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# **JOURNAL** of **Management Development & RESEARCH**

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# **Level of Market Orientation and Business Performance across Category of Specialty Chemical Segment and across size of firms: A study based on Specialty chemical Companies in Maharashtra and Gujarat**

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## **ABSTRACT:**

*Specialty Chemical Industry is defined as a “group of relatively high value, low volume chemicals known for their end use applications and/ or performance enhancing properties”. Specialty chemicals are particular chemicals products which provide wide variety of effects on which many other industry sectors reply. Some of the categories of specialty chemicals are adhesives, agrichemicals, flavors, food additive, fragrances, industrial gases, lubricants, polymers. Other industrial sectors depend on specialty chemicals are automobile, aerospace, food, cosmetic, agriculture manufacturing, textiles industries etc.*

*This study undertakes an investigation into the relation to level of Market orientation, Customer Response and Business Performance across category Specialty Chemical segment and across size of Specialty Chemical Firms. Data was collected from 225 respondents spread over Maharashtra and Gujarat. The segments of Specialty Chemicals covered were ranging from Paints, Personal Care, Pharma, Food, Construction & others. The data could also be divided across size of firms which was small scale, large and medium scale. Market orientation was assessed using Narver and Slater’s (1990) construct, adapted to the industry context of this study.*

*Customer response is a key element in determining the Business performance. Customer response is a combination of Customer retention and Customer Acquisition. Both are indirectly related to customer satisfaction. It is a known that a customer is attracted to a firm and remains with a firm as long as the customer receives higher value from the firm. As an organization strengthens its market orientation, it can both increase sales to new and current customers and increase its profitability. A market oriented business identifies opportunities to create and sustain superior value for both future and current customers.*

*The Market Orientation has many sub components Viz... Customer orientation competitor orientation, inter-functional coordination, long-term focus, and profit emphasis. Data from Managers 225 respondents from Specialty Chemical Companies based Mumbai and Gujarat areas were used to test the hypothesized relationship between Market Orientation Customer Response and Business Performance. The study of this paper investigates how the level of market orientation varies across size of firms and across different categories of Specialty chemical firms.*

*ANOVA test results show that while customer response could vary across category of Specialty chemicals firms, there was no significant difference Market Orientation and Business Performance across categories of Specialty chemical firms.*

*The size of firms had a different story. The results showed that larger firms showed higher level of Market Orientation, this resulting in better Customer response and improved Business Performance.*

**Key Words:** *Chemicals, Specialty chemical, Market Orientation, Customer response, Customer orientation*

## INTRODUCTION

A growing body of literature links market-oriented organizational cultures to superior organizational performance (e.g. Narver and Slater, 1990; Slater and Narver, 1994a; Jaworski and Kohli, 1993; Pelham, 1996). Hence, the importance of market orientation for the firm is compelling. Firms seeking to offer superior customer value and achieve sustainable competitive advantage can use market orientation toward these ends. Market orientation is one of the major research streams in strategic marketing developed during the past ten years, since its inception in the early 1990s. The insights provided by various research efforts cover a wide variety of industries, but usually focusing on industrial firms, however no major study has been found on Specialty Chemical Industry in India.

This research investigates whether there is an association between Category of Specialty chemical Industry, Market orientation Customer Response and Business Performance in the context of Specialty Chemical Industry in India. Specialty Chemical Industry is facing problems of intense competition. There is very little innovation ongoing. There are pricing pressures while customers demand more and more for fewer prices. The Indian setting has additional challenges that the Industry faces problems of poor infrastructure, higher capital cost and other challenges. The firms are struggling to find best way out to deal with this situation. Customers are more aware of competitors and desire value for money. And Firms are struggling to add value to customers.

## LITERATURE REVIEW

The purpose of this study is to investigate the relationship between Category and size of Specialty Chemical firms, Market orientation, and Customer response and business performance in Specialty Chemical Industry in Mumbai. A review on market orientation and business performance constructs is conducted. Assessing each of these theories separately

and together is necessary to understand the possible relationships based on previous research.

### Market Orientation:

The concept of market orientation has been there for some time in Management literature, that the customer must be the focus of organization's operations and the subsequent support given to this idea by Levitt (1966) that the customer is the reason for the organization's Survival and existence were all pointing to the fact that market orientation behavior was necessary at that time. He further emphasized that a business' sole aim should be to create a satisfied customer.

Kotler and Zaltman, (1971) opined that the marketing concept invites most of the effort to be spent on discovering the wants of a target audience and then creating the goods and services to satisfy them.

McNamara, 1972, came up with his idea which was extended to become known as the marketing concept. It was McNamara (1972), who pointed out the importance of marketing in communicating the needs of the market to all major corporate departments, and accorded that the marketing concept is a philosophy of business management based on the company wide acceptance of the need for customer orientation and profit orientation.

Boone and Kurtz (1989) also view market orientation as the company wide consumer orientation but they brought attention to the achievement of long run success. They emphasize on customer orientation.

Though the concept of Market Orientation was propounded as early as in the 1950'S, it really took off in a big way in the early 1990s. The 1990's was saw a flurry of academic research on market orientation, its meaning, the antecedents, consequences, moderating influences, its operationalization, characteristics and behavior of market oriented firms, and other factors which had a direct bearing on a firm's being market oriented. Market orientation has since then, been variously defined as a specific set of firm behavior, as

a firm culture and as a system. Out of these, the first two theories are the most commonly cited prevailing approaches. A lot of debate continued surrounding the market function in the 1990's and early 2000. The factors considered here were to find out the fundamental issues surrounding market orientation. The points covered were as to what impact market orientation has on the firm and to find out how well it fits in the firm. Many scholars (Kohli and Jaworski, 1990; Narver and Slater, 1990; Heart and Diamantopoulos, 1993; Hooley *et al.*, 1990; and Blank son & Stokes, 2002) extended further on these developments, the subject market orientation has received a rigorous attention from marketing specialists who have developed, tested and refined market orientation scales for measuring the degree of market orientation that organizations exhibit.

Helfert *et al* & Conrad says that predominantly studies have shown that developing a market orientation is positively associated with superior performance for the firm. As per their findings it has proved that firms with innovative cultures differ in their perceptions of market orientation as opposed to firm that place relatively less emphasis on innovation.

Narver and Slater (1990) also viewed market orientation as an organizational culture. However, they went further and argued that market-oriented firms focus not only on customers but also on competitors. Narver and Slater stated that competitor orientation is equally as important as customer orientation. They also placed emphasis on the importance of inter-functional coordination which is to achieve coordination between all functions in the organization.

For Deshpande and Farley (1998), by contrast, market orientation is a set of cross-functional processes and activities directed at creating and satisfying customers through continuous needs assessment. They did not emphasize competitor orientation at all.

Market orientation often leads to positive effects on customer satisfaction and customer loyalty, resulting in better organizational performance (Lamb *et al.*, 2010). An organization that is market-orientated enhances employee satisfaction and cooperation. The characteristics of market orientation indicate a strong customer focus and an understanding of the organizational strengths and weaknesses as described by Kotler & Armstrong (2011).

Kohli and Jaworski (1990), viewed Market orientation as the implementation of the Marketing concept. The authors defined and measured a market orientation as a set of activities or behavior related to market intelligence gathering, market intelligence dissemination across functions within an organization, and the action responses based on this intelligence. Building on these three market orientation components, a measurement scale is developed and named as MARKOR (Kohli *et al.* (1993). Kohli and Jaworski emphasized the behavioral aspects of market orientation. The authors did not suggest that market orientation is an aspect of organizational culture.

Adapting to Narver and Slater (1990) market orientation, the market orientation consists of three behavioral components: a customer orientation, a competitor orientation and an inter-functional orientation. A customer orientation enables a business to continuously learn about the perceptions and needs of its current and target customers. A competitor orientation enables the business to continuously learn and monitor the strategies and capabilities of the business that are the principal alternative current or future satisfiers of the target customer's needs. Inter-functional orientation means that every functional area must work collectively to create superior value for customers. These components form into multi-item scale for measuring market orientation and are labeled as MKTOR by Narver and Slater (1990).

Deng and Dart, 1994; Deshpande *et al.*, 1993; Kohli and Jaworski, 1990; Narver

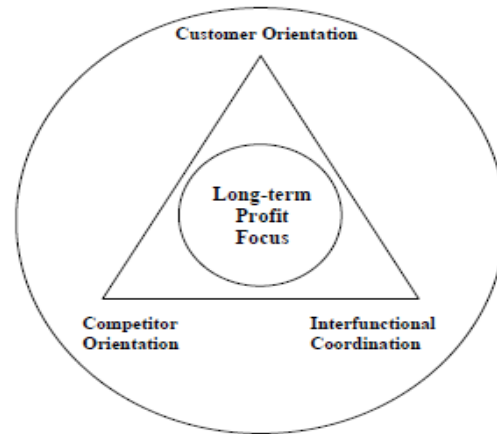


and Slater, 1990). Before Kohli and Jaworski (1990) contributions, Shapiro (1988), were developing to define and measure market orientation. The authors suggested that a company can be market oriented only if it totally understands its markets and the people who decide whether to buy its products or services. The authors discuss the fact that the customer and the person who decides to buy the product may be separate individuals or groups. Other influences which are not buying influences, according to him, are part of the information on which a truly market-oriented company ought to focus. Shapiro also addresses the need for information to be untainted as it moves throughout the organization, so that managers can pick up on what improves the customer needs. The key principle of market orientation involves the activities of gathering, analyzing and utilizing customer data throughout an organization, which underpins the key issue of relationship marketing and management (Wilson et al., 2002). First, firms which adopt relationship marketing and management strategy well usually show a higher level of market orientation thereby adopting market orientation concept at a company-wide level is a fundamental step in pursuing relationship marketing and management strategy. Secondly, a market-oriented firm usually outperforms non-oriented firms in market place, as more resources are invested to improve the performance of organization and to deliver services at higher quality level to customers (Chang et al., 2003). In view of these two issues, it is believed that a highly market-oriented organization would have better performance in financial and quality aspects, and vice versa.

## 2.22 MARKET ORIENTATION – Narver and Slater's View

Narver and Slater (1990) defined market orientation as the organizational culture that most effectively and efficiently creates the necessary behaviors for the creation of

superior value for buyers and, thus, continuous superior performance for the business. As schematically represented in Figure 1, market orientation consists of three behavioral components and two decision criteria.



Source: Narver and Slater 1990 and 1994

### Narver and Slater Model for Market Orientation -Figure 2.1

**Customer Orientation** Narver and Slater (1990) stated that the heart of market orientation is its customer focus. For companies to be customer oriented, firms need to find out what customer needs are, now and in the future, in order to create a value-added benefit (Narver and Slater, 1990; Slater and Narver, 1994). **Competitor Orientation** Another component of market orientation is to be competitor oriented. Narver and Slater (1990 and 1994) stated that firms should understand and identify the short-term strengths and weaknesses and long-term capabilities and strategies of both current and future competitors. **Inter-functional Coordination** Inter-functional coordination is the coordinated utilization of the company's resources in creating superior value for the target customers (Narver & Slater, 1990). Creating value for the customers is not a job for the marketing department alone; instead, it is the coordinated and concerted effort of all departments in the seller firm (Webster, 1993), including the human & other capital resources. **Long-term Focus** in relation to

profits and in implementing each of the three behavioral components is required to be market oriented. It also states that companies must take a long term view of the business than just a narrow short term view. **Profit Emphasis** means that the creation of economic wealth is an overriding objective in market orientation. This obviously means that keeping in view the company financial health helps companies in serving the customers better. Narver and Slater (1990) conceptualized an organization's degree of market orientation as the sum total of its emphasis on these five components. Customer orientation and competitor orientation include all the activities involved in acquiring Information about the buyers and competitors in the target market and disseminating it throughout the organization. Inter-functional coordination is based on the customer and competitor information flowing throughout the organization for coordinated efforts to create superior value for buyers. The organization also needs to prevent its competitors from overcoming the buyer value superiority it has created; hence a long range investment perspective is implied in market orientation. Finally, profit emphasis ensures resources necessary to pursue a market orientation.

#### **Market Orientation and Customer Response:**

It is a known that a customer is attracted to a firm and remains with a firm as long as the customer receives higher value from the firm. As an organization strengthens its market orientation, it can both increase sales to new and current customers and increase its profitability. A market oriented business identifies opportunities to create and sustain superior value for both future and current customers. Through its customer and competitor orientations, a market-oriented seller can identify bases for segmenting and targeting markets; discover and follow both the needs of the target customers; understand who the target customers consider to be the main alternative satisfiers, and their strengths,

weaknesses, and intentions; best position its products, brands and services to the target customers; and implement superior benefits for both the customers and the business.

It is important to understand market orientation as a possible contributing factor for success. Research done by Narver and Slater (1990; 1994) also found a positive relationship between market orientation and business performance measured by return on assets (ROA) and sales growth. In theory, market orientation should affect both ROI and sales growth. Narver and Slater suggest that a measure of market orientation tap behaviors in business that has a greater impact on sales growth than ROI.

#### **2.3.2 Effects of market orientation on Business performance**

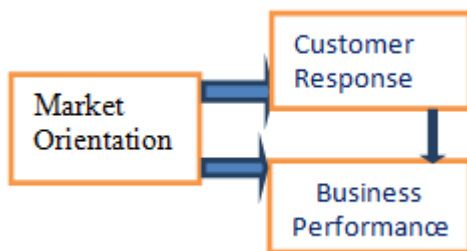
Research into the relationship between market orientation and business performance has been a fertile area over the past decades. The research output has been substantial, and can be conceptually divided into two streams, depending on its analytical focus. The first key research stream examines the market orientation-business performance relationship. Pulendran et al. (2003) from the outset conducted research in this area that has generally supported the proposition that market-oriented organizations achieve better outcomes than do less market-oriented ones.

Empirical research has found that this particular strategic orientation has a positive effect on an organization's competitive position (Deng & Dart, 1994; Deshpande & Farley, 1998; Kohli, Jaworski, & Kumar, 1993). Research done by Narver and Slater (1990; 1994) also found a positive relationship between market orientation and business performance measured by Return on Assets (ROA) and Sales growth. In theory, market orientation should affect both Return on Investment (ROI) and sales growth. Narver and Slater suggest that a measure of market orientation tap behaviors in business that has a greater impact on sales growth than

ROI. The findings indicate the positive effect of market orientation on sales growth will increase profits as long as ROI is greater than the cost of capital.

### OBJECTIVE AND METHODOLOGY

**Research Framework** The review of the literature shows the relationship between market orientation, Customer Response and Business performance. It posits that market orientation as Independent variable affect Customer response and Business Performance as dependent variable. The conceptual framework in this study is presented below as elucidated by Narver and Slater (1990 and 1994)



Source: Narver and Slater (1990 and 1994)

The present research uses a study design which aims to test the relationship between Market Orientation and Customer Response and Business Performance. The main objective of the study is to assess the Level of Market Orientation across categories of Specialty Chemical firms and across size of firms and how that impacts the Customer response and Business Performance across category and size of firms. This study employed the survey method, which makes use of a questionnaire. Researcher chose to use self-administered questionnaire as the means to data collection. The self-administered questionnaire was handed out to all the respondents and collected them back after they have been completed. Then, this key informant agreeing to participate will be asked to complete the survey questionnaire. The questionnaire was distributed by using face to face technique. The interviewers thoroughly explained how to fill the questionnaire out and assure the respondents that their responses would be

confidential, thus minimizing the possibility of misinterpretation of the questions. A total of 225 respondents from 140 companies responded to the questionnaire.

### OBJECTIVES OF STUDY:

- To study the level of Market Orientation across category of Specialty chemical segments
- To study level of Customer Response across category of Specialty Chemical segments
- To study the level of Business Performance across Category of Specialty chemical segments.
- To study the level of Market Orientation across size of Specialty chemical firms
- To study level of Customer Response across size of Specialty Chemical firms
- To study the level of Business Performance across size of Specialty Chemical firms

### HYPOTHESIS OF STUDY

H<sub>01</sub>: There is no significant difference in level of Market orientation across category Specialty chemical Firms

H<sub>02</sub>: There is no significant difference in level of Customer Response across category Specialty chemical Firms

H<sub>03</sub>: There is no significant difference in level of Market orientation across size of Specialty chemical Firms

H<sub>04</sub>: There is no significant difference in level of Market Orientation across size Specialty chemical Firms

H<sub>05</sub>: There is no significant difference in level of Customer Response across size Specialty chemical Firms

H<sub>06</sub>: There is no significant difference in level of Business Performance across size Specialty chemical Firms

### Hypotheses Testing & Data Analysis

Cronbach's Alpha test: It is test of reliability of scale. It is used to confirm that scale or rating used is appropriate or not. If alpha value is more than 0.7 then its reliability test is satisfied.

ANOVA Test:

**Reliability Test:** To validate reliability of questionnaire and scale of rating Cronbach's Alpha test is applied. Cronbach's Alpha values are obtained for each independent variable as well as for all variables taken together. Results of test are shown below.

| Variable      | Number of questions | Cronbach's Alpha value |
|---------------|---------------------|------------------------|
| All variables | 225                 | 0.927                  |

The reliability tests were satisfactory and showed that the questionnaire was appropriate.

**Data processing and Analysis:** Information collected through structured questionnaire is first entered in to excel sheet. For analysis of data SPSS version 20 is used. Information for each variable is also classified question wise. Response given by the respondents is rated according to quality.

TESTING OF HYPOTHESIS- ANOVA Test

| ANOVA Test Level Market Orientation based on Category of Firm                            |                |     |             |     |      |
|--|----------------|-----|-------------|-----|------|
| Table 7.71 Market Orientation score between the group and within the group in ANOVA Test |                |     |             |     |      |
|  | Sum of Squares | Df  | Mean Square | F   | Sig. |
| Between Groups   | 488.751        | 7   | 69.822      | 1.7 | 0.1  |
| Within Groups  | 9129.03        | 217 | 42.069      |     |      |
| Total  | 9617.79        | 224 |             |     |      |

| Table 7.72 Market Orientation score based on Type of Segment in ANOVA Test |         |    |                |
|--|---------|----|----------------|
| Type of Segment_2#1  | Mean    | N  | Std. Deviation |
| AGRO   | 79.3868 | 19 | 3.64207        |
| CONSTRUCTION   | 79.73   | 8  | 3.76184        |

| Table 7.72 Market Orientation score based on Type of Segment in ANOVA Test |         |     |                |
|--|---------|-----|----------------|
| Type of Segment_2#1  | Mean    | N   | Std. Deviation |
| FOOD   | 77.0327 | 15  | 3.47518        |
| PAINTS   | 79.5962 | 52  | 7.63276        |
| PERSONAL CARE  | 74.9512 | 24  | 10.83261       |
| PHARMA   | 79.1081 | 37  | 6.29261        |
| TEXTILE  | 77.3642 | 45  | 5.16973        |
| WATER  | 78.7812 | 25  | 3.82179        |
| Total  | 78.2997 | 225 | 6.5526         |

Analysis: Since p-value is 0.120 which is greater than standard value 0.05. Therefore test is accepted and null hypothesis is accepted. We conclude that there is no significant difference in mean scores of market orientation of different segments of Specialty Chemical industry.

| ANOVA Table 7.67 Score of Customer Response between the group and within the Group in ANOVA Test |                |     |             |       |       |
|--|----------------|-----|-------------|-------|-------|
|  | Sum of Squares | Df  | Mean Square | F     | Sig.  |
| Between Groups   | 510.881        | 7   | 72.983      | 2.071 | 0.048 |
| Within Groups  | 7647.885       | 217 | 35.244      |       |       |
| Total  | 8158.766       | 224 |             |       |       |

| Report   |        |     |                |
|--|--------|-----|----------------|
| Table 7.68 Score of Customer response in Various Type Segments of Specialty Chemical Industry in ANOVAs Test |        |     |                |
| Type_of_Segment_2#1  | Mean   | N   | Std. Deviation |
| AGRO   | 76.692 | 19  | 4.97277        |
| CONSTRUCTION   | 78.214 | 8   | 2.12578        |
| FOOD   | 74.667 | 15  | 2.61564        |
| PAINTS   | 74.286 | 52  | 7.86033        |
| PERSONAL CARE  | 71.31  | 24  | 8.40329        |
| PHARMA   | 74.363 | 37  | 6.00402        |
| TEXTILE  | 75.048 | 45  | 3.06999        |
| WATER  | 76     | 25  | 4.94872        |
| Total  | 74.692 | 225 | 6.03515        |

Analysis: Since p-value is 0.048 which is less than standard value 0.05, hence null hypothesis is rejected. Therefore it can be concluded that there is difference in mean scores of customer response of different segments of industry Level Business Performance based on Category of Firm

| ANOVA   |                |     |             |      |      |
|---|----------------|-----|-------------|------|------|
| Table 7.69 Score of Business performance between and Within the Categories of Firms in ANOVA Test |                |     |             |      |      |
|   | Sum of Squares | Df  | Mean Square | F    | Sig. |
| Between Groups  | 1101.367       | 7   | 157.34      | 1.95 | 0.06 |
| Within Groups   | 17522.63       | 217 | 80.749      |      |      |
| Total   | 18624          | 224 |             |      |      |

Analysis: Since p-value is 0.063 which is greater than standard value 0.05. Hence test is accepted. Therefore we conclude that there is no significant difference in mean scores of Business performance of different segments of Specialty Chemical industry.

**Level of Market Orientation based on Size of Firm**

Analysis: Since calculated p-value is 0.000 which is less than standard value 0.05. Therefore test is rejected. There is significant difference in mean scores of Market Orientation of three different sizes of concerns.

| ANOVA Test of Customer Response based on Size of Firm   |                |     |             |      |      |
|---|----------------|-----|-------------|------|------|
| ANOVA Table 7.75 Score of Customer Response between and Within the group based on Size of firms in ANOVA Test |                |     |             |      |      |
|   | Sum of Squares | Df  | Mean Square | F    | Sig. |
| Between Groups  | 583.645        | 2   | 291.823     | 8.55 | 0    |
| Within Groups   | 7575.121       | 222 | 34.122      |      |      |
| Total   | 8158.766       | 224 |             |      |      |

| Table 7.76 Score of customer Response based on size of Firm in ANOVA Test |        |     |                |
|---|--------|-----|----------------|
| Size of Concern   | Mean   | N   | Std. Deviation |
| Large   | 75.679 | 123 | 5.63607        |
| Medium  | 71.662 | 49  | 8.07778        |
| Small   | 75.202 | 53  | 3.30423        |
| Total   | 74.692 | 225 | 6.03515        |

Analysis: Since calculated p-value is 0.000 which is less than standard value 0.05. Therefore test is rejected. There is significant difference in mean scores of customer response of three different sizes of concerns

**Level of Business Performance based on Size of Firm**

| ANOVA Table 7.77 Score of Business performance based on size of firm in ANOVA Test |                |     |             |       |      |
|--|----------------|-----|-------------|-------|------|
|  | Sum of Squares | Df  | Mean Square | F     | Sig. |
| Between Groups   | 3319.364       | 2   | 1659.68     | 24.07 | 0    |
| Within Groups  | 15304.64       | 222 | 68.94       |       |      |
| Total  | 18624          | 224 |             |       |      |

| Report Table 7.78 Score of business performance based on size of firm in ANOVA test |         |     |                |
|---|---------|-----|----------------|
| Size of Concern   | Mean    | N   | Std. Deviation |
| Large   | 80.4553 | 123 | 8.26136        |
| Medium  | 71.5102 | 49  | 10.75895       |
| Small   | 74.3396 | 53  | 5.22915        |
| Total   | 77.0667 | 225 | 9.11827        |

| ANOVA   |                |     |             |    |      |
|---|----------------|-----|-------------|----|------|
| Table 7.79 Market Orientation Score between and With groups based on size of firm in ANOVA Test |                |     |             |    |      |
|   | Sum of Squares | Df  | Mean Square | F  | Sig. |
| Between Groups  | 1277.281       | 2   | 638.641     | 17 | 0    |
| Within Groups   | 8340.504       | 222 | 37.57       |    |      |
| Total   | 9617.785       | 224 |             |    |      |

| Report : Table 7.80 Market Orientation Score based on size of firm in ANOVA Test |        |     |                |
|--|--------|-----|----------------|
| Size of Concern  | Mean   | N   | Std. Deviation |
| Large  | 80.469 | 123 | 5.54556        |
| Medium   | 75.603 | 49  | 8.77981        |
| Small  | 75.759 | 53  | 4.13364        |
| Total  | 78.3   | 225 | 6.5526         |

Analysis: Since calculated p-value is 0.000 which is less than standard value 0.05. Therefore test is rejected. There is significant difference in mean scores of Business Performance of three different sizes of concerns.

### CONCLUSIONS AND SUGGESTIONS

The main conclusions are following:

- Level of Market orientation is similar across categories of Specialty chemical Firms.
- The level of Customer response is different across categories of Specialty Chemical Firms despite similar Market Orientation level. The Business Performance is similar across categories specialty Chemical firms
- The above helps in Policy formulation as whole for Specialty Chemical firms.
- The Level of Market Orientation, Customer Response and Business Performance is significantly different across size of specialty Chemical firms. The larger firms show higher level Market Orientation while medium and small scale show similar levels. This clearly translates better Customer Response and Improved Performance of larger firms. The larger

have better access to resources and appear to be far more organized and longer term focused which results in better Performance. A way out for medium and small scale is to form clusters and share resources and knowledge which will go a long way to improve their performance.

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## Study of the Luxury Brand Market With Respect to Suits and Watches

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### Abstract:

*The concept of luxury has been present in various forms since the beginning of civilization. Its role was just as important in ancient western and eastern empires as it is in modern societies. With the clear differences between social classes in earlier civilizations, the consumption of luxury was limited to the elite classes. It also meant the definition of luxury was fairly clear. Whatever the poor cannot have and the elite can was identified as luxury. The purpose of the study is to understand the growth of the luxury market in India and abroad, to study the profile of Indian luxury customers, to study the luxury industry with respect to luxury watches and suits and to study the purchase behaviour of luxury customers with respect to luxury watches and suits and what motivates them to buy these products. A secondary study is done about the luxury market globally and in India, the profile of luxury customers in India and the luxury industry with respect to watches and apparel and accessories. Then a primary study has been done by taking 500 respondents for luxury suits and for luxury watches from different areas in Mumbai to find out about their purchase behaviour.*

**Keywords:** Luxury brands, Luxury market, High net worth individuals, Luxury suits and watches, Purchase behaviour

### INTRODUCTION:

Luxury brands: The concept of luxury has been present in various forms since the beginning of civilization. In earlier times, luxury products were consumed mainly by the elites and aristocrats. It also meant the definition of luxury was fairly clear. Whatever the poor cannot have and the elite can was identified as luxury. With increasing 'democratization', (Wong & Ahuvia (1998), several new product categories were created within the luxury market which was aptly called – accessible luxury. These products were targeted at the middle income groups. In contemporary marketing usage, Prof. Bernard Dubois (2004) defines 'luxury' as a specific (i.e. higher-priced) tier of offer in almost any product or service category. However, despite the substantial body of knowledge accumulated during the past decades, researchers still haven't arrived on a common definition of luxury. Luxury products have been defined as having a high price to quality ratio. Luxury products have

high quality, uniqueness provide pleasure and enhance the status of the buyer in society. Thus, virtually every category of goods available on the market today includes a subset of similar products whose "luxury" is marked by better-quality components and materials, solid construction, stylish appearance, increased durability, better performance, advanced features, and so on. As such, these luxury goods may retain or improve the basic functionality for which all items of a given category are originally designed. There are also goods that are perceived as luxurious by the public simply because they play a role of status symbols as such goods tend to signify the purchasing power of those who acquire them. These items, while not necessarily being better (in quality, performance, or appearance) than their less expensive substitutes, are purchased with the main purpose of displaying wealth or income of their owners. These kinds of goods are the objects of a socio-economic phenomenon called conspicuous consumption and commonly include luxury vehicles,



watches, jewellery, designer clothing, yachts, as well as large residences, urban mansions, and country houses.

**NEED FOR THE STUDY :** In this, we plan to study the growth of high net worth individuals in India and the global scenario and how the luxury market is growing. Also the consumer profile of luxury brand customers will be studied and their purchase behavior with respect to suits and watches will be studied.

**LITERATURE REVIEW:**

Luxury brands: Shukla, Paurav (2011), in his study provides insights into how interpersonal influences and branding cues shape consumer luxury purchase intentions. Using a sample of British and Indian consumers, this study investigates and compares structure, properties and mean levels of susceptibility to interpersonal influences and highlights the inter-functional interactions. While normative interpersonal influences were found to be significant across nations, the role of informational interpersonal influences was significant only among Indian consumers. It was also observed that British consumers relied increasingly on branding cues. Moreover, brand image was found to be a significant moderator between normative interpersonal influences and luxury purchase intentions in both countries. *Thus, impact of culture on purchase of luxury brands was considered but other demographic variables were not considered in this study.* Also, Han, Young Jee et al. (2010), in an article introduce “brand prominence,” a construct reflecting the conspicuousness of a brand's mark or logo on a product. The authors propose a taxonomy that assigns consumers to one of four groups according to their wealth and need for status, and they demonstrate how each group's preference for conspicuously or inconspicuously branded luxury goods corresponds predictably with their desire to associate or dissociate with members of their own and other groups. Wealthy consumers low in need for status want to associate with their own kind and affluent

that they are not one of them. Those who are high in need for status but cannot afford true luxury use loud counterfeits to emulate those they recognize to be wealthy pay a premium for quiet goods only they can recognize. Wealthy consumers high in need for status use loud goods to signal to the less wealthy ones that they are different. *This study shows how purchase of luxury brands depends on wealth but other factors like age, occupation, culture, personality, gender and culture have not been considered.* Also, Lasaleta et al. (2010), in their article present a study which investigates the credibility of the theories on why people consume luxury items. It highlights three significant studies on the aspect including a research in 1912 asserting that what urges people to purchase luxury items is the belief that they signal wealth and status over others. Meanwhile, it alleges that the study explores the effect of the past luxury purchase on consumers' thoughts and descriptions about the item. *This study considers the impact of wealth and psychographics on purchase of luxury brands but other demographic variables have not been considered.* Similarly, WWD: Women's Wear Daily, 7/29/2010, in an article offers information on the spending made on luxury by Chinese men. According to professor of luxury branding, Charles de Brabant, luxury brands don't understand status-motivated shopping of Chinese consumers. China Market Research has observed that the fastest-growing group for shopping in China is the superrich people, after white-collar inspirational workers in their 20s and who usually don't make more than 400 dollars a month. *This study considers the impact of culture and wealth but not other demographic and psychographic variables on purchase of luxury brands.* Similarly, Mayne, Eric (2010), in his article, reports on research results conducted by Visteon Corp. that shows Indian consumers to be more discerning when purchasing cars. *This study shows the impact of culture on purchase of luxury brands but other demographic*

*variables have not been considered.* At the same time, Berthon et al. (2009), in their article present a philosophical analysis of luxury brands, focusing on their aesthetics and degree of ephemerality. Various conceptions of what luxury represents are discussed, and it is argued that luxury goods typically possess symbolic, functional and experiential value. The various methods of marketing such goods and managing such brands are analyzed. It is noted that these methods vary according to whether the luxuries in question are consumable or enduring. Examples of luxury brands such as Rolls-Royce automobiles are discussed, and the views of philosophers such as Karl Popper and Alfred North Whitehead are invoked. *The gap in the study is that purchase of luxury brands with respect to demographic variables like age, gender, culture etc. has not been considered.* Similarly, Benady, David (2008), in his article, focuses on the impact of current slowdown on consumer behaviour in Great Britain. It reports customers' earlier habit of spending on luxury brands and expensive food, and mentions the change seen in people's spending habits since the beginning of financial crises. It also discusses the challenges faced by the premium products manufacturing industries due to decline in sales, and mentions the need for increasing people spending to tackle financial downturn. *In this study, financial factors affecting purchase of luxury brands have been considered but demographic variables have not been considered.* Also, Heilman et al. (2007), in an article, examine consumer behaviour and the degree of spending involved in the purchase of luxury goods by husbands for wives. The study permitted the researchers to evaluate buying habits of both the users of luxury goods and individuals who purchased them. The research methodology employed to examine consumer behaviour is described. *This is an interesting study not undertaken by other authors but other variables like age and income also need to be considered.* Also, Mandel et al. (2006), examine the impact of

media depictions of success (or failure) on consumers' desire for luxury brands. In a pilot study and three additional studies, we demonstrate that reading a story about a similar/successful other, such as a business major from the same university, increases consumers' expectations about their own future wealth, which in turn increases their desire for luxury brands. However, reading about a dissimilar successful other, such as a biology major, lowers consumers' preferences for luxury brands. Furthermore, we examine the role of ease of imagining oneself in the narrative as a mediator of the relation between direction of comparison, similarity, and brand preference. *This study considers the psychographic profile of consumers but demographic profile has not been considered.* Also, Dinakar, S. (2006), in his article reports on the lack of quality retail space and the way Indians shop which affect the luxury business in the country. When Ermenegildo Zegna in 1999 set up shop in Mumbai at Crossroads, India's first shopping mall, he expected to mimic his success selling designer wear in China. But the Italian luxury suit maker closed up in 2005 because of low-end neighbors and poor foot traffic. Indians spend more on homes, travel, education and electronics, leaving little for luxury goods. *This study shows that purchase behaviour of luxury brands is not the same in China and India. This reflects the impact of culture but other demographic and psychographic variables have not been considered.* At the same time, Seringhaus, F. H. Rolf (2005), in his article, develops a profile of the Internet presence of French and Italian luxury brands. France and Italy are the most important luxury brand source countries. This study examines how luxury brands use the Internet, and thus is largely exploratory. A survey of 86 luxury brand Web sites carried out for this study provides the data to create a profile and comparative analysis of these two primary source countries of luxury brands. The key research objective is to use common terminology and measures to understand how French and Italian brands

use the Internet and whether there are differences in Web site characteristics. *This study considers the impact of culture on purchase of luxury brands but other demographic variables have not been considered.* Also, Nelson et al. (2005) say that globalization is embraced for bringing international goods to new places and critiqued for creating a homogenized world where multinational brands supersede indigenous cultural offerings. *This study shows the purchase behaviour of Indians towards local and international brands but other variables like age, gender and income have not been considered.* Also, Prendergast et al. (2003), focus on the purchasing behaviour of parents buying luxury brands of infant apparel and this paper considers the concepts of buying roles, conspicuous consumption/social consumption motivation, and materialism. A survey of 134 mothers who had purchased luxury brands of clothing for their infants found that parents are motivated by the good quality and design associated with the luxury brands. The relationship between the amount of money spent by parents on luxury brands of infant apparel and social consumption motivation was not significant. However, interviewees who spent more on luxury clothing brands for their infants were determined to be more materialistic. It is thus recommended that marketers should emphasize the good quality and design of their luxury brands of infant apparel. In addition, marketers should promote the materialistic values of purchasing luxury brands of infant apparel, showing that buying luxury brands of infant apparel may be a route to happiness, rather than being a route for impressing others. *This study considers wealth and design and quality of luxury brands but other demographic variables have not been considered.* Similarly, Sherman et al. (1987) investigate the relationship between demographic variables and family member roles in the decision-making process for purchasing a home computer. Variables which affect group decision-making;

Information on the important conclusions that should be considered by marketers in planning strategies; Decision of husbands and wives to seek different sources of product information. *This study takes into account demographic variables affecting purchase of home computer which can be extended to other luxury brands.*

**RESEARCH METHODOLOGY:** A secondary study is done about the luxury market globally and in India, the profile of luxury customers in India and the luxury industry with respect to watches and apparel and accessories. Then a primary study has been done by taking 500 respondents for luxury suits and for luxury watches from different areas in Mumbai to find out about their purchase behaviour.

**OBJECTIVE:**

- (i) To study the growth of the luxury market in India and abroad.
- (ii) To study the profile of Indian luxury customers
- (iii) To study the luxury industry with respect to luxury watches and suits
- (iv) To study the purchase behaviour of luxury customers with respect to luxury watches and suits and what motivates them to buy these products.

**FINDINGS :** The world's population of high net worth individuals (HNWI) grew at 8.3 % in 2010, coming down from the 17.1 % increase seen in 2009. However this rate of growth was still enough to push global HNWI financial wealth upto US \$ 42.7 trillion, beyond the pre-crisis high of US \$ 40.7 trillion in 2007 (Capgemini and Merrill Lynch Global Wealth Management, World wealth Report 2011). The report goes on to say that the Asia-Pacific region continued at a robust rate of HNWI population growth. As a result, while the size of its HNWI wealth had already overtaken Europe in 2009, Asia-Pacific has now surpassed Europe in terms of HNWI too.

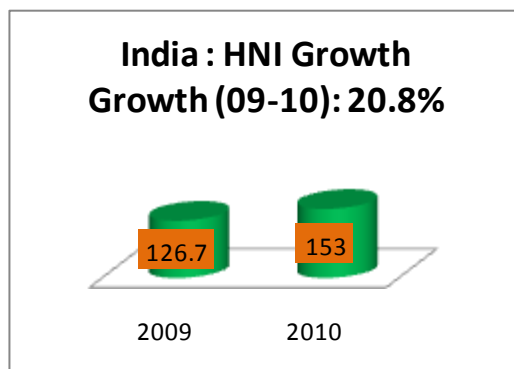
The growth in the wealth of the wealthy clearly brings good news to the luxury industry. 'If customers tightened their purse strings in 2009, spooked by the financial

crisis, and 2010 was the year they started loosening them again, 2011 saw a return to normal luxury-goods consumption, in line with historical trends' (Guardian, May 2011). In its spring 2011 luxury update, Bain & Co raised its 2011 growth forecast for luxury sales to 8 % ( Bain & Co, Luxury Goods Worldwide Market Study, June 2011). The consultancy estimated luxury sales would grow 5 -- 6 % in 2012

In India, while the gloom of an economic slowdown appears to envelope the broader economy, the luxury business is thriving. The phenomenal growth in the number of the super-rich has laid the foundation for the entry and growth of luxury brands that cater exclusively to the tastes of the ultra high net worth individuals/households. An increase in the disposable income of consumers has led them to buy luxury brands.

Though there are currently no validated estimates of the number of such households in India, Kotak Wealth and Crisil Research estimate that there were around 62,000 such households in India in 2010-11, but is poised to more than triple to 219,000 households by 2015-16.

The World Wealth report 2011 puts the figure of such individuals ( as against households) at 153,000. Crisil Research has defined an ultra high networth household as one with a minimum income of Rs. 35-40 million ( a minimum net worth of around Rs. 250 million). The total net worth of such households is expected to reach Rs. 235 trillion in 2015-16 from an estimated Rs. 45 trillion in 2010-11.



It is this population with high disposable incomes that will drive the growth of luxury in the coming years. Even by present statistics, demand exceeds supply. Over the next couple of years, India is likely to emerge among the top 10 luxury markets (it was at number 12 slot in 2010). The highest growth in the Indian luxury industry has been recorded in Delhi across all brands, closely followed by Mumbai. The south of the country—Bengaluru, Hyderabad and Chennai—is in catch up mode.

**Consumer Profiling:** While the high-end Indian luxury consumer talks about exclusivity, uniqueness and appeal to personal taste, the majority of the market is still far from this, and brand/logo/badge value drive luxury purchases very clearly, says the CII- AT Kearney report, 'Luxury in India'. In general, the mindset is still that of an "aspirer" not that of a "connoisseur". That said, traditional attributes such as high quality, heritage and longevity are beginning to emerge as drivers of purchase. The Indian luxury consumer is young—30 to 45 years old. While the average Indian luxury customer values high quality, exclusivity and social appeal as key drivers of luxury purchase, they are also very price-conscious and often straddled with a 'middle class mindset'.

The new Indian Indian luxury shopper lives not as you would expect mostly in metros like Mumbai, New Delhi and Bengaluru, but in Ludhiana, Tirupur, Bhatinda, Bhopal and Indore. Being well travelled, today's customer knows several international brands, uses and owns a couple of them. He/she is well versed in global fashion trends, making him/her very discerning. Importantly, he/she is willing to pay the price , a key factor in luxury shopping (Businessworld, Luxury special, September 2011).

Crisil research states that today's ultra HNI is not, in general, a reclusive individual. On the contrary, he/she is more likely to be a constant feature on television channels or on Page 3 of newspapers, and is comfortable in (some might even say seeks)

the limelight. They are the cream of society, know that they are, and seek to maintain a lifestyle in keeping with their social standing. Consequently, they are highly brand conscious, and in some cases, have strong brand loyalties. In many cases, therefore, price is not the only consideration guiding a purchase.

The Crisil-kotak report goes on to say that, in absolute terms, this category of customers are very heavy spenders, be it on high quality homes, food, clothing or the luxuries of life in entertainment, education, travel and family vacations. They are also finding new ways to splurge, such as on buying art and artefacts, yachts, and islands or even on underwater weddings, chartering aircraft to go on holidays or watch sports, entertainment events and partying.

Today's ultra HNIs would typically include business people who own enterprises with a turnover of Rs. 750 million or above, corporate executives, established professionals, politicians, traders, builders and agricultural landowners, unlike before independence when they were more likely to be the upper classes or the nobility. Based on the results of the survey, Kotak wealth and Crisil research have classified India's ultra HNIs into three groups:

1. **Inheritors:** Born with a silver spoon, and have inherited their high net worth.
2. **Self-made:** First generation entrepreneurs whose success in business made them wealthy.
3. **Professionals:** Qualified, highly skilled professionals who gained wealth because the companies that employed them grew big. The wealth dynamics and behavioral traits of each of these groups are unique, and wealth managers and luxury brands will face diverse challenges in their dealings with them.

**The Inheritors:** The Kotak-Crisil report states that being born into an ultra wealthy family gives this category of people an enhanced standard of living and access to a distinct set of privileges such as education in prestigious institutions, financial capital to start their own business and access to

influential social networks. The original connoisseurs, this group, comprises people who have inherited wealth or businesses from their forefathers. And, not to mention, unique and rather expensive tastes. They are the cognoscenti, used as they are to luxury and luxury brands. In general, inheritors are highly evolved brand users; consequently, they have higher propensity to experiment with brands or be among the earliest in their circle to adopt a new brand. Therefore, they remain clued on to the latest trends in styles and brands in their social circles.

Interestingly, many of them prefer to purchase their favourite international brands from abroad even if they are available in India. This appears to be either for nostalgic reasons or because of the mental comfort associated with similar purchases abroad in the past, or in some cases because their longer period of association with luxury brand marketers gives them access to privileged or customised services. They are likely to combine shopping abroad with holidays overseas with family.

The Kotak-Crisil report qualifies that because they are so wealthy and successful, and recognised in their social niche, this group does not feel the need to make any style statements, even though they tend to identify themselves very closely with a brand, and view it as a means to reflect their social standing.

The Kotak-Crisil survey indicated that, for the inheritors, the top spends on self were luxury watches, designer clothing, personal accessories, and luxury writing instruments. But the big-ticket spending was reserved for the family; the major spends were on exclusive holiday packages, jewellery products and household electronics. Inheritors are generally impulsive when it comes to spending on themselves, with exclusivity and brand popularity primarily guiding them.

**The self made:** This group comprises ultra HNIs who started diligently to make a name in their business circles, and have an inherent desire to be recognised as rich, says the Kotak-Crisil report. They strongly

believe that possessions are a hallmark of those who have succeeded. For the self-made, life revolves around their work, and they have very little time for anything else. According to the Kotak-Crisil survey, the self-made tend to have a latent desire to enjoy life to the fullest. However, their challenging work schedule is sometimes a hindrance in the way of their fulfilling that desire, as also their other goal of making time for the family.

The self-made are highly receptive to product innovation and are, hence, a delight for marketers of luxury products and services. They typically tend to use brands as a means to fulfil their aspirations, and show the strongest propensity for owning customised products. They are, therefore, plum targets for products based on cutting-edge technology or products tailored to their needs. Being active networkers, and inquisitive by nature, the self-made gain access to information on the latest brands, styles and trends in the elite parties they attend. With a number of major luxury brands making their entry in the Indian market, the self-made do most of their shopping from luxury retail stores within the country as their tight schedule of business engagements does not always give them the time to shop abroad.

They are likely to be the the biggest spenders on designer clothing, personal accessories like handbags, wallets and leather products, and designer mobile phones. They are also among the biggest spenders on luxury watches. Spending on family is confined to holidays abroad, jewellery products and household electronic products. Frequency of travel abroad is relatively much lesser than the other categories of the ultra HNIs, probably because they spend more time on business.

**The professional:** These are people who happened to be in the right industry at the right time. Their numbers have grown significantly in the last couple of decades, having worked their way to wealth, in service industries such as information technology and financial services,

benefitting from handsome salaries, hefty bonuses, end-term benefits and stock options. Others are self-employed. Doctors, lawyers and accountants are the other kinds of professionals for whom expertise is their originator of wealth.

This category are more likely to view hard work as a means to extend their capabilities further, and view wealth as an outcome of those enhanced capabilities. It is this focus on growing their expertise that allows them to choose between working, consulting, advising or mentoring. Professionals are, therefore, able to diversify the routes to creating and maintaining wealth.

Professionals have a greater proportion of their total income available for spending and investing than other ultra HNIs. They, therefore, spend and invest a greater proportion of their income than other ultra HNIs. However, they spend wisely. For them, their preferred brand has to be unique and has to have its own USP (unique selling proposition). For instance, most professionals interviewed for the Kotak-Crisil survey confessed a weakness for sports utility vehicles (SUVs), crossover SUVs, ultra luxury cars and sports cars, convertibles, roadsters—all of which are big-ticket vehicles.

**Spending patterns:**

As a proportion of total income, it is the professional—and not, as popular wisdom would suggest, the inheritor or the self-made—who splurges the most, if one can call it that. This can probably be explained by the fact that professionals derive their income predominantly from a job, unlike the inheritors and the self-made, both of who generate their income principally from their businesses. Not surprisingly, the latter two plough back nearly a third of their income into their primary businesses. In a pattern that can be explained on the basis of widely acknowledged regional cultural traits, ultra HNIs in the north tend to be a bit more expansive with their money compared to their counterparts from the south.

Overall, the survey revealed that ultra HNIs as a class spend a significant portion of their overall expenditure on customised holiday packages, luxury watches, jewellery, diamonds and precious stones and household electronics. Following closely are items such as domestic and international branded wear, high-end cameras and luxury leather products, states the Kotak-Crisil report.

**Watches:** Luxury watches are a coveted item for ultra HNIs. According to the AT Kearney report, a majority of those surveyed said they owned 2-5 or more luxury watches. Rolex, Omega, Rado, Cartier, Piaget, Breguet, Jaeger Le Coultre, and Girard Perregaux are sought after brands. India's potential luxury watch market was an estimated Rs. 15 billion in 2010-11. A majority of luxury watch purchases in the country take place in Mumbai or Delhi, although the aspiration for them is quite high in other tier-I and tier-II cities.

In 2010-11, Indians bought Rs. 5000 crore (US\$ 1 billion) worth of watches. Of that, luxury watches accounted for Rs. 1500 crore (US\$ 300 million). The market for luxury watches is expected to grow in the coming years. There are essentially two segments in luxury watches—classic and fashion. The growth in the latter segment, priced mostly below Rs. 1 lakh, is faster. This is a great opportunity, more so as there are new collections every season (Businessworld, luxury special, September 2011).

Swatch Group India, which has brands across basic, fashion; mid; luxury (Rado, Longines), and prestige segments (Breguet, Omega, Jaquet Droz, etc.) has seen each segment grow consistently over the past three years. The general outlook is that this segment is on a high and is likely to see many more big labels soon.

**Apparel and accessories:** Dressing natively is a common human trait and the degree of spending on them differs only on the basis of individual preferences. The three big segments of fashion luxury apparel market

are international branded apparel, Indian designer wear, and accessories. The market is segmented on the basis of wear occasions. International brands cater to casual wear, formal western wear and accessories, while Indian designers cater to the traditional, ethnic wear market. International brands, with the exception of Canali, have by and large stayed away from the Indian wear market according to the AT Kearney report.

In contrast to mature markets, the apparel market in India for men is much larger, constituting around 50%, and has seen the entry of several brands including Louis Vuitton, Burberry, Gucci, Versace and Armani. Some of them forayed into the country in collaboration with more active Indian partners such as Murjani Group, Sachdeva Group, Raymonds and DLF and the results of these brands have been mixed—while some have been fairly successful, some have exited as well.

The potential market for apparel and accessories in India was estimated at Rs. 64 billion as of 2010-11 and its mainstay is Indian traditional wear, sarees and designer wear, particularly for weddings and personal collections, states the Kotak-Crisil report. Most designers today have their own exclusive boutiques, either in five –star hotels or even in luxury malls.

Accessories are a very attractive segment of this market, and its potential is huge. Because of the standard nature of these products—such as handbags, belts, sunglasses and cufflinks, which are fast moving items—certain global brands have done well in the domestic market.

**Geographical distribution of consumers:** Luxury consumption in the country has so far been concentrated in Delhi and Mumbai with Bangalore being a distant third. Brands have been thinking of expanding their footprint beyond these cities and have been wondering about where their next store should be opened. The CII-AT Kearney report states that while Delhi and Mumbai continue to be the mainstay markets for luxury consumption,

there are several other cities with a large base of potential luxury consumers.

