

A Study on Consumer Buying Behaviour towards Warranty Based Consumer Durables

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ABSTRACT

Consumer durables are most essential products in discharging different needs and aspirations of modern day consumers. Buying behaviour of consumer is mostly involved with host of factors along with warranty. The motive of the study is to check buying behaviour of consumers and their expectation while buying warranty based consumer durable goods. A total of 100 consumers who are buying consumer durables in different sales outlets are considered. Data collection process is carried out by providing well-structured questionnaire among the consumers. This study used descriptive research design to accomplish this seminal work and also adopted simple random sampling to select samples. Percentage analysis, factor analysis, multiple regression analysis and Friedman test are used to analyze the data. Results found that consumers largely influenced by stressors like exclusive warranty, dealer promise, maintenance, product value, customer value, and peer group. It was also found that full warranty, consumer court, and technician support are the most prominent expectations of consumers while purchasing warranty based consumer durables. It was concluded that several factors influence the consumer decision towards the purchase of warranty based consumer durable goods.

1. Introduction

Consumer is the real king of market and all marketing activities of all commercial and industrial enterprises. Consumer behaviour is mainly formed by habits, tastes, preferences, perceptions and attitudes towards a product or service. Everything is done to provide maximum satisfaction to the different segment consumers. Goods and services are produced in accordance with the specifications of consumer needs and desires, and these goods and services are distributed to consumers at the appropriate time and place through the most appropriate distribution channels. Moreover, consumers are provided sufficient warranties in order to safeguard the interest of buyers and induce others to buy. Marketing professionals have realized that no marketing effort can succeed if the choices, tastes and attitudes of consumers are not sufficiently taken into account. As a result, they focus on developing consumer reliability by offering warranty to the durable consumer goods. In addition, a buyer buys a product because of certain physical, social and economic forces that create a desire or a need for the product. The decision to buy a product is made after different steps. The recognition of the need is first made at the stage of purchase, followed by knowledge of the product, its interest, its evaluation and intent, the source of the information on durability and warranty, the purchasing behaviour and after purchase. The decision to buy a product for daily use can be made in seconds, while the decision to buy a sustainable product is made after a critical study of many factors.

2. Statement of the problem

Consumer purchasing preferences are changing rapidly and they are moving towards cutting-edge technology products with acculturation. Products that were once considered luxury items have become a necessity due to changes in lifestyles and increased income. With the growth of disposable income,

the demand for high-end products such as televisions, washing machines, refrigerators and air conditioners has increased considerably. It is also facilitated by the ease of access to funding and the prevalence of nuclear families. The growing demand for durable consumer goods in the market is reducing prices, and Indian consumers continue to value the price a lot. Durable goods are those that do not wear out quickly, which generates utility over time and not at the same time. Durable consumer goods include, for example, electronic equipment, household items and accessories, recreational equipment and kitchen appliances.

Consumer durables can also be classified as white goods, such as refrigerators, washing machines and air conditioners, or brown products such as blenders, cooking plates and microwaves or consumer electronic products such as televisions. These large items generally remain usable for at least three years and are characterized by long delivery times. The durable consumer goods sector in India has undergone a significant change in the last two years. Changes in lifestyle, increases in disposable income, affordability and increased advertising have contributed greatly to drastically changing consumer behaviour. In addition to stable earnings gains, consumer finance and leasing systems have become a major driver in the consumer durables sector. Warrantees are legally binding assurances that a product is free from defective material, devoid of faulty workmanship, correspond to specified quality, meets statutory as well as other specifications and fit for use as represented. Warranty is the basis and it stimulates and governs consumer buying behaviour in consumer durable goods industry.

