refrigerator is expected, so if the company pastes the same on the product the customer might not panic.

4.At least one company hired officer in each area:

This officer shall educate the In Shop Demonstrators with regards to the product and also explain them how various models are different from one another. If this happens then the customers will also understand the features of various products and it will enable them to take a better decision when they buy them.

5.Making customers aware of the online support provided by the companies

Many companies like LG, Samsung offer online help to the customers with regards to the products as well as the after sales services. However not many customers know about the same. The company must educate the customers about the website's address. As regards the companies which are not providing any sort of online help must make provisions for providing the same so that the entire procedure of handling customer's queries becomes quicker.

6.The company should stay in touch with their customers:

The company must stay in touch with its customers in all possible forms so that the customer feels a part of the company. The company can do this in many forms like by sending mailers, making calls etc.

7.Wishing customers:

Wishing customers at the time of the festivals is not only the dealer's job but it is also a responsibility of the company. So the company should send adequate number of greeting cards to the dealers with the company's name on it. Further, the dealers can put their seal on the card and post the cards to their customers so that both the company and the dealers end up wishing the customer.

8.Spending more on the quality of the product:

It must be made sure that no sort of product failure occurs. For keeping the prices low the quality of the product should not be compromised.

9.Schemes are a must:

Having schemes on the company's products attracts customers. Currently LG is celebrating its 11th anniversary which is clearly visible in its advertisements, and stores in which they are offering several schemes to their customers. They've also decorated the store which gives it a festive look.

All these suggestions are nothing but the basic necessities. When a customer buys a products there are some very basic things that he expects out of the company. In case the company can take care of those wants of the customers, the purpose will be achieved.

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