### What the future holds ?

The Kotak-Crisil Top of the Pyramid report says that the general assumption that the long term India growth story is intact will result in a significant increase in the number of ultra HNIs in the country. For luxury brands, this will mean an appreciable increase in their addressable market. This will necessitate not only an increase in the type and nature of products that they offer to this segment, but also greater awareness about behavioural trends with regards to spending by ultra HNIs. This will allow luxury brands to evolve more innovative marketing strategies and target their products in better, more effective ways.



The CII-AT Kearney report too shows a growing scenario and states that India's overall luxury market will grow 21% to become almost three times its current size by 2015. This, it says, will happen only when there is some out-of-the-box solutions to the multitude of problems plaguing this growth, that is, with the lack of a proven real estate model, a highly fragmented consumer base and no central organisation to address regulatory issues, luxury brands in India still face a stiff set of problems. The obstacles are common across the various luxury segments. How a particular player deals with them will differentiate the winners.

It is also evident that the segment of high net worth individuals will spawn the next wave of ultra HNIs, says the report. Luxury brands which are able to engage this segment productively and establish profitable long term relationships will find that they will have a first-mover advantage when these people transition from being high net worth individuals into ultra HNIs. This will entail development of a greater range of products, consistently high standards of quality of service and, critically, the right pricing.

### 7. Analysis based on primary data:

#### Suits

Based on the questionnaire and its analysis, the following were the findings:

1. Armani, Versace and Gucci were the most thought and recollected brands.
2. Armani, Versace and Gucci were also the most common brands used.
3. The main reasons for using these brands were:
  - (i) The customer wants to differentiate himself/herself
  - (ii) The brand gives a feeling of achievement
  - (iii) The brand is of the best quality
4. Differentiation, giving a feeling of achievement and best quality have got a high rating for all the brands.
5. Differentiation, best quality, giving a feeling of achievement and great looks are parameters which are important in suits. Satisfaction scores are also high with respect to the above parameters.
6. Armani and Versace are the top two brands in suits.
7. More than 80% of the people said that they will buy the brand even if the endorser is not used for endorsing in future.
8. The important characteristics of customers of luxury suits are:
  - (i) They make friends easily
  - (ii) They work in groups
  - (iii) They want to be centre of attraction
  - (iv) They are loyal to luxury brands
  - (v) They do not shift luxury brands



(vi) They do not buy second hand luxury brands

9. The gender wise distribution of customers is very skewed towards men. Only 18% customers for luxury suits were women.

10. The majority of the customers for luxury brands belong to the 31-40 and 41-50 age groups.

11. Most of the customers for luxury suits have an income of more than 3 lakhs.

12. Most of the customers for luxury brands are professionals followed by postgraduates.

13. The customers for luxury brands of suits

(i) Feel very powerful with the suit

(ii) Feel comfortable with the suit.

(iii) Feel superior to others in their suit

(iv) Prefer lighter suits and 'Made in Italy' suits.\

(v) Feel that their overall personality is enhanced.

### **Watches**

Based on the questionnaire and its analysis, the following were the findings:

1. Cartier, Omega and Tag Heuer are the most thought and recollected brands.

2. Omega, Cartier and Tag Heuer are also the most common brands used.

3. The main reasons for using these brands are:

(i) The brand gives a feeling of achievement

(ii) The brand is of the best quality

(iii) The brand is expensive

(iv) The brand has great looks

(v) The brand has greater history.

4. Differentiation, feeling of achievement, best quality, expensive and great looks have got high scores on all the brands.

5. Differentiation, feeling of achievement, best quality, expensive and great looks are parameters which are important in watches. More than 90% people are highly satisfied on all the parameters.

6. Rolex and Omega are the top 2 brands in watches.

7. More than 80% people said that they will buy the brand even if the endorser is not used in future for endorsing.

8. A few people gave the names of celebrities endorsing the brand of watches

like Cartier-Tim Morrison, Rolex-Ratan Tata and John Poket

9. The important characteristics of customers of luxury suits are:

(i) They make friends easily

(ii) They work in groups

(iii) They want to be centre of attraction

(iv) They are loyal to luxury brands

(v) They do not shift luxury brands

(vi) They do not buy second hand luxury brands

(vi) They stay in 5 star hotels and travel by business flights

10. About 70 % of the customers for luxury watches were men.

11. Most of the customers for luxury brands were in the age group of 31 - 40 years.

12. The family income is more than 2 lakhs and it is evenly distributed in the income brackets Rs. 2.1 -3 lakhs, Rs. 3.1 to 4 lakhs, Rs. 4.1 to 5 lakhs and more than Rs.5.1 lakhs.

13. Most of the people were professionals followed by postgraduates.

14. The customers for luxury brands of watches

(i) felt that they have achieved something when they wear the watch

(ii) prefer Swiss made watches.

(iii) wear a watch because it is light in weight

(iv) feel that wearing a watch enhances their overall personality

(v) wear a watch because it is costly

(vi) feel an increase in their self confidence while wearing the watch.

Some people said that they feel superior to others, they wear the watch because it is endorsed by a celebrity and feel comfortable while wearing the watch.

### **8. Some general conclusions regarding both suits and watches**

1. People in the age group of 20-30 years and 31-40 years want to socialise a lot, make new friends and want to be the centre of attraction. They feel a sense of achievement and enhanced self-confidence by owning the luxury brands.

2. Professionals travel a lot by business class, stay in 5 star hotels and meet a lot of

people. They are able to show their supremacy over others by owning the luxury brands.

3. People with high family income excess of Rs. 3 lakhs are able to splurge on luxury brands. They feel very important and superior, want to show off their exclusive and costly brands do not buy second hand luxury brands.

4. Most of the people were males but the percentage of females is also increasing as they are beginning to occupy senior positions in their careers.

5. Both man and women want to differentiate themselves and want to have the brands of best quality, great looks and history.

6. The people are happy to use a luxury brand which is endorsed by a celebrity but they do not shift to another brand if the celebrity is not there in future for endorsing.

7. There is a strong relationship between occupation of the person and use of luxury brands for e.g. professionals who travel a lot, meet different people and socialise tend to buy more of luxury brands like suits and watches which fits well with their attire.

8. There is also a strong correlation between family income and use of luxury brands as richer people will spend more on these brands.

9. There is an inverse relationship between age group and spending on luxury brands. People in the age group beyond 60 years travel lesser and their passion for getting supremacy is lesser as compared to people in the younger age groups.

10. Professionals is the ideal occupation of people who will be the target segment for luxury brands in suits and watches.

|  | Cases                               |         |         |         |       |         |
|--|-------------------------------------|---------|---------|---------|-------|---------|
|  | Valid                               |         | Missing |         | Total |         |
|  | N                                   | Percent | N       | Percent | N     | Percent |
|  | Gender * Brand preference for suits | 500     | 100     | 0       | 0     | 500     |

|        |                | Count          | Brand preference for suits |         |              |       |          | Total |
|--------|----------------|----------------|----------------------------|---------|--------------|-------|----------|-------|
|        |                |                | Armani                     | Versace | Ralph Lauren | Gucci | Burberry |       |
| Gender | Male           | Count          | 200                        | 120     | 10           | 70    | 20       | 420   |
|        |                | Expected Count | 210                        | 109     | 17           | 67    | 17       | 420   |
|        | Female         | Count          | 50                         | 10      | 10           | 10    | 0        | 80    |
|        |                | Expected Count | 40                         | 21      | 3            | 13    | 3        | 80    |
| Total  | Count          | 250            | 130                        | 20      | 80           | 20    | 500      |       |
|        | Expected Count | 250            | 130                        | 20      | 80           | 20    | 500      |       |

|                              | Value              | df | Asymp. Sig. (2-sided) |
|------------------------------|--------------------|----|-----------------------|
| Pearson Chi-Square           | 3.139 <sup>a</sup> | 4  | 0.535                 |
| Likelihood Ratio             | 3.095              | 4  | 0.542                 |
| Linear-by-Linear Association | 0.471              | 1  | 0.492                 |
| N of Valid Cases             | 500                |    |                       |

a. 7 cells (70.0%) have expected count less than 5. The minimum expected count is .32.

|                                  | Cases |         |         |         |       |         |
|----------------------------------|-------|---------|---------|---------|-------|---------|
|                                  | Valid |         | Missing |         | Total |         |
|                                  | N     | Percent | N       | Percent | N     | Percent |
| Age * Brand preference for suits | 500   | 100     | 0       | 0       | 500   | 100     |

|       |                | Count          | Brand preference for suits |         |              |       |          | Total |
|-------|----------------|----------------|----------------------------|---------|--------------|-------|----------|-------|
|       |                |                | Armani                     | Versace | Ralph Lauren | Gucci | Burberry |       |
| Age   | 20-30          | Count          | 30                         | 20      | 0            | 30    | 0        | 80    |
|       |                | Expected Count | 40                         | 21      | 3            | 13    | 3        | 80    |
|       | 31-40          | Count          | 80                         | 50      | 0            | 10    | 0        | 140   |
|       |                | Expected Count | 70                         | 36      | 6            | 22    | 6        | 140   |
|       | 41-50          | Count          | 110                        | 60      | 20           | 40    | 10       | 240   |
|       |                | Expected Count | 120                        | 62      | 10           | 38    | 10       | 240   |
| 51-60 | Count          | 30             | 0                          | 0       | 0            | 10    | 40       |       |
|       | Expected Count | 20             | 10                         | 2       | 6            | 2     | 40       |       |
| Total | Count          | 250            | 130                        | 20      | 80           | 20    | 500      |       |
|       | Expected Count | 250            | 130                        | 20      | 80           | 20    | 500      |       |

**Table 6: Chi-Square Tests**

|                              | Value               | df | Asymp. Sig. (2-sided) |
|------------------------------|---------------------|----|-----------------------|
| Pearson Chi-Square           | 13.639 <sup>a</sup> | 12 | 0.324                 |
| Likelihood Ratio             | 13.983              | 12 | 0.302                 |
| Linear-by-Linear Association | 0.002               | 1  | 0.964                 |
| N of Valid Cases             | 500                 |    |                       |

**Table 10: Case Processing Summary**

|  | N   |     | Percent |   | N   |     | Percent |  |
|--|-----|-----|---------|---|-----|-----|---------|--|
|  |     |     |         |   |     |     |         |  |
| Monthly family income * Brand preference for suits | 500 | 100 | 0       | 0 | 500 | 100 |         |  |

**Table 7: Case Processing Summary**

|  | Cases |         |         |         |       |         |
|--|-------|---------|---------|---------|-------|---------|
|  | Valid |         | Missing |         | Total |         |
|  | N     | Percent | N       | Percent | N     | Percent |
| Education * Brand preference for suits | 500   | 100     | 0       | 0       | 500   | 100     |

**Table 11: Chi-Square Tests**

|                              | Value               | df | Asymp. Sig. (2-sided) |
|------------------------------|---------------------|----|-----------------------|
| Pearson Chi-Square           | 15.182 <sup>a</sup> | 16 | 0.511                 |
| Likelihood Ratio             | 17.735              | 16 | 0.34                  |
| Linear-by-Linear Association | 0.772               | 1  | 0.379                 |
| N of Valid Cases             | 500                 |    |                       |

a. 22 cells (88.0%) have expected count less than 5. The minimum expected count is .08.

**Table 8: Education \* brand preference for suits Cross tabulation**

|               |              |                | Brand preference for suits |         |              |       |          | Total |
|---------------|--------------|----------------|----------------------------|---------|--------------|-------|----------|-------|
|               |              |                | Armani                     | Versace | Ralph Lauren | Gucci | Burberry |       |
| Education     | Graduate     | Count          | 50                         | 20      | 0            | 10    | 0        | 80    |
|               |              | Expected Count | 40                         | 21      | 3            | 13    | 3        | 80    |
| Post-graduate | Professional | Count          | 60                         | 40      | 0            | 20    | 10       | 130   |
|               |              | Expected Count | 65                         | 34      | 5            | 21    | 5        | 130   |
| Total         |              | Count          | 140                        | 70      | 20           | 50    | 10       | 290   |
|               |              | Expected Count | 145                        | 75      | 12           | 46    | 12       | 290   |
|               |              | Count          | 250                        | 130     | 20           | 80    | 20       | 500   |
|               |              | Expected Count | 250                        | 130     | 20           | 80    | 20       | 500   |

**Table 12: Case Processing Summary**

|                                       | Cases |         |         |         |       |         |
|---------------------------------------|-------|---------|---------|---------|-------|---------|
|                                       | Valid |         | Missing |         | Total |         |
|                                       | N     | Percent | N       | Percent | N     | Percent |
| Gender * Brand preference for watches | 500   | 100     | 0       | 0       | 500   | 100     |

**Table 9: Chi-Square Tests**

|                              | Value              | df | Asymp. Sig. (2-sided) |
|------------------------------|--------------------|----|-----------------------|
| Pearson Chi-Square           | 2.787 <sup>a</sup> | 8  | 0.947                 |
| Likelihood Ratio             | 3.725              | 8  | 0.881                 |
| Linear-by-Linear Association | 0.416              | 1  | 0.519                 |
| N of Valid Cases             | 500                |    |                       |

a. 12 cells (80.0%) have expected count less than 5. The minimum expected count is .32.

**Table 13: Chi-Square Tests**

|                              | Value              | df | Asymp. Sig. (2-sided) |
|------------------------------|--------------------|----|-----------------------|
| Pearson Chi-Square           | 1.440 <sup>a</sup> | 6  | 0.963                 |
| Likelihood Ratio             | 2.209              | 6  | 0.899                 |
| Linear-by-Linear Association | 0.823              | 1  | 0.364                 |
| N of Valid Cases             | 500                |    |                       |

|  | Valid                                    |         | Missing |         | Total |         |
|--|--|---------|---------|---------|-------|---------|
|  | N  | Percent | N       | Percent | N     | Percent |
|  | Education * Brand preference for watches | 500     | 100     | 0       | 0     | 500     |

|  | Cases |         |         |         |       |         |
|--|-------|---------|---------|---------|-------|---------|
|  | Valid |         | Missing |         | Total |         |
|  | N     | Percent | N       | Percent | N     | Percent |
| Monthly family income * Brand preference for watches | 500   | 100     | 0       | 0       | 500   | 100     |

|                              | Value               | df | Asymp. Sig. (2-sided) |
|------------------------------|---------------------|----|-----------------------|
| Pearson Chi-Square           | 12.432 <sup>a</sup> | 12 | 0.412                 |
| Likelihood Ratio             | 14.178              | 12 | 0.289                 |
| Linear-by-Linear Association | 0.078               | 1  | 0.78                  |
| N of Valid Cases             | 500                 |    |                       |

a. 19 cells (90.5%) have expected count less than 5. The minimum expected count is .16.

|                              | Value               | df | Asymp. Sig. (2-sided) |
|------------------------------|---------------------|----|-----------------------|
| Pearson Chi-Square           | 32.454 <sup>a</sup> | 24 | 0.116                 |
| Likelihood Ratio             | 23.934              | 24 | 0.465                 |
| Linear-by-Linear Association | 0.735               | 1  | 0.391                 |
| N of Valid Cases             | 500                 |    |                       |

a. 33 cells (94.3%) have expected count less than 5. The minimum expected count is .04.

|                                    | Cases |         |         |         |       |         |
|------------------------------------|-------|---------|---------|---------|-------|---------|
|                                    | Valid |         | Missing |         | Total |         |
|                                    | N     | Percent | N       | Percent | N     | Percent |
| Age * Brand preference for watches | 500   | 100     | 0       | 0       | 500   | 100     |

|                              | Value               | df | Asymp. Sig. (2-sided) |
|------------------------------|---------------------|----|-----------------------|
| Pearson Chi-Square           | 13.505 <sup>a</sup> | 18 | 0.761                 |
| Likelihood Ratio             | 14.658              | 18 | 0.685                 |
| Linear-by-Linear Association | 2.176               | 1  | 0.14                  |
| N of Valid Cases             | 500                 |    |                       |

a. 25 cells (89.3%) have expected count less than 5. The minimum expected count is .08.

From the chi square tests we conclude that there is no relation between demographic variables like age, gender, education and family income with respect to brand preference for luxury suits and watches.

**9. Benefits of research:** (i) Luxury brands will be in a better position to consolidate their base in India by looking into the requirements of customers and offering them the best products at a price they can pay. Brand managers can understand the main factors which motivate a person to buy luxury watches and suits. (ii) They can use strategic marketing to reach out to more people, thus creating a bigger market for themselves.

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## DIGITAL BANKING FACILITIES AT KAKINADA IN EAST GODAVARI DISTRICT OF ANDHRA PRADESH – A STUDY

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**ABSTRACT:** *A tremendous progress in the field of information technology has reduced the world to a global village and it has caused unprecedented changes in the banking industry. Banks are facing a unprecedented competition with their fellow bankers in providing financial services through internet. The deregulation of the banking industry coupled with the emergence of new technologies, are enabling new competitor to enter the financial services market quickly.*

*Huge developments in the technology of telecommunications and electronic data processing have further stimulated these changes. Digital banking is new jargon frequently used in banking circles. Today, banks are offering multiple products and services to their customers through internet which reduces competition in innovative service providers. They are also getting a huge database which is more helpful to provide new and innovative products and services to attract their customer's attention. In the competitive world digital banking is used as a strategic tool by the banking sector to attract and retain customers. The present paper covers digital banking facilities provided by the banks to various customers in Kakinada which is called a port city or new industrial hub of newly created Andhra Pradesh State.*

**Keyword:** Digital Banking facilities, E Banking services, Internet banking, Internet Banking Products, Digital Banking Products

### INTRODUCTION

Banking industry in India is facing unprecedented competition from non – traditional banking institutions, which now offer banking and financial services over the internet. The deregulation of the banking industry coupled with the emergence of new technologies, are enabling new competitor to enter the financial services market quickly.

The digital banking Facility is solving maximum financial related problems of transactions with banks, customer is free to use banking services without visiting bank. Maximum all banks are providing their list of services on their websites to facilitate their customers without visiting their premises. Nowadays all the customers are also expecting these services to save their time and energy.

E – Banking is a generic term for delivery of banking services and products through electronic channels, such as the telephone the internet, the cell phone, etc.,

### STATEMENT OF THE PROBLEM

Banking is a customer oriented service industry, where the customer is in focus and customer service is a differentiating factor. The traditional functions of banking are very limited one. Economic reforms initiated by the government of India in the early 1990's have brought about a sea change in the operational environment of the financial sector and the functioning outlook of Indian banks. Customer expects many services with the various deliver mode in the speedy and economically. Modern World Bank is fully based on computerization connected with the Internet. Digital Banking which also treated as E Banking or Internet banking provides new opportunities for banks to expand their

markets and services not only in the local level but also into the world level. The digital Banking facilities made a tremendous change in the banking sector which facilitates the customers to save their energy and time. The digital banking facilities additionally providing anytime banking and any place banking that means global level or national level banking instead of restrictive and limited banking facilities. These digital facilities make their customers to opt the digital banking facilities instead of traditional facilities.

This study provides an opportunity to know role of digital banking service in banks and their facilities in KAKINADA City of Andhra Pradesh. The present study also focuses on the awareness of the technology oriented services offered to their customers at KAKINADA in East Godavari District of Andhra Pradesh.

#### **RATIONALE OF STUDY**

The Rationale of this study is to take up the issue of DIGITAL BANKING FACILITIES, with particular reference to KAKINADA in East Godavari District of Andhra Pradesh to examine the various components of Digital Banking, the facilities available and providing by both Public and Private Sector Banks with statistical data to determine whether they are providing to their customers or not.

#### **SCOPE OF THE STUDY**

Traditional branch based retail banking remains the most wide spread method for banking transaction. However the internet technology rapidly changing the way of designing and delivering the personal services. Now Commercial banking are introduced internet based e-banking system to improve their operations and to reduce the cost. Despite all their efforts aimed at developing better and easier digital banking system, these systems remain unnoticed by the customer. Therefore there is a need to understand users' acceptance of digital banking and a need to identify the factors that can affect their intention to use the Internet Banking at Kakinada in East Godavari District of Andhra Pradesh.

#### **REVIEW OF LITERATURE**

Dr C. Paramasivan (2009) in his study entitled "Customer satisfaction through information technology in commercial banks' highlighted that, customers are satisfied with banking services to some extent and the bankers should try to improve services at an affordable cost with the help of information technology.

Mishra (2005) in his paper explained the advantages and the security concerns about internet banking. According to him, improved customer access, offering of more services, increased customer loyalty, attracting new customers are the primary drivers of internet banking. But in a survey conducted by the online banking association, member institutions rated security as the most important concern of online banking.

Nyangosiet al. (2009) collected customers' opinions regarding the importance of e-Banking and the adoption levels of different e-Banking technologies in India and Kenya. The study highlighted the trends of e-banking indicators in both countries. The overall result indicates that customers in both countries have developed a positive attitude and they give much importance to the emergence of e-banking.

#### **OBJECTIVES OF THE STUDY**

- To study the digital banking facilities available to the customers of Kakinada at East Godavari District in Andhra Pradesh.
- To study and analyse the various factors that are affecting to provide the digital banking facilities at Kakinada in East Godavari District.

#### **RESEARCH METHODOLOGY**

##### **Primary data**

Primary data was collected a fresh and for the first time. It is the data originates by the researcher specifically to address the research problem. In this study, primary data will be collected primarily through discussions with officials and customers of various banks to understand the various digital banking facilities provided by their

bankers of Kakinada at East Godavari District in Andhra Pradesh.

**Secondary Data**

Secondary data includes those data which was collected from internet, the brochures, Advertisements, magazines and the printed material available from the public and private sector banks of Kakinada at East Godavari District in Andhra Pradesh.

**SCOPE OF STUDY**

- The project will be developed on the basis of Digital Banking Facilities and customers’ Satisfaction in the East Godavari District of Andhra Pradesh only
- It will be helpful to find out the factors which encourage the Banking Sector to Work with high involvement.

**LIMITATIONS OF THE STUDY**

- The study will be conducted at Kakinada in East Godavari District of Andhra Pradesh only, which will not be reflected to over all the state of Andhra Pradesh.
- Some of the officials will not be able to express their ideas freely. Some answers of the officials may not be correct.

**SAMPLING DESIGN**

The Present Paper studies the Banking facilities or services offered at Kakinada of East Godavari District of Andhra Pradesh. Kakinada is a city and a municipal corporation in East Godavari district in the Indian state of Andhra Pradesh. It is also the headquarters of East Godavari district. The city has a population of about 800,000(504,920) as per 2001 census. This coastal city is witnessing rapid growth thanks to the recently granted Special Economic Zone status. It is one of the largest tier-2 cities of India. The city also has a deep-water port which is expanding rapidly.

To facilitate the entrepreneur and other people 28 commercial banks are available with the Internet Banking Services. The numbers of Internet bank users are invariably high. So the researcher has adopted convenient sampling method and selects the 100 respondents from the all banks.

**ANALYSIS AND INTERPRETATION**

**1.1. DESCRIPTION OF SAMPLE**

Nowadays banks offered various types of account for different types of customer. Data regarding the type of banks account of respondents is collected and depicted in Table 1.1.

**Table 1.1  
TYPE OF ACCOUNT**

| S.NO | Kind of Account     | Number of Respondents | Percentage |
|------|---------------------|-----------------------|------------|
| 1    | Savings Account     | 21                    | 21         |
| 2    | Current Account     | 50                    | 50         |
| 3    | Salary Accounts     | 16                    | 16         |
| 4    | Cash Credit Account | 13                    | 13         |
|      | Total               | 100                   | 100        |

Source: Primary Data

It is clear from the Table 1.1 that out of 100, 21 per cent respondents have savings bank account, 50 per cent have current account, 16 per cent of the respondents have salary accounts, and remaining 10 per cent of the respondents have time deposit account.

**1.2. INFORMATION SOURCES ABOUT INTERNET BANKING**

All the banks offer different types of services to the customer from time to time. Most of the time the modern services provided by the bank is not correctly communicated to the customer. So the researcher collected the information about the source through which the respondents got the information about the internet banking services. This piece of statistics has been presented in Table 1.2.

**Table 1.2**

**KNOWLEDGE ABOUT INTERNET BANKING SERVICES**



| S.NO | Sources               | Number of Respondents | Percentage |
|------|-----------------------|-----------------------|------------|
| 1    | Advertisement         | 48                    | 48         |
| 2    | Friends and Relatives | 15                    | 15         |
| 3    | Bank Staff            | 21                    | 21         |
| 4    | Bank Website          | 16                    | 16         |
|      | <b>Total</b>          | <b>100</b>            | <b>100</b> |

Source: Primary Data

It is clear from the Table 1.2 that out of 100 respondents, 48 per cent have known from advertisement, 15 per cent of the informants got the information from the friends and relatives, 21 per cent of the customers are came to know about the Internet banking service through bank staff and the remaining 16 per cent of the respondents known from bank website.

### 1.3. REASONS FOR PREFERRING DIGITAL BANKING FACILITIES

Digital banking provides enormous facilities to the respondents. The investigator gathered the information about the factor which induce or urge the respondents to prefer online banking facilities. Table 1.3 shows the major reasons for utilizing the online banking by the respondents.

**Table 1.3**  
**REASONS FOR USING ONLINE FACILITIES**

| S.NO | Reasons                                  | Number of Respondents | Percentage |
|------|--|-----------------------|------------|
| 1    | Fund Transfer                            | 48                    | 48         |
| 2    | Electronic Bill presentation and payment | 15                    | 15         |

| S.N O | Reasons                   | Number of Respondents | Percentage |
|-------|---------------------------|-----------------------|------------|
| 3     | Checking Accounts balance | 21                    | 21         |
| 4     | Online bill payment       | 12                    | 12         |
| 5     | Business Purpose          | 4                     | 4          |
|       | <b>Total</b>              | <b>100</b>            | <b>100</b> |

Source: Primary Data

It is clear from Table 1.3 that out of 100 respondents those who utilize the Digital Banking services, 48 per cent of the respondents utilize for Inter account fund transfer, 15 per cent of the customers for Electronic Bill presentation and payment use the Digital Banking, 21 per cent prefer for checking their account balance, 12 per cent utilize for online settlement of their bill, remaining 4 per cent prefer to Deposit and withdraw money at any time.

### 1.4. PERCEPTION ABOUT SERVICE CHARGES OF DIGITAL BANKING

The bank collects the service charges from the accounts holders for providing the digital banking services. The researcher has gathered information about the opinion about service charges fixed by the bank and presented in the table 1.4.

**Table 1.4**  
**OPINION ABOUT THE SERVICE CHARGES**

| S.NO | Level Of Service Charges | Number of Respondents | Percentage |
|------|--------------------------|-----------------------|------------|
| 1    | Very high                | 08                    | 08         |
| 2    | High                     | 29                    | 29         |
| 3    | Moderate                 | 39                    | 39         |
| 4    | Low                      | 24                    | 24         |
|      | <b>Total</b>             | <b>100</b>            | <b>100</b> |

Source: Primary Data

It is vivid from the Table 1.4 that out of 100 respondents, 8 per cent feel that the service charges are very high, and 29 per cent pointed out that the charges are high, 39 per cent are feel moderate and the remaining 24 per cent feel that services charges are low.

**1.5. PROBLEMS FACED BY THE RESPONDENTS**

Even though the bank provides various services under digital banking scheme to their customers, some time it creates some minor problems. The researcher has identified common problems faced by the respondents while using Digital banking. It is shown in the Table 1.5.

**Table 1.5  
PROBLEMS**

| S.NO | Problems                         | No. of Respondents | %   |
|------|----------------------------------|--------------------|-----|
| 1    | Network failure                  | 29                 | 29  |
| 2    | Error in operation               | 20                 | 20  |
| 3    | No security for internet dealing | 28                 | 28  |
| 4    | No Authenticated records         | 17                 | 17  |
| 5    | Low Speed and Delay              | 6                  | 6   |
|      | Total                            | 100                | 100 |

Source: Primary Data

It is observed from the above Table 1.5 that out of 300 respondents 29 per cent of the respondents face network failure problems, 20.33 per cent of the respondents face error in operation, 27.67 per cent of the respondents feel that there is no security in e- dealings, 17.33 per cent think that there is no authentication records and the remaining 5.79 per cent of the respondents think that net work delay problems.

**SUGGESTIONS**

Based on the finding of the study, the following suggestions were made with a view to improved the customer service in the Digital banking System.

1. Even though the Digital -banking provides innumerable facilities to the users’ still the customer worry about the Security system offered by the banks. For this, banks must implements the following.

- a. Bank should install system supported by software and firewalls. It should be configured the highest security setting with the level protection according to the customers needs.
  - b. Bank should increase their ability to control and manage the various risks inherent to the e-transaction activities.
  - c. Banks should provide more security to minimize the risk and increase customer authentication such as Personal Identification Number, Digital Signature, audit trail for transaction, etc.
2. The banks have to focus on quality of services and the banks should try to charge a reasonable service charge.
  3. The major problems faced by the employees of the bank are connectivity problems and power failure problem. To overcome these problems the branches should set up a preventive measure.
  4. Banks can have a tie-up with other banks so that the customers can transact between accounts of various types of banks.
  5. If any complaint is received by the banks it must be redressed immediately. Similarly the Bank staff must clear doubts of the customers in vernacular language.

**CONCLUSION**

Banking system not only in Kakinada emphasizes the need for automated banking. Digital Banking allows the customers to satisfy many needs with minimum human intervention. Due to the unhealthy competition in the banking field the banker must cut their expenses and attract as well as retain the customers by offering digital banking services. Digital banking is a unique weapon for survival of banks and retains the customers’ loyalty. But the security under digital banking is always questionable one. If the bank creates trust about the securities system among the

customers it easily accomplishes its milestone.

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## Second Inning of Royal Enfield “Boys ride motorcycles, Men ride Bullet”

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### **Abstract**

*People talk a lot about Harley Davidson and how big it is as a Cult brand. Well, it seems that the American legend – Harley Davidson – has finally been challenged by someone. And that someone is none other than an Indian. The undisputed champion of the motorcycle world worldwide lost to an Indian motorcycle manufacturer – Royal Enfield – in 2014 sales figures.*

*The Chennai based motorcycle manufacturer sold over three lakh motorcycles in 2014 which is almost 35,000 units more than what Harley sold. Where Harley Davidson sold a total of 2, 67,999 motorcycles worldwide in 2014, Royal Enfield sold an impressive 3, 02,591 units. The news is also significant as for Royal Enfield, the sales figures of 2014 are 70% more than what it did in 2013 whereas Harley Davidson’s sales figures grew by 3%.*

*India was basically a scooter market few years back. However, the last few years have changed the way people see and perceive bikes. India is now seeing a trend of 150 cc or above bike segments, but Bullet was always present with the ranges of 250 cc, 350 cc and 500 cc bikes.*

*This paper discusses about Royal Enfield’s past, present and future. It also analyzes how it has emerged from the setback which HMT failed to do so. It analyses their branding strategies as well as its marketing mix.*

**Key Words:** *Royal Enfield, Motorcycles, Branding, Business Strategy, Marketing Mix*

### **History:**

Royal Enfield is a motorcycle manufacturing company based in Chennai, India. Originally, a confluence of the British Motorcycle company, Royal Enfield and indigenous Madras Motors, it is now a subsidiary of Eicher Motors Limited, an Indian automaker. Along with its flagship motorcycle Royal Enfield Bullet, the enterprise is notable for its Mid-premium motorcycles with the characteristic thumping engine sounds and high capacity engines.

In late 1995, the Enfield India firm acquired the rights to the name Royal Enfield. Royal Enfield of India now sells motorcycles in over twenty countries. Royal Enfield was the name under which

the Enfield Cycle Company made motorcycles, bicycles, lawnmowers and stationary engines. The legacy of weapons manufacture is reflected in the logo, a cannon, and their motto "Made like a gun, goes like a bullet". Use of the brand name Royal Enfield was licensed by The Crown in 1890. Royal Enfield produced bicycles until it closed in early 1967. The company's last new bicycle was the 'Revelation' small wheeler, which was released in 1965. Production of motorcycles ceased in 1970 and the company was dissolved in 1971. In 1956 Enfield of India started assembling Bullet motorcycles under license from UK components, and by 1962 was manufacturing complete bikes.

Enfield of India bought the rights to use the Royal Enfield name in 1995. Royal Enfield production, based in Tiruvottiyur, Chennai, continues and Royal Enfield is now the oldest motorcycle brand in the world still in-production with the Bullet model enjoying the longest motorcycle production run of all time. Royal Enfield motorcycles were made in England and sold in India since 1949. Then a royal turn came for Enfield motorcycles in 1955, when Bullet was chosen by Indian government for its police and army, for patrolling the country's border and an order of 800 350 cc model Bullets was made by Indian government. In 1955, the Redditch Company partnered with Madras Motors in India to form 'Enfield India' to assemble, under license, the 350 cc Royal Enfield Bullet motorcycle in Chennai (then called Madras). The first machines were assembled entirely from components shipped from England. In 1957, the tooling was sold to Enfield India so that they could manufacture components. By 1962, all components were made in India. An independent manufacturer since the demise of Royal Enfield in England, Enfield India still makes similar bike models in the form of 350 cc and 500 cc today.

### 1. Royal Enfield: Closeout and Reviving up

For Royal Enfield, the year 2000 could have been decisive. It was the time when the board of directors at Eicher Motors decided to sell off Royal Enfield – the company's Chennai-based motorcycle division, which manufactured the iconic Bullet motorbikes as it was incurring losses since 1995 to 2000. The bike sales were down to 2,000 units a month against the plant installed capacity of 6,000 and it was against the reputation of Bullet brand. Though the bikes had diehard fans in terms of its customers, there were also frequent complaints about certain parts like of engine seizures, snapping of the accelerator or clutch cables, electrical failures and oil leakages. Many of the customers found the bikes too heavy, difficult to maintain, with

the gear lever inconveniently positioned and a daunting kick-start.

There were differences of opinions among board members on the issue that whether Royal Enfield should be kept with the Eicher Group or it should be sold out. But son of Mr. Vikram Lal (former CEO of Eicher Motors), Mr. Siddhartha Lal had other thoughts in his mind; he insisted that Royal Enfield should get another chance.

#### Exhibit 1: Reinforcement of change

|   |   |
|---|---|
| <p><b>THE PROBLEM</b><br/>Despite the bikes' fan following, the motorcycle division was bleeding.</p> | <p><b>THE WAY OUT</b><br/>Appealing to a wider base, making the products more reliable.</p>                     |
| <p><b>THE CHALLENGE</b><br/>Modernizing the bikes without taking away their unique identity.</p>      | <p><b>THE SUCCESS</b><br/>Modern technology used, but vintage look retained; improved management practices.</p> |

But it was not end of the story for Royal Enfield as it had got its reputation (Brand image of Bullet), a cult following among customers, an instantly recognizable build, and aspirational value. Changes had to be made to keep up with the times and make the bike more acceptable, and therein lay the problem. Royal Enfield fans liked the bikes exactly the way they had always been. Royal Enfield needed changes to attract new customers but by doing so risked losing existing ones.

#### 1.1 Reviving up Royal Enfield

The change had to be a calibrated one which is in tune with the customer preferences. The misconceptions of prospective customers had to be addressed as customers were little apprehensive about trying out Bullet and Thunderbird, which was launched in 2002, removed. But at the same time, while addressing to customers doubt, the individuality of Royal Enfield bikes should not be compromised. So management of Royal Enfield decided not

to go by the commuter route, but instead focus on the leisure segment.

Retaining the bikes rugged looks was a given, including the build, the design of the head lamp and the petrol tank. But should the gears be shifted close to the rider's left foot – as in most bikes – or retained on the right side? This question gave many sleepless nights to the team of Royal Enfield who were working on the look of the bike, since long time users were dead opposed to the change. The engine was another thorny question. The old cast iron engine was a relic of the past. Its separate gear box and oil sump design made it prone to oil leaks and it seized up very often. Its ability to meet increasingly strict emission norms was also suspect. A modern aluminum engine would eliminate these problems, but it would lack the old engine's pronounced vibrations and beat – which Royal Enfield customers loved. Laws of physics made it impossible to replicate these with the new engine.

The team of Royal Enfield proceeded to both alter the position of the gears and design a new engine. RE retained many of the old engine's characteristics – the long stroke, the single cylinder, the high capacity with push rod mechanism. But the new engine, unlike the old, had hydraulic tappets, a new engine arrangement, new metal and fewer moving parts. Obviously, it did not produce the vibrations and the beat of the old, but international experts were consulted and sound mapping carried out for over 1,000 hours to ensure it produced the maximum rhythmic vibrations possible and a beat, which was 70 per cent of the amplitude of the original.

The new engine had 30 per cent fewer parts and produced 30 per cent more power than the old, with better fuel efficiency. By 2010, all Royal Enfield models had begun to use the new engine. Two other problems needed to be addressed: the quality of some of the components Royal Enfield bikes were using, and the sales experience. To tackle the first, shop floor processes were fine-tuned, while suppliers were exhorted

to improve quality levels. Royal Enfield also embarked on a large scale internal exercise to tone up performance. Royal Enfield declared 2006 as the year of getting back to the basics. RE also formed a field quality rapid action force to bridge the gap between customer expectations and the reality.

The tide started turning bit by bit for Royal Enfield. All problems related to engine and oil leakages in Royal Enfield products almost disappeared. By 2008 dealers reported of lower workloads and fewer warranty claims. Malfunctioning of the sprag clutch, on which the electric starter depends, declined from five per cent in 2005-06 to 0.2 per cent in 2010-11. Royal Enfield also began conducting marquee rides to promote leisure biking. In October 2008, Royal Enfield launched in Germany its newly designed 500cc Classic model – inspired by J2, a 1950 model Bullet – with the new engine. It was a success as it was highly admired for its performance and fuel economy. It was launched in India in November 2009 initially as a 350 cc bike, priced at Rs 1.20 lakh. This proved a hit too with 100 per cent capacity utilization of Royal Enfield. Yet customers have to wait to own their dream machine as there is a six months waiting period for deliveries.

## **2. Marketing strategy of Royal Enfield since 2000**

### **2.1 Product**

Royal Enfield Bike is a synonymous with power, performance and satisfaction. That's why it's a matter of pride to be an owner of a Royal Enfield Bike in India especially in the smaller towns and rural areas. The aristocratic black with gold livery and its thumping 350cc engine always go with a *ratatata* sound that reminds all passersby of a royal motorcycle in the vicinity. It doesn't matter if Bullet bikes do not match the number of Pulsars or Splendors, but they surely are royal motorcycles.

*Having a Cult status the Royal Enfield motorcycle is known for its Versatility, Uniqueness and is built to last. Perceived as a machine in a class of its own and*

*synonymous with Leisure and Adventure; riding and charting up the miles.*

Royal Enfield strongly promotes leisure motorcycling as a lifestyle and encourages the Royal Enfield riders/owners to keep riding. To its customers, the name Royal Enfield means more than just motorcycles. It gives them sense of belonging to an exclusive community of bikers with unfading passion and emotion. It imparts an entirely different personality to its rider.

*Company is all set to augment its leadership position*, be it in the power and leisure bike segment in India or the classic bike segment elsewhere in the world, by introducing distinctively styled and higher-powered motorcycles, strengthening existing communities around its products, expanding its network, and delivering a unique motorcycling experience. As the only motorcycle manufactured in India synonymous with adventure and leisure riding, Royal Enfield has more recently stayed away from regular mass media advertising and has concentrated more on building its brand around the values that the brand stands for.

Royal Enfield ensures that all the components used in the bikes are sourced from the best vendors in the Indian automotive industry, who are geared to supply according to the Company's stringent quality standards. The company gives technical and managerial support to its suppliers and maintains practices like Direct-On-Line and Vendor Self-Certification.

### **2.2 Price**

Royal Enfield motorcycles are priced in the premium range starting from Rs. 1, 00,000 to Rs. 2, 00,000. RE positioned as cult and superior brand image in customers mind and hence is able to charge a price premium on its products. Royal Enfield does charge a slight price premium on its products. This is owing to the fact that the bike offers higher engine capacity (350cc to 500cc) and also being Handmade; it has. The Royal Enfield products have moderate Price Inelasticity, which means that since

they have superior brand image in the customers mind, even if the price of the products are increased, to a certain level the demand for the products will remain mostly inelastic and will only go down considerably if the price of its products are increased too high. Hence Royal Enfield can leverage the Price Inelasticity of its products to increase its revenues.

### **2.3 Place**

You can feel the pulse of your customers, only if you get close to them. This thought process has driven Royal Enfield to set up has a wide network of 11 Brand Stores, 250 dealers in all major cities and towns, and over 200 Authorized Service Centers. The Company has 40 importers and over 300 dealers across the globe and exports its bikes in countries like the USA, Japan, UAE, Korea, Bahrain, UK, France, Germany and Argentina.

### **2.4 Promotion**

As the only motorcycle manufactured in India synonymous with adventure and leisure riding, Royal Enfield has more recently stayed away from regular mass media advertising and has concentrated more on building its brand around the values that the brand stands for. Royal Enfield strongly promotes leisure motorcycling as a lifestyle and encourages the Royal Enfield riders/owners to keep riding. In this regard, the company organizes annual events and rides such as the Himalayan Odyssey, the Tour of Rann of Kutch, The Tour of NH 17 (Mumbai to Goa), the Tour of Rajasthan and the Southern Odyssey. It also organizes the Annual festival of biking, Rider Mania in Goa which attracts Royal Enfield riders from all over.

### **2.5 STP Approach of Royal Enfield**

Royal Enfield is bound to take up the elite class top right corner beating all the other brands, hands down. *The brand value and image which Royal Enfield has built over the years is out of the bounds for any other brand. Royal Enfield bikes are currently the most respected one in the market and lie in the premium sector. They have also set*

*their image as a very manly bike, as being very heavy it becomes a little difficult to handle making it possible only for well-built men to handle it. This further gives a hint of muscularity and pride to the owner and to be a part of the few who can handle the beast.*

The brand has worked hard in building this perception from the very beginning, for instance the motorcycle was first to be seen owned by the powerful people only, like police officials, zamindars etc. making it an aspiration for others.

**Segmentation:** Leisure & adventure bikes (niche)

**Targeting:** Bikers, 25-45 years, working executives

**Positioning:** Status symbol (tier -3 cities, District Headquarters), leisure & adventure (tier 1 & 2 cities)

Association of customers with the brand has grown very deep with the years and customer loyalty simply breaks the charts. Transition from Royal Enfield to some other motorcycle is a very rare phenomenon as the attitude which is perceived for the brand, the association with power, strength and ruggedness with unique touch of luxury is not to be seen in any other brand.

Royal Enfield cater to only one segment and maintain their core competency, i.e. lifestyle biking. They give the riders a sense of belonging that the motorcycle has been specially built for someone like him/her. They don't have any low range products maintaining the premium image of the brand and even in the future they plan to go further up the ladder of power and thrill.

*There is a saying about Bullet, "Once you ride a Bullet, You don't ride any other bike"!*

### **3. Brand Communication by Royal Enfield**

Designing brand communication for such an iconic brand is always a challenge since the right mix of portraying heritage and legacy verses modern well equipped machine has to be chosen. The Bullet has always been associated with independence,

self-expression, power and passion. Even the marketing campaign 'Leaving Home', 'Selfism' focused on the same aspect as it showed a boy cutting his umbilical cord to ride his dream bike. The brand communication was based on the insight that many young men stay at home for too long missing out on the fun of an independent life. Recently the brand communication revolves around being independent, being free and power. Earlier in 1980s, it was more about power and authority. But during 2000, Royal Enfield changed its communication from targeting people above 30 years to the youth. The brand then started communicating the values of self-respect, independence, power and adventure. The different branding activities of Royal Enfield are all encircled around this brand communication.

#### **3a) Brand Building activities of Royal Enfield**

##### **• Advertisements**

Royal Enfield rarely uses television and radio advertisements for its promotions compared to other two wheeler manufacturers in India. The first Ad of Royal Enfield was released in the year 1960 showing Bullet as 'ShaankiSawari' communicating the exact brand personality and positioning as a premium product and associating it with the pride of the owner. Later on after the revival of the brand in early 2000 they launched the Ad campaign 'Jab Bullet Chale toh Duniya Rasta De' again highlighting the pride and respect for the brand amongst its owner and the masses. Royal Enfield has never been a brand which advertises heavily through television or media.

##### **• Branding through Royal Enfield Rider Mania**

One of the most important branding activities of Royal Enfield is the Royal Enfield Rider Mania. To keep users engaged with the brand, Royal Enfield organizes adventure filled, fun and leisure motorcycle trips all around the year with *Himalayan Odyssey* being the most prominent. Royal Enfield also organizes



Rider Mania in Goa each year in December where all the Bullet enthusiasts all over India assemble for a 4 day long fun filled union of bullet lovers. All bullet clubs in the country make it a point to be a part of this grand event organized by RE. There are long waitlists of enthusiasts wanting to go on such trips. A lot of publicity is also achieved through these events as a lot of news channels showing automobile programmes are present here to cover the entire grand event.

#### • **Branding through Royal Enfield Riders Club and Communities**

Following the Harley Davidson model of riders club, Royal Enfield also heavily promotes the Club culture amongst its riders. The first Royal Enfield club was started in Dec 1995 and since then a lot of similar clubs have evolved all across the country. Today, there are a large number of riders club formed all across India. These clubs not only promote the feeling of brotherhood amongst fellow bullet riders but also organize a lot of rides to different places, training sessions, sessions for improving riding skills of the riders etc. All these clubs arrange meets, trips, competitions with fellow riders, clubs and also become a part of the Rider Mania organized by Royal Enfield every year. It is one of the reasons for the cult brand that Royal Enfield is today. *Some of the oldest and notable clubs are Road shakers, Indie-thumpers, Shimoga Bulls etc.*

#### • **Online Media and Social Media marketing**

Royal Enfield actively uses online media and social media marketing for branding. Through their website they organize contests like best trip story writing contest and encourage people to go on rides and express their stories to everyone through their trip story blog on the official website. They also have a member's directory where a consumer can enroll himself in the members directory once he has purchased the bullet and then he can stay informed and connected with all the activities of Royal Enfield. Apart from the official

website of Royal Enfield there are various online communities and groups on Facebook of Royal Enfield riders where they discuss their experiences, share photos, videos, discuss problems related to their bike etc. Thus Royal Enfield has effectively used the online media to bond all the bullet riders together and spread the feeling of brotherhood. Royal Enfield Merchandise Following the Harley Davidson's model of branding, Royal Enfield has also started selling their own merchandise for riders including riding jackets, helmets, t-shirts, gloves etc. promoting safety for riders. All these merchandise are sold in the Royal Enfield showrooms all over the country.

#### • **Branding through Film Industry**

Bollywood and Hollywood movie makers have been using Royal Enfield since a long time. May it be Brad Pitt's 'Curious case of benjamin button' or Bollywood's 'Karan Arjun', Royal Enfield has always been shown as a hero's vehicle. Royal Enfield was first shown in the movie 'Sholay' and the song 'YehDosti Hum nahiTodenge' was shot on the bike. But recently Celebrity endorsements of the Bullets through films have reached the next level as due credits are given to the Royal Enfield and its logo is highlighted in the film. Recently, Katrina Kaif drove it in the movie 'Zindagi Na MilegiDobara', Ajay Devgan in 'Singham', KanganaRaut in 'Tanu Weds Manu'. Also Shahrukh Khan's 'Jab takhaiJaan' and FarhanAkhtar's 'BhaagMilkhaBhaag' saw extensive use of this cult bike.

#### **4.Customer Insights gathered from interviews**

There is a sense of aura around the brand. Very few people drive Bullet but many more aspire for it. The brand offers a riding experience which no other bike can. The thumping sound, the road presence, the classic chrome finish, the sheer 'ego' boost which the brand gives its rider makes him feel 'arrived'. It gives a feeling of power, authority, independence and pleasure while riding a Royal Enfield. People like to be associated with the legacy and community of the brand Royal Enfield. People are

ready to wait for a waiting period of 6-12 months for Royal Enfield. Every Bullet loyalist has agreed to the fact the once you drive a Royal Enfield, it's hard to switch to another bike. The bike lasts for a really longer time, from generations to generations and thus becomes an integral part of the life cycle of the consumer. The percentage of brand loyal people of Royal Enfield is large compared to other motorcycle manufacturers in India. Royal Enfield remains an aspirational brand for a lot of people using 150cc and 200cc bikes. Brand awareness and Brand loyalty is very high. *Word of mouth publicity is the major factor for high brand equity of Royal Enfield.*

### **Suggestions**

#### **Expert speak**

##### **Needs more research focus**

*(V. R. Subbu, Bike enthusiast and former President of Hyundai Motor India)*

A number of quality initiatives have made the Royal Enfield product a significantly better proposition today than say in the 1990s. But customers, particularly the urban recreation seeking ones, still tend to crib about its reliability. The 'bike cubs' love their Bullets, but when it is a ride to Leh they are contemplating, they still cross their fingers. Rural and small urban centre customers, albeit with different performance expectations, are now also starting to look for greater comfort and better fuel efficiency. These are today's challenges. Clearly, greater research focus on power train and brakes is an imperative.

##### **Strategy will be key**

*(Y. L. R. Moorthi, Professor (Marketing), Indian Institute of Management, Bangalore)*

Royal Enfield will probably have profits but not market share if it aims to be a niche brand. It will also not look at category substitution. That means it will be profitable but not big. This goal is easy to achieve given Royal Enfield's traditional strengths. And the story so far has been good for a brand that was given up as a stretcher case. But going forward it needs to clock more revenue and profits.

#### **Customer speak – Some suggestions given by the customers**

- Royal Enfield doesn't have a very good sales and service network. Marketing the product is not limited to sales only. There should be extensive network of service centers so that customers have a very good bullet experience. The customer should get the service network similar to that of Maruti–Suzuki.
- A helpline number should be launched, and on calling this, customers can avail of service even in some remote localities.
- Marketing Communication should focus on satisfying the needs for Respect, Power and Comfort.
- A non-flamboyant well-built brand ambassador may be chosen to represent the Brand.
- Royal Enfield should tie up with adventurous students or corporate executives and arrange adventurous trips on weekends and Brand Ambassador should join them occasionally to promote the event.
- Television Commercial spots are more remembered than Print Advertisements even when they are over 5 years old.
- They should tie-up with adventurous brands like Thumps Up or Mountain dew to give a complete revamp of branding.
- The Royal Enfield apparels available on their exclusive stores should be made available in college counters to make them available to the young students. It will create awareness among youth and more of them will feel proud using the apparels like- bag, jacket, boots etc.
- They can plan to export Royal Enfield to other developing economies like- Brazil, China and Russia to capture the market there.

#### **Conclusion**

According to The New York Times, 3<sup>rd</sup> January, 2014, Royal Enfield is now looking to push harder into British and American markets, hoping to follow in the wake of other Indian motor vehicle manufacturers that have competed hard with overseas brands even as their peers in

other industries have struggled. Royal Enfield's newest model, a midsize "cafe racer" called the Continental GT, was introduced at an elaborate event in London in September. "It's the first bike that we've developed keeping the world market in mind," said Siddhartha Lal, who is credited with turning Royal Enfield around.

Royal Enfield, whose motorcycles cost Rs.1,00,000 to Rs. 2,00,000 in India, positioned its vehicles precisely halfway between cheaper, lighter commuter bikes and the heavier, more expensive class represented by Harley-Davidson. The midsize is becoming a point of convergence. Commuter motorcycles are getting larger and more complex; from the other direction, Harley-Davidson recently unveiled its lighter Street 500 and Street 750 models. It's the first new platform that Harley-Davidson has developed from the ground up in 14 years and It is a result of how urban our market is becoming. These are the bikes that will fit an urban lifestyle. Royal Enfield has been the biggest beneficiary of this boom in India, selling 50,000 bikes in 2010 and growing by more than 50 percent year-over-year since then. As the company expanded its ambitions and faced Western manufacturers, it realized the need to make its motorcycles less temperamental. Some of the quality troubles stemmed from its nearly 60-year-old plant. That factory, once capable of producing only 2,000 motorcycles a month, was upgraded and ridden hard. It turned out 12,000 bikes last March. "There wasn't a square inch of land available," Mr. Lal said. "It was chock-a-block with bikes or parts or something or the other."

The first phase of a much-needed new plant near Chennai, spread over 50 acres and built with an investment of \$24 million, opened in April. Together, the plants will aim to produce 250,000 bikes in 2014 and eventually 500,000 a year.

According to data from the Society of Indian Automobile Manufacturers, Royal Enfield sales grew by 64 per cent in April, 2014-January, 2015 to 261,000 units, even

as the two-wheeler sales grew by a mere 4 per cent to 9.10 million units.

In a nutshell, it can be summed it up as Royal Enfield is now working more closely with its distributors and eyeing the world market.

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## **‘Influence of Informal Mentoring on Motivation of Employees’: A study conducted in an Oil Company**

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### **Abstract:**

*This research paper highlights the influence of informal mentoring on motivation of employees. The study was carried out in three offices of an oil company in India. To study the influence of informal mentoring on motivation, an instrument viz. ‘Motivational Analysis of Organizations – Behaviour (MAO-B) was used. It measured the six motives that influence managerial behavior - achievement, influence, control, dependence, extension and affiliation.*

*MAO-B was administered on two groups of managerial employees – 57 mentored and 55 non-mentored. The random sample chosen for this study was 112 employees. The statistical tool used for data analysis was the ‘chi square test’ and the conclusions are statistically significant at 5 % level of significance. The study statistically concludes that mentoring is related to three out of the six motivational needs viz. control, dependence and extension and is not related to the three motivational needs viz. achievement, influence and affiliation.*

**Key Words:** Motivation, Motives, Mentoring, Behaviour, Need based model

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### **INTRODUCTION:**

Mentoring is a process in which a more skilled or more experienced person serving as a role model teaches, sponsors, encourages, counsels and befriends a less skilled or less experienced person for the purpose of promoting the latter’s professional and/or personal development. (Carrad, 2002) mentions mentoring as a

*\* The researchers would like to thank the management of the Oil Company for permitting us to interact with the employees of the organization for data collection. We also thank the employees of the Oil Company for sharing their time to provide candid thoughts on the survey form. The name of the company has been disguised as per the requirements of the organization. We thank our families for full support during this effort.*

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“one-to-one, non-judgmental relationship in which an individual mentor voluntarily gives time to support and encourage another individual mentee. This relationship is typically developed at a time of transition in the mentee’s life, and lasts for a significant and sustained time period.” (M Murray and M Owen, 1991) state “Mentoring is a relationship, not just a procedure or activity, where one person professionally assists the career development of another, outside the normal manager/subordinate relationship.”

A person’s behaviour is the result of several factors or motives. Knowledge of the typical, primary motivators of behaviour in a work setting can help managers to deal more effectively with people. Six motives

viz. achievement, influence, control, dependence, extension and affiliation have been used to understand the behaviour of employees, in this paper.

**LITERATURE REVIEW:**

Definition of mentorship:

| Year | Author              | Definition  |
|------|---------------------|---|
| 1999 | M Murray and M Owen | It is a relationship, not just a procedure or activity, where one person professionally assists the career development of another, outside the normal manager/subordinate relationship  |
| 2000 | Roberts             | A deliberate pairing of a more skilled or experienced person with a lesser skilled or experienced one, with the agreed-upon goal of having the less experienced person grow and develop specific competencies   |
| 2002 | Carrad              | A one-to-one, non-judgmental relationship in which an individual mentor voluntarily gives time to support and encourage another individual mentee. This relationship is typically developed at a time of transition in the mentee's life, and lasts for a significant and sustained time period |
| 2003 | Dutton              | The term mentor is derived from classical Greek mythology: "Mentor was the trusted teacher, advisor, and father figure of the son of Odysseus, the King of Ithaca.  |

|      |          |  |
|------|----------|--|
| 2003 | Levison  | Ther term mentor was adopted, within business context, during the late 1970's to describe someone who encourages career development and personal skills"           |
| 2005 | Sullivan | When mentoring relationships are good, they can produce beneficial career outcomes to mentors and protégés as well as to organisation(s) in which they take place' |

**Types of Mentoring Programmes**

There is a wide variety of mentoring programs in use today. The choice of models is influenced by the organization's aims for the program, the needs of the individuals involved, and the availability of resources. They include: Formal Programs 8. It is planned and implemented by the organization, often with the aim of protégés learning specific knowledge, abilities and skills required for effective work performance.

• **Individual Model**

In this model, a mentor is allocated to one protégé and the relationship can be very strong. This is the most common method of mentoring in the UK.

• **Need-Based Model**

It includes a pool of mentors available for individuals to call on when information or assistance is required. This is virtually an informal program.

• **Circles Model**

Here, one mentor is assigned to several protégés. It is typically used when there are few mentors with many protégés.

• **Learning-Based Model**

Here, a mentor is provided to facilitate protégés testing knowledge and skills learnt within a training context in the work setting.



### • Informal Programs

In this model, mentors and protégés self-select themselves into pairs, the goals are unspecified, and the emphasis is largely on social development in an informal way.

### Types of Mentoring Relationships

There are various forms mentor relationships. They are of the following types:

**Hierarchical Mentoring:** Hierarchical mentoring is a relationship between a less experienced person (protégé or mentee) and a more experienced person (the mentor) that helps the less experienced individual learn to navigate in the work environment.

**Peer Mentoring:** Peer mentoring is, when a mentoring arrangement is set up between people of equal status or level in the organization. Peer mentoring is a relationship between two individuals – equal in abilities and qualifications – that helps each other develop or refine skills to navigate in the work environment. There are a variety of instances when peer mentoring could be used in preference to having a hierarchical scheme:

Mentoring the mentors, for specific skill sets, for example counseling, to increase the understanding across different divisions, to facilitate change, to smooth the path of mergers and acquisitions Peer mentor relationships offer a number of benefits to a work force that is diverse. Some of the benefits of peer mentoring are:

- Shared experiences: Peers can share the learning experiences of engaging in new behaviors.
- Team building: As peer relationships develop, team building can provide mutual encouragement to improve performance.
- Friendship: Although the benefits of this are not immediately measurable, friendship can provide a sense of trust that will encourage employees to try to stretch their limitation.
- Increasing the pool of potential mentors for other schemes
- Increasing communication across the business

- As equals, finding it easier to be more open and quickly build rapport
- Timescales are often shorter as it is for a specific purpose
- Giving people the opportunity to find out about other areas of the organization on a more formal basis Peer mentor relationships offer management many advantages but one major drawback is that peer mentor relationships evolve and cannot be enforced or regulated. At the same time, there are possibilities of it being an informal chat session and it would not work when there is competition for promotion. It may take some “selling” to convince people that someone at their own level could be useful to them.

(Christopher Orpen, (1997) had examined the effects of a two-year formal mentoring program in a medium-sized manufacturing company on the work motivation, organizational commitment and job performance of mentees. Significant relations were found between interaction opportunities and both motivation and commitment, and between relationship closeness and both these attitudes. The results suggest that formal mentoring can improve employee attitudes without necessarily raising their performance, at least in the short term.

Samuel Aryee, Hong Kong Baptist University Yue Wah Chay National University of Singapore, Juniper Chew “The Motivation to Mentor among Managerial Employees An Interactionist Approach, Intellectual Resources, the author examined the influence of individual and situational characteristics on the motivation to mentor. The significant findings indicate that the motivation to mentor may be predicted by individual characteristics (altruism, positive affectivity), situational characteristics (employee development-linked reward system and opportunities for interaction on the job).

Georgia t. Chao, patm walz, philip d. Gardner (1992) mentioned about research on mentorships has suffered from

fragmentation of key issues; specifically, type of mentoring relationship, functions served by the mentor, and outcomes of the mentoring relationship. However, outcomes from protégés in formal mentorships were generally not significant from the other two groups.

**Conceptual clarity on motivation:**

After reviewing studies on motivation theories conducted in the past following is few studies conducted on motivational variables. A person’s behaviour is the result of several factors or motives. Knowledge of the typical, primary motivators of behaviour in a work setting can help managers to deal more effectively with people.

Murray (1938) developed a long list of human motives or needs and his work has inspired further studies, which have produced different lists of significant behavioural motives. McClelland, Atkinson, Clark and Lowell (1953) suggested three important motives (achievement, affiliation and power) and elaborate methods for measuring them. McClelland subsequently demonstrated the importance of the achievement motive for entrepreneurship and marketing (McClelland and Winter, 1971) and of power as a motivation in management (McClelland, 1975; McClelland and Burnham, 1976). Litwin and Stringer (1968) used the three motives of achievement, affiliation and power in their study of organizational climates and organizational behaviour.

Although McClelland’s study of achievement and affiliation motives showed them to be rather simple variables, he found the power motive to be a complex one.

According to him (McClelland, 1975), the desire for power contains three different elements: The need to control others (personalized power), the need to make an impact on others and the need to use power to do something for other people and groups, for instance, organizations (socialized power)

It is helpful to make clear distinctions between these three. Control seems to focus on keeping track of developments according

to an agreed plan, and on being informed about ‘how things are going’. This seems to be an important need or motive in managerial behaviour. Mehta (1994) has proposed the concept of social achievement motive. The so-called socialized dimension of power (reflected in the use of power for the benefit of others) seems to be a separate need or motive. Pareek (1968a, 1968b) suggests that this need is important for social development and calls it the extension motive. Another motive that is relevant for organizational behaviour is dependence. Although it has generally been regarded as a negative force, McGregor (1966) recognized the positive value of dependence in management, and Kotter and Schlesinger (1979) further drew attention to its importance. Levinson (1982) has also pointed out its importance in the development of managers. This need is acknowledged in the process of mentoring (Levinson, 1982), which has received considerable attention in recent management literature (e.g. Kraur, 1985). Thus, six primary needs or motives, which are relevant for understanding the behaviour of people in organizations, have been identified. These are as follows:

| Motive             | Approach (Hope of) | Avoidance (Fear of) |
|--------------------|--------------------|---------------------|
| Achievement        | Success            | Failure             |
| (Expert) influence | Impact             | Impotence           |
| Control            | Order              | Chaos               |
| Extension          | Relevance          | Irrelevance         |
| Dependence         | Growth             | Loneliness          |
| Affiliation        | Inclusion          | Exclusion           |

**RESEARCH OBJECTIVES:**

1. To understand the motivational needs of managerial employees which influence their behavior at work.
2. To find out whether mentoring and the motivation of employees has any relationship to each other or not.

### **HYPOTHESES FOR THE STUDY:**

H1: There is some relation between mentoring and achievement need of motivation of employees.

H2: There is some relation between mentoring and influence need of motivation of employees.

H3: There is some relation between mentoring and control need of motivation of employees.

H4: There is some relation between mentoring and dependence need of motivation of employees.

H5: There is some relation between mentoring and extension need of motivation of employees.

H6: There is some relation between mentoring and affiliation need of motivation of employees.

### **RESEARCH METHODOLOGY:**

#### *Sampling design*

The randomly selected sample consisted of 112 employees from the three offices of Selpag Oil Company viz. NR – SOC, DSO – SOC and UP SO II - SOC. The employees were from departments such as Aviation, Finance, LPG, HR, Internal Audit, Vigilance, Materials, Pricing, Quality Control, Management Services, Information Systems, Corporate Communications, Defense, Legal, Hindi, OPS, Retail Sales, Engineering, Consumer Sales, Fleet Marketing and GM's office.

#### *Instrument used for the study: Motivational Analysis of Organizations - Behaviour*

Motivational Analysis of Organizations – Behaviour (MAO-B) is based on the six motives identified in the earlier section of the paper. MAO-B is developed to study manager or employee behaviour in an organization. MAO-B contains 60 items, five for each dimension (approach and avoidance) of each of the six previously discussed motives: achievement, affiliation, extension, influence, control and dependency. MAO-B was administered to a group of employees from the same company. The employees were told that the instrument is meant to provide a profile of motivational

aspects of role behaviour, and that there are no right or wrong answers. MAOB is a standardized instrument and can be obtained from the book Training Instruments in HRD& OD – Udai Pareek.

#### *Data Analysis*

*MAOB* - All the 12 rows on the answer sheet were added. These totals give scores for six motives viz. achievement, influence, control, extension, dependence and affiliation. The row totals indicate aspects of approach in capital letters and aspects of avoidance in small letters. The respondent's Operating Effectiveness Quotient (OEQ) for each of the six motives - specific aspects of behaviour was obtained using the formula  $OEQ = (P-5) / (P+V-10) * 100$  where P and V represent total scores for approach and avoidance dimensions respectively for a motive-specific behavior.

Statistical technique used for the hypotheses testing was chi-square test.

### **RESULTS AND DISCUSSIONS:**

#### *Testing of hypothesis one*

##### Result

Since the chi square cal value (0.387) is less than the table value (3.84), the null hypothesis gets accepted at 5 % level of significance i.e. there is no relation between mentoring and *achievement* need of motivation of employees.

##### Discussion

This study statistically proves that mentored and non-mentored employees have similar *achievement* needs of motivation. This means that the mentored employees and the non-mentored employees have equal concern for excellence. All the employees equally compete with the standards of excellence set by others or by oneself. Both these groups set challenging goals for oneself and are also aware of the hurdles in the way of achieving these goals. Both mentored as well as non-mentored employees show persistence in trying alternative paths to reach one's goals. In short, there is no significant difference between mentored and non-mentored employees on their *achievement* need for motivation. We can therefore conclude that

mentoring does not impact the achievement drive among individuals. This means that it is not necessary that more ambitious people are likely to choose mentors and less ambitious individuals choose to be 'on their own'. This further implies that an effective mentor does not really inspire a mentees' ambition, career aspirations and drive to achieve. The mentor can only influence but this influence is not statistically significant, thus the relationship between mentoring and achievement drive cannot be positively generalized.

#### *Testing of hypothesis two*

##### Result

Since the chi square cal value (0.299) is lower than the table value (3.84), we accept the null hypothesis at 5 % level of significance i.e. there is no relation between mentoring and *influence* need of motivation of employees.