3. Review of literature

Selvakumar (2016) revealed that inadequate power supply, access to finance and corruption are the three most

severe problems. Sarvana (2010) showed that education plays a key role in shopping behaviour and higher income group respondents shop as and when they like; in majority women plays a major role in purchase decision and they prefer to prepare an item list before purchasing. Sathya and Indirajith (2018) revealed that consumer durable goods industry is operating in a highly competitive, complex and rapidly changing business environment. Business leaders of consumer durable white goods organizations know their importance of having ready to access timely, accurate, consistent information and data for the purpose of establishing, nurturing and managing customer relationships across divisions. Shaw et al. (2017) showed that effective handling of consumers' warranty claims can be beneficial to the firm due to several reasons, such as preventing loss of consumers; revealing actual problems related to the product or service. Bhatia et al. (2014) disclosed that working women mainly involved in purchasing activities, and highly loyal to the store, warranty and dealer. Gera (2014) found that consumers towards country of origin and corporate image exert a great deal of influence on their perceptions of product quality and purchase behaviour.

4. Objectives of the study

This study has been initiated with the following specific objectives:

1. To describe the demographic profile of the consumers using consumer durable goods.
2. To examine the factors influencing consumer buying behaviour towards warranty based consumer durable goods.
3. To investigate the consumer expectation towards warranty based consumer durable goods.

5. Research Methodology

This study has been commenced to measure the consumer perception towards warranty based consumer durable goods. This study has been originated on the premise of descriptive research design. The study targeted the consumers using consumer durable goods like refrigerator, air conditioner, television, washing machine and so on. The study planned to collect data from different segment customers who seeking to purchase consumer durables at durable goods sales point. The consumers who have a minimum of one time buying experience in buying consumer durables are considered for the study. Therefore, the sample size consists of 100 consumers and it ensures fullest participation ratio. Questionnaire has been deployed as survey instrument to collect data from the consumers. Required data is collected by providing structured questionnaire among the consumers. The survey instrument planned to measure the factors involved in consumer perception towards warranty in consumer durables. Initially, the survey instrument was pre-tested with 15 consumers in the sample area. On the basis of pre-test results, important changes such as, words formation and changes in information content has been done in the survey instrument. The content validity of the survey instrument is also tested with the professionals and experts. This study widely used percentage analysis, factor analysis and Friedman chi-square test used for analysis of data.

6. Results and Discussions

6.1. Analysis of Demographic Profile

The demographic profile of customers is scrutinized and its results are presented in table-1.

Table – 1: Demographic Profile of Customers

Profile	Distribution	Sample	Frequency
Gender	Male	73	73%
	Female	27	27%
Age	Less than 25 years	31	31%
	26 – 40 years	28	28%
	41 – 55 years	31	31%
	More than 56 years	10	10%
Educational Qualification	Up to HSC	37	37%
	UG/Diploma	42	42%
	PG	11	11%
	Professional Education	10	10%
Buying Experience	Less than 2 years	16	16%
	3 – 7 years	22	22%
	8 – 15 years	31	31%
	More than 15 years	31	31%
Monthly Income	Below 25,000	19	19%
	25,001 – 50,000	24	24%
	50,001 – 75,000	29	29%
	75,001 & above	28	28%
Occupation	Employed	34	34%
	Business/ Profession	26	26%
	Self-employed	19	19%
	Others	21	21%
Place of Residence	Rural	24	24%
	Semi-Urban	33	33%
	Urban	43	43%

(Source: Primary data)

Table-1 reveals that 73% are male consumers and 27% are female consumers. Age of the consumers furnishes that 31% are in less than 25 years of age, 28% are in 26-40 years, 31% are in 41-55 years and 10% are in more than 56 years of age. Educational qualification reveals that 37% of consumers' educational qualification is up to HSC, 42% are UG/ Diploma holders, 11% are PG degree holders and rest 10% of consumers qualification is professional education. Buying experience furnishes that 16% are having buying experience of less than 2 years, 22% are experienced in 3-7 years, 31% are having buying experience of 8-15 years and rest 31% are experienced in more than 15 years. Monthly income shows that 19% are in the monthly income of below Rs.25,000, 24% of consumers earnings falls between Rs.25,001 – 50,000 per month, 29% are in Rs.50,001 – 75,000 per month, and rest 28% of the consumers earns more than Rs.75,001 and above. Occupation reveