

THE DEVASTATING KERALA FLOOD – 2018 & IT'S IMPACT ON MARKET TREND TOWARDS CONSUMER DURABLES IN KOTTAYAM

Rani M Susan

Guest Lecturer, Department of Commerce & Management, Baselius College, Kottayam, Kerala, India

Received: 27 Feb 2019

Accepted: 15 Mar 2019

Published: 28 Mar 2019

ABSTRACT

The trail of devastation left by the recent floods in Kerala included 12 lakh people rendered homeless and more than 300 dead. According to initial estimates, property worth more than Rs.20,000 crore has been lost and insurance companies are told to have received claims worth Rs.1,000 crore as per the media information on 28/08/18. As for consumer goods, Kerala is considered a large market both for consumer durables and non-durables alike. Kerala accounts for 10 percent of the total annual sales of the Rs. 30,000 crore consumer durable and appliance market. Besides, the Rs.3,000 crore Kerala market has been growing at a rate of 12-15 percent. However, the rains and floods have washed away 40% of this year's sales, which usually occurs during on am time (this year 25/08/18). Consumer durables in at least 5,00,000 houses would have been damaged due to flood water. "The initial priority on account of the flood was to clean the houses and make it habitable and also to help people to get basic things like power connections and water supply back into shape. But down the line when things stabilize there will be a huge demand to replace at least essential appliances which cannot be repaired. This demand will go higher than the usual demand for durables" – estimates S Saji Kumar, President, CII Kerala.

KEYWORDS: *Kerala Flood - 2018, Consumer Durables – T.V, Refrigerator and Washing Machine, Market Trend – Consumer Buying Behaviour, Manufacturer's and Dealer's Services*

INTRODUCTION

According to the recently released National Family Health Survey 2015-16, 30% of households in Kerala have at least six of the following assets – pucca house, electricity connection, mobile phone or landline, TV, refrigerator, washing machine, air conditioner, PCs and motorized vehicle. The people living in the worst flood-affected areas may have lost and would be required to replace or repair some of these assets.

This is going to make Kerala a large market for these items. The probability of refrigerators and televisions being replaced is highest. But given the liquidity crunch, vendors of these items may have to come up with attractive packages. So after an initial lull owing to flood, there will be a huge spurt in the demand for these items.

The expected huge spurt in demand for consumer durables especially refrigerators, televisions and washing machines which are owned by the majority of middle-class families in Kerala formed the basis for this particular research work.

OBJECTIVES OF THE STUDY

- To study the buyer behavior for consumer durables (T.V, Refrigerator, and Washing Machine) in the worst flood-affected areas of Kottayam, Kerala - post flood vis-à-vis pre-flood.
- To analyze the kind of service provisions by the various brands of televisions, refrigerators and washing machines to the flood-affected victims of Kottayam.
- To analyze the kind of service provisions by the dealers of various brands of televisions, refrigerators and washing machines to the flood-affected victims of Kottayam.

RESEARCH METHODOLOGY

The data required for carrying out this research work was collected from both primary and secondary sources. Method of Data Collection happened to be Sample Survey. A total of 51 sample units were selected from the Universe which constitutes all the occupants in the areas of Kallara, Thazhathangady, Eranjaal, Thiruvanchoor, SH Mount and Sankranthi (some of the worst flood-affected areas of Kottayam). A Combination of Stratified Sampling & Convenience Sampling was used for the purpose of selecting the 51 sample units. Primary data from the 51 respondents for analyzing the buyer behavior were collected using an interview schedule which was send through my students of second BBA class (Mr. Akhil M.K, Mr.Aleph Saji, Ms.Anjali Sabu, Ms. Fidha Shareef, Ms. Jisha Annie Thomas, and Mr. Suhail N.N). The enumerators also collected the dealer details through a separate interview schedule. Secondary data relating to the service provisions of various brands and dealers of various brands of consumer durables were collected from newspaper advertisements for a period of one and half months starting from August 20th, 2018.

The analysis of the collected data was done using Time Series Analysis, Simple Percentage, Ranking & Likert Scale.

DATA ANALYSIS & FINDINGS

On the buyer behavior for consumer durables (T.V, Refrigerator, and Washing Machine) in the worst flood-affected areas of Kottayam, Kerala - post flood vis-à-vis pre-flood.

DEMOGRAPHIC PROFILE OF RESPONDENTS IN FLOOD AFFECTED AREAS OF KOTTAYAM

- Area and Percentage of Respondents Covered – The percentage of respondents covered in each of the six floodaffected areas were almost the same except for Kallara (7.84%) where the respondents were non-responsive.
- Education Level of Respondents- Majority of the respondents had an education below Higher Secondary (78.42%).
- Occupation of Respondents – Majority(35.29 %) of the respondents was self-employed say like farming 25.49% were private firm employees and another 17.64% belonged to the labour category.

- Income Level of Respondents – About 45.09 % of the respondents belonged to the lowest annual income category of “below Rs.10,000/- and another 27.44% were found to have an annual income between 10,000-20000. That means the chances of the repurchase of consumer durables lost in flood was very low.

PRE AND POST CONSUMER DURABLE OWNERSHIP

The pre-flood consumer durables, ownership analysis revealed that majority (94.11%) of the respondents owned TV, 92.15% of the respondents owned a refrigerator, 50.98% owned a washing machine out of which the consumer durables which was mostly (76.92%) damaged/destroyed was washing machine followed by refrigerator (70.21%), TV (66.66%).

BEHAVIORAL PATTERN SHOWN TOWARDS CONSUMER DURABLES LOST IN FLOOD

- In the case of all the three consumer durables, the decision taken for damaged durables was that of repair- T.V (65.62%), refrigerator (84.84%) and washing machine (55%).
- But all those who had taken the decision to repurchase – TV (9.37%), refrigerator (6.06%) and washing machine (10%) made the purchase of the consumer durables within a period of one month after the flood.
- The analysis on the category (based on price range) of consumer durables owned before flood reveals that, 100% of the respondents in all the three category of consumer durables, owned economy range. But the analysis on the category (based on price range) of consumer durables owned after flood reveals that in case of television and washing machine 100% of the respondents have purchased premium range. But in case of the refrigerator, 50% of the respondents have purchased a standard range of refrigerator and rest 50% premium range of refrigerators.
- 100% of the respondents have received the government’s initial flood relief fund of Rs.10,000 which was utilized for primary necessities like cleaning of their houses, replacement of utensils, bed etc. But the analysis shows that majority of the prospective consumers(who repaired or were undecided with regard to lost consumer durables) are not going to replace their damaged durables even if they are to receive government’s additional flood relief fund.
- In case they replace their damaged consumer durables the prime criteria behind their purchase decision would be features offered in the product (rank point – 96), brand preference (86), product discounts and economy (74), and advertisements (73).
- With respect to the financing of consumer durables majority of the consumers in the flood affected areas prefer ready cash payment in case of TV (33.33%) and washing machine (16.66%), whereas in case of the refrigerator (25%) they prefer installment scheme.
- 90.19% of the respondents are not aware of the fact that home insurance policy protects consumer durables against natural calamities. Even out of the 10% who are aware that home insurance policy protects the consumer durables against damages out of natural calamities 80% do not own a home insurance policy. Among the 90% who were unaware that home insurance policy protects the consumer durables against damages out of natural calamities majority (56.52%) are averse to such a policy even after the severe flood situation faced by them.

- On Service Provisions of Various Brands in TV, Refrigerator and Washing Machines and its Effectiveness.

Table 1: Comparative Analysis of offers Made by Various Brands in the Post Flood Scenario

OFFERS MADE	BRANDS IN CONSUMER DURABLES					
	PANASONIC	GODREJ	IFB	BOSCH	SAMSUN G	LG
1) Free Service Camp	YES	YES	YES	YES	X	YES
2) Spare Part Charge	Nil	50% Discount	25% Discount	50% Discount	50% Discount	50% Discount
3) Labour Charge	X	FREE	FREE	X	FREE	FREE
4) Exchange Offers	X	YES	YES	X	X	X
5) Customer Care Nos. for booking visit	X	X	X	YES	X	X
6) Customer Service Vans.	X	X	X	X	YES	X
7) Purchase at Rs.0 Down Payment	X	X	X	X	X	YES

These service provisions proved to be very effective for LG and Samsung because those who repurchased the consumer durables after flood preferred these brands which gave higher service provisions in all three classes of consumer durables considered for the study.

Table 2: Pre Flood White Good Brand Owned

White Goods	Brand							
	Lg		Samsung		Onida		Whirlpool	
	No:f Respondents	%	No:of Respondents	%	No:of Respon-Dents	%	No:Oo Respon-Dents	%
TV	0	0.00	2	66.66	1	33.33	0	0.00
Refrigerator	2	100.00	0	0.00	0	0.00	0	0.00
Washing machine	0	0.00	1	50.00	0	0.00	1	50.00

Source: Primary Data

Table 3: Post Flood White Good Brand Purchased

White Goods	Brand							
	Lg		Samsung		Haier		Whirlpool	
	No:of Respon-Dents	%	No:of Respon-Dents	%	No:of Respon-Dents	%	No:of Respon-Dents	%
TV	2	66.66	1	33.33	0	0.00	0	0.00
Refrigerator	1	50.00	1	50.00	0	0.00	0	0.00
Washing machine	0	0.00	0	0.00	1	50.00	1	50.00

Source: Primary Data

47.09% of the respondents were not aware of the free service camps, discount offers, installment schemes etc provided by the various brands. For those became aware of it, the main source of information was newspapers.

On Service Provisions of Various Dealers in TV, Refrigerator and Washing Machines and its Effectiveness.

Table 4: Comparative Analysis of Offers Made By Various Dealers in the Post Flood Scenario

OFFERS MADE	DEALERS				
	RELIANCE DIGITAL	NANDILATH G-MART	BISMI	QRS	WHITE MART
Free Service Camps	YES	X	YES	X	YES
Labour Charge	FREE	X	FREE	X	YES
Discount on Spare Parts	5%	X	X	X	X
Bonus/Discount Offers	Additional Rs.1,000 bonus exchange offer for 1,000 T.V, Refrigerators and Washing Machines	X	50% Discount on home appliances	Special Discount offers	Mega Discount Sale.
Zero Down Payment Purchase Scheme	X	YES – only for LG	YES – for LG, Sony, Panasonic, Samsung & Bosch.	X	X
Toll -Free Number Facility	X	X	YES	X	X
Finance Schemes	X	Interest Free Instalment Scheme.	X	Purchase of home appliances at Rs.1/- and balance on installment basis starting from next month.	Purchase of home appliances at Rs.1/- and balance on installment basis starting from next month.
Free Gifts on Every Purchase	X	X	X	X	YES
Family Pack Offer	X	X	X	X	Provision of entire home appliances required by the family for Rs.69,990/-.
Exchange Offers	X	X	X	On home appliances of any condition	On home appliances of any condition

1)	Help Desk	X	X	X	X	Special help desk facility for servicing of home appliances which need to be repaired on account of the flood. Service provision at home through booking personally or by phone.
----	-----------	---	---	---	---	--

The above-depicted comparative analysis on offers made by various dealers in the post-flood scenario shows that maximum offers (5/11) were made by White Mart, followed by Bismi (5/11), Reliance Digital (4/11), QRS (3/11), and at last Nandilath G- Mart (2/11). Through maximum service provisions to the floodaffected victims, white mart was able to reduce its downfall of sales in the month of August and September as compared to the dealers Pittapallil and Oxygen who were considered in the study.(Depicted through sales trend of the 3 dealers below).

SALES TREND (TV + REFRIGERATOR + WASHING MACHINE) OF THE THREE DEALERS FOR THE FIRST & SECOND QUARTER (2017-18)

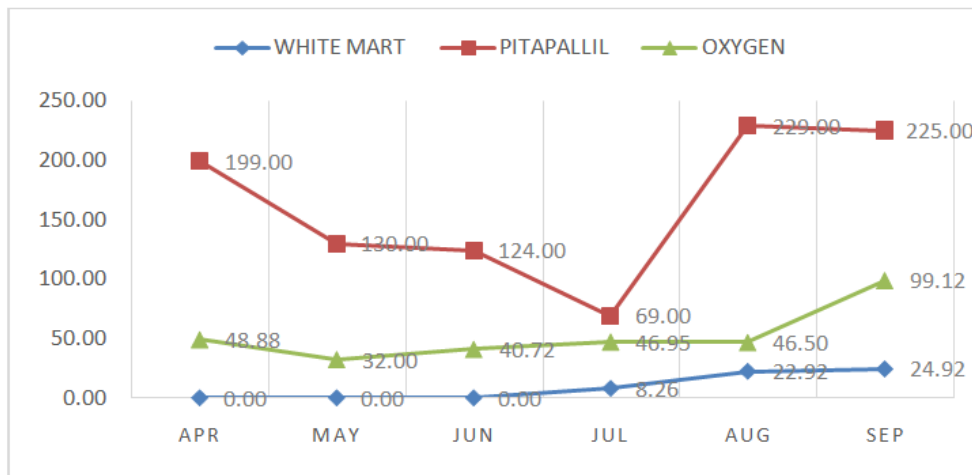


Figure 1

Source: Primary Data (Sales Figures - in Lakhs)

SALES TREND (TV + REFRIGERATOR + WASHING MACHINE) OF THE THREE DEALERS FOR THE FIRST & SECOND QUARTER (2018-19)

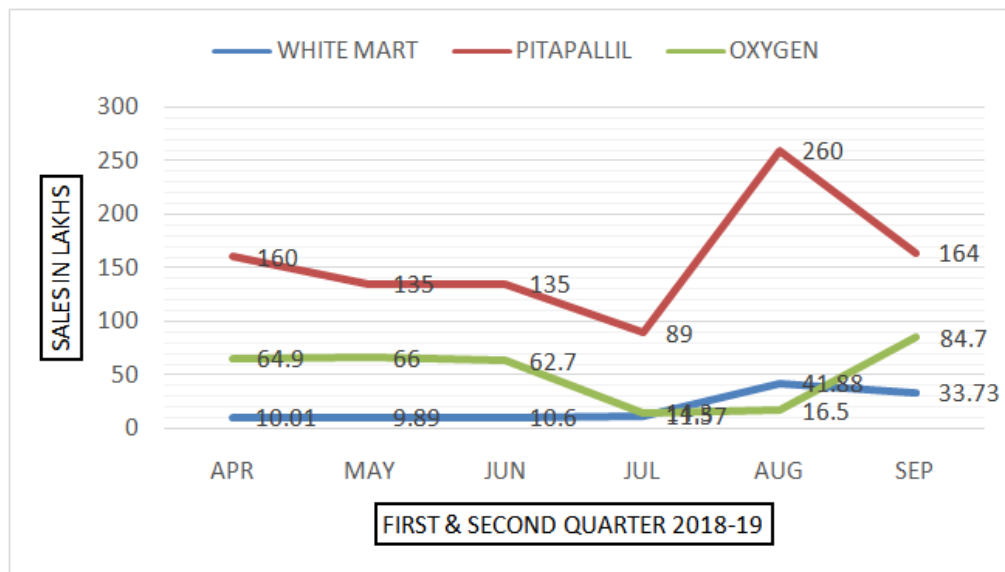


Figure 2

Source: Primary Data

- Majority of the consumers who repaired their damaged consumer durables did not avail the free service camps offered by the dealers and instead resorted to local mechanics as the cost charged by dealers even after all offers were too high compared to local mechanics.
- The respondents who availed dealers free services took the services of Pitapallil, QRS, and Bismi and they were satisfied with the services provided by the concerned dealer in all the three categories of consumer durables.
- In case of future purchase of consumer durables the most preferred dealer in case of TV is Pitapalli & Bismi, for refrigerator it is QRS, Pitapallil, and Bismi and for washing machine, it is Nandilath and Bismi.
- For those respondents who repurchased their damaged consumer durables, 71.42% were highly satisfied with the dealer delivery terms.
- 47.09% of the respondents were not aware of the free service camps, discount offers, installment schemes etc provided by the various brands. For those became aware of it, the main source of information was newspapers.

CONCLUSIONS

Overall the study reveals that there are no much prospects for enhancement of sales either for brands or dealers in consumer durables in the post-flood scenario, as the flood-affected areas in and around Kottayam municipality happens to be areas occupied by low-income group who cannot afford a quick replacement of damaged consumer durables. The various service provisions offered to flood affected victims proved to be effective as it helped in enhancing their brand loyalty. Dealer services offered as a relief to flood victims even though satisfactory was not much availed by consumers owing to higher service charges as compared to local mechanics.

REFERENCES

1. Narendra Nathan, *ET Bureau Updated: Aug 27, 2018.*
2. Logan Tina, “ *Profiting from Market Trends*” Wiley Publications, 1807.
3. Na Wang, (May, 2009) “*A Marketing Analysis of the Household Appliances Market in Finland, A Case for the Haier Group*”.
4. S.Sri Ranjini and Sangeetha, “ *A Study on the Marketing Strategies for the Home Appliances in Supermarket.*”
5. Das, S., & Kumar, S. *Applying Rcm Techniques To Household Consumer Durables Through The Internet Of Things.*
6. Trans Stellar consulting group (2015), “*Consumer Buying Behaviour (with special reference to home appliances).*”
7. *Malayala Manorama* : Aug 24, 2018; Aug 29, 2018; Aug 30, 2018; Sept. 1,2018; Sept.4, 2018; Sept. 5, 2018; Sept. 9, 2018; Sept.28, 2018; Sept.29, 2018; Oct.1, 2018.
8. *The Times of India* : Aug 24, 2018.