#### **DISCUSSION**

Both the groups i.e. non mentored and mentored employees have similar needs of influencing others. This implies that their managerial behaviour particularly their concern to make an impact on others, their desire to make people do what they think is right and their urge to change matters and develop people is similar.

#### *Testing of hypothesis three*

##### Result

Using chi square test it was proven at 5 % level of significance that the alternate hypothesis got accepted i.e. There is some relation between mentoring and *control* need of motivation of employees.

##### Discussion

It is quite understandable that mentees have a high desire to remain informed and hence they choose to be mentored hoping that the mentor will cater to this need of theirs. However what is interesting is that mentees also have a higher concern for orderliness than non-mentees. It is noteworthy that mentored employees have a stronger urge than their non mentored counterparts to monitor and take corrective action when needed. This also implies that mentors have a role to play in enhancing important

managerial traits like 'monitoring' and taking corrective action among mentees. The mentoring process thereby improves the managerial competence specifically on these two aspects of managerial behaviour.

#### *Testing of hypothesis four*

##### Result

The chi square cal value (11.652) being higher than the table value (3.84) statistically concludes at 5 % level of significance that there is some relation between mentoring and *dependence* need of motivation of employees.

##### Discussion

This finding implies that mentored employees have a stronger desire than their non mentored counterparts to be willing to receive help for their self-development. Mentored employees also have strong desires to depend on their mentors for verifying their own thoughts. Mentored employees also have urge to maintain an 'approval' relationship with their mentors. This implies that non-mentored employees are more confident than their counterparts as they do not have a strong urge to regularly receive assurance about the direction in which they are heading.

#### *Testing of hypothesis five*

##### Result

The chi square calculated value (41.414) is more than the table value (3.84) thereby proving that there is some relation between mentoring and *extension* need of motivation of employees.

##### Discussion

This study statistically proves that mentored employees have higher concern for others (other employees) than mentored employees. Mentored employees also have a stronger urge to be relevant and useful to larger groups, including society at large. This implies that the non mentored employees primarily focus on their own development and growth. This is an important finding as out of the six motives or needs, the extension need is the only one 'higher order need'. As there is no difference in the achievement needs of the employees but the mentored employees have higher extension

needs than the non-mentored employees clearly shows that the mentored employees are better groomed for higher roles as the senior or higher levels in the organization require leadership traits more than the middle level and junior level managers.

*Testing of hypothesis six*

Result

Since the chi square cal value (0.943) is lower than the table value (3.84), we accept the null hypothesis at 5 % level of significance i.e. there is no relation between mentoring and *influence* need of motivation of employees.

Discussion

Both the groups i.e. non mentored and mentored employees have similar needs of influencing others. This implies that all employees have similar needs for friendship and peer recognition.

#### **CONCLUSION:**

Dr. William Hendricks (1998) in his book, "Coaching, Mentoring and Managing", states that research proves that business typically wastes its greatest resource: the people who work for it. This paper builds on the theme of utilizing the human capital to the fullest by capitalizing on the tacit knowledge and invisible or hidden competencies of the senior managers (mentors).

#### **LIMITATIONS OF THE STUDY:**

- The data is analyzed using only one statistical tool. The results could have been verified using another statistical tool preferably of higher sophistication.
- The sample size could have been larger than one hundred and twelve to ensure that the selected sample is a true representation of the entire population under study.

#### **Scope to take this study forward:**

- A 'before and after' model of experimentation can be coupled with the experimental and control design to minimize the influence of extra venous variables in the study.
- The study can be conducted using more number of organizations within the same industry to permit generalization of results.

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## Parameter assessment of sales promotion schemes for a FMCG Product: A study with respect to Biscuits

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### **Abstract:**

*Parle-G, Sunfeast and Tiger are the prominent brands of mass consumption in the glucose segment in India. The popular packs of these brands are offered at the same price at Rs.5/- for the same weight and similar size. There is no substantial product difference in terms of ingredients and tests. In the light of a uniform product and price, the marketers have no other option but to fight the battle only with the remaining two marketing weapons, viz. Place in terms of availability and promotions. Consumers evaluate the products on the basis of non functional differences created through the sales promotion schemes. Majority of the promotions are designed by offering added quantity of biscuits per pack. The identical product offer and low price per unit lure the consumers to switch the brands in response to promotion schemes.*

*This research focuses to gain insight into the consumer preference to brands due to such promotional offers, that influence buying and consumption behaviour. Brand preference was studied as a function of three parameters, e.g. demographic differences, factor of motivation and perceived benefits. Four demographic factors such as age, gender, family size, level of income were adopted, Factor of motivation were studied in the form of promotion schemes, viz. Price and non price promotions, Six perceived benefit factors of promotional schemes were adopted from the earlier study ( Chandon, Wansink, and Laurent, 2002). The study objectives were set on the progressive exploration of literature search and marketer's specific expectations to understand the consumer psychology.*

*The paper concludes with specific research findings, application for managerial purpose and limitations of the study and scope for refinement thorough future research.*

**Key words:** Biscuits, Demographics, Sales-Promotion, Repeat purchase, Low involvement.

### **INTRODUCTION:**

Indian Biscuit Industry is a prominent product variant of the FMCG industry; it is growing at a rate of 12 to 14% per annum, and value wise it has touched to Rs.21, 213 Crores, (Shashidhar, 2013). The Indian biscuit market is dominated by two categories of biscuits viz. Glucose and Marie. All the three national players (Parle, Britannia and ITC) have identical products as their volume driven flag-ship brands designed for mass consumption. Pushing the volume is the only option for the

marketers to get the control of market; market share becomes a result of volume penetration. Low price and identical product offering left the marketers with the option of promotion schemes and efficiencies of distribution as tools of success.

Sales promotions in markets of high brand similarity can produce a high sales response in the short run (Mela et al., 1998). The task of marketers becomes complex due to the unique and low unit price charged coupled with heavy repeat purchase makes

the consumer involvement low (Vyas, 2005). Hence it would be the principal area of interest and concern to the marketers to understand the effectiveness and success parameters of these promotion schemes, from the consumer's point of view for monitoring and designing of such activities.

**STATEMENT OF PROBLEM:**

Biscuits buying process has become a low involvement process due to certain situational parameters in the present Indian biscuits market. The process of brand choice decision for low involvement products does not proceed through the conventional decision making stages (Bronnenberg et al., 1996). It surpasses the stage of full search, evaluation and comparison of tangible cues like price of all available brands. The response of every individual to a promotion scheme is regulated by various factors like, demographic factors, type of product and perception involved in the buying process (Venketesharlu, 1987). This study aims to determine the impact of a group of three independent variables viz. Consumer demographic factors, type of promotion schemes and perceived benefits of the promotional scheme on dependent variable i.e. consumer purchase decision.

**OBJECTIVES OF STUDY:**

The present study is planned with following objectives:

- 1) To study consumer preference to sales promotion schemes specifically designed for promoting biscuit sales.
- 2) To study the impact of sales promotion scheme according to demographic factors.
- 3) To study the impact of sales promotion scheme according to the perceived benefits of the scheme
- 4) To study the significant type of sales promotion scheme viz. Monetary or non monetary.

**LITERATURE SEARCH:**

Sales promotion is a marketing scheme conducted mostly for a short period, for stimulating quick and instant purchase of a particular product in the form of a campaign (Robert et al., 1990). Type of

sales promotional scheme varies according to the type of product. For a fast moving product sales promotion need to differentiate the brand appeal and influence the buying inclination. It was established (Cotton, B.C. 1978) by measuring the impact of sales promotion schemes keeping the dairy products in focus. The impact were analyzed for in-store promotion efforts conducted through coupons, discounts, free gifts and multiple items discounts across various demographic factors.

The study had incorporated demographic factors because, demographic factors can easily establish the individual characteristics and differences, a special wing of knowledge in the area of consumer behaviour literature referred as the psychological theoretical perspective, successfully established that individual characteristics are important parameters in predetermining individual response behaviour (Schmidt and Spreng, 1996; Rischkowsky and Doring, 2008).

Another significant factor which determines the impact of promotional scheme is the buying frequency. Since frequency of buying is based on the usage of product. Products like tooth paste had established that the buying frequency depended on the brushing habits of family members. It was established that there was a positive elasticity in high purchase rate and promotional elasticity (Fader et al., 1990).

Frequency of inter purchase had been studied as a potential impact factor (Bawa et al. 1987; Narasimhan et al.1996), for the study of sales promotional schemes impact on brand preference. It was established that shorter inter-purchase time leads for more brand switching. Narasimhan's study established the fact by observing consumer brand switching behaviour if purchase intervals were longer. Shorter inter purchase frequency leads for brand switching behaviour as a function of psychological embarrassment incurred out of purchasing less preferred brand.



The response to a typical sales promotion scheme is a derived outcome of individual's perceived benefits assigned to that scheme. There are six different benefits (Chandon, Wansink, and Laurent, 2002) a consumer may derive and these six elements may act as motivating factor. The inclination towards a promotion scheme is governed by monetary savings, quality, convenience, value expression, exploration and entertainment.

#### **RESEARCH METHODOLOGY:**

The researcher contacted the respondents personally with a well-prepared sequentially arranged questionnaire. All questions are designed to cover the two types of sales promotions viz. Monetary and non-monetary, the four demographic factors and six perceived benefits of promotion schemes.

The adoption for measurement of associating the impact of demographic factors was in context of a unique FMCG, low involvement product similar to biscuit i.e. chocolate consumption the study conducted by Liazarantonello & Luomala (2011) on the Italian consumers.

The adoption for measurement of associating the impact of type of promotion scheme with respect to buying behaviour was in context of a unique FMCG, low involvement product similar to biscuit i.e. tooth paste consumption the study conducted by Liazarantonello & Luomala (2011) on the Italian consumers.

The questionnaire was divided into two parts. Part one was respondent's profile and Part two was the main survey.

#### **RESEARCH HYPOTHESIS:**

- 1) Effectiveness of sales promotion scheme do not depends on demographic factors.
- 2) Effectiveness of sales promotion scheme do not depends on perceived benefits factor.
- 3) Effectiveness of sales promotion scheme do not depends on its type.

#### **Primary Data:**

Primary data was collected randomly through the structured questionnaire in Mumbai; Navi Mumbai & Thane District

using convenience based random sampling, at various out retail lets. This sampling method is the least expensive and least time consuming of all sampling techniques. The data was collected from a questionnaire that was administered face – to – face to the buyers of biscuits.

#### **Sample Size:**

The study was limited to those participants who willingly elected to complete the instruments in their entirety. There were a total of 451 respondents. Table no.1 shows the details.

#### **Sample Design:**

The researcher relied upon convenience based random sampling technique, considering the research methodology and research type as per guidelines. A caution was exercised during the study that the respondents who did not show an inclination to be a part of the study were not insisted for.

#### **Secondary Data:**

The secondary information or data was collected from published sources such as journals, magazines, newspapers, Industry reports, internet and other sources.

#### **STATISTICAL ANALYSIS:**

Efficient and effective data analysis is the result of effective data preparation. This was found to be very crucial between the completion of the field work and the statistical processing of the collected data. Data preparation involved transferring the questionnaire into an electronic format which allowed and facilitated subsequent data processing. Data sheet was prepared directly at Statistical Program for Social Sciences (SPSS) 21.00 software for further analysis. Codes were assigned to each response for data entry and data record. Transcribed data sheet was prepared for data analysis. On the basis of data sheet, tables and graphs were prepared for the analysis.

Chi square test of association was conducted for testing of hypothesis further Cramer's V value was calculated to get the nature of association.

**Table-1 Demographical profile of sample:**

| Demographic variable                   | Description      | Frequency |       | %     |
|--|------------------|-----------|-------|-------|
|  |                  | Numbers   | Total |       |
| Gender                                 | Male             | 135       | 451   | 29.93 |
|  | Female           | 316       |       | 70.07 |
| Place of data collection               | Mumbai           | 147       | 451   | 32.59 |
|  | Navi-Mumbai      | 127       |       | 28.16 |
|  | Thane            | 177       |       | 39.25 |
| Age                                    | Below 18         | 140       | 451   | 31.04 |
|  | 19 to 24         | 268       |       | 59.42 |
|  | 25 on wards      | 43        |       | 9.53  |
| Income (In Rs.)                        | Up to Rs.15,000  | 253       | 451   | 56.1  |
|  | 16,000 to 30,000 | 133       |       | 29.49 |
|  | 31,000 & above   | 65        |       | 14.41 |
|  |                  |           |       |       |
| Total Family Size (Including Children) | Two              | 166       | 451   | 36.81 |
|  | Three            | 168       |       | 37.25 |
|  | More than three  | 117       |       | 25.94 |

(Source: Primary data)

**Table-2 Testing of hypothesis 1 (at 95% confidence level):**

Ho: Effectiveness of sales promotion scheme do not depends on demographic factors.

| Type of sales Promotion | Demographical factor | Chi square Significance | Effect on Null Hypothesis @ 95% Significance level |
|-------------------------|----------------------|-------------------------|--|
| Monetary                | Gender               | 0.008                   | Rejected   |
|                         | Age                  | 0                       | Rejected   |
|                         | Income               | 0                       | Rejected   |
|                         | Family Size          | 0.625                   | Accepted   |
| Non-Monetary            | Gender               | 0.26                    | Accepted   |
|                         | Age                  | 0.104                   | Accepted   |
|                         | Income               | 0.328                   | Accepted   |
|                         | Family Size          | 0.107                   | Accepted   |

(Source: Primary data)

Analysis for H1: The effectiveness of monetary promotional scheme depends on the three parameters only; viz. Gender, age and income of the individual. Monetary promotional show no effect due to size of family.

The effectiveness of non-monetary promotional scheme is neutral for all the four demographic parameters only; viz. Gender, age, income and family size of the individual.

**Table-3 Testing of hypothesis 2 (at 95% confidence level):**

Ho: Effectiveness of sales promotion scheme do not depends on perceived benefits factor.

| Type of sales Promotion | Perceived benefit | Chi square Significance | Effect on Null Hypothesis @ 95% Significance level |
|-------------------------|-------------------|-------------------------|--|
| Monetary                | Savings           | 0                       | Rejected   |
|                         | Quality           | 0                       | Rejected   |
|                         | Convenience       | 0                       | Rejected   |
|                         | Value Expression  | 0                       | Rejected   |
|                         | Exploration       | 0                       | Rejected   |
|                         | Entertainment     | 0                       | Rejected   |
| Non-Monetary            | Savings           | 0                       | Rejected   |
|                         | Quality           | 0                       | Rejected   |
|                         | Convenience       | 0                       | Rejected   |
|                         | Value Expression  | 0                       | Rejected   |
|                         | Exploration       | 0                       | Rejected   |
|                         | Entertainment     | 0                       | Rejected   |

(Source: Primary data)

Analysis for H2: The effectiveness of monetary promotional scheme depends on all the six perceived benefits.

The effectiveness of non-monetary promotional scheme depends on all the six perceived benefits.

**Table-4 Testing of hypothesis 3 (at 95% confidence level):**

Ho: Effectiveness of sales promotion scheme do not depends on its type.

| Type of sales Promotion | Chi square Significance | Effect on Null Hypothesis @ 95% Significance level |
|-------------------------|-------------------------|--|
| Monetary                | 0.584                   | Accepted   |
| Non-Monetary            | 0.782                   | Accepted   |

(Source: Primary data)

Analysis for H3: The effectiveness of monetary promotional scheme do not depend on its type.

**Limitations:**

The entire effort had an applied research conducted over the scope of three months viz. Feb, March and Apr, 2014, at specific locations e.g. Mumbai, Thane and Navi Mumbai, under scrutiny all these are

around Mumbai and its citizens as respondents. Hence it bound to possess a prominent metro behaviour only. The study had ignored brand specific study. Since every brand has its specific schemes, for limited length of time.

#### **Conclusion:**

The effectiveness of every sales promotion depends of several factors. This study endorsed this fact for three set of parameters. Demographic factors responsiveness for monetary promotional scheme's success depends on the gender, age group and income level of the consumer. There was no impact of monetary promotional schemes with respect to consumer's size of family. All the non monetary promotional schemes showed no impact in-terms of its success with respect to consumer's demographic factors.

Consumers were influenced by all the six perceived benefits a monetary as well as a non-monetary promotional scheme may offer them. The strongest chi square value (321.980) calculated for perceived benefit 'entertainment', and quality indicated the weakest (203.813) score. The study also established that success does not merely associate only because of the nature of the promotional scheme.

The study was based on consumer characteristics type of promotional scheme and set of perceived benefits. The effectiveness of a promotional scheme also depends on the user segment and the psychographic characteristics of each segment. A separate and in-depth study should be conducted for those segments.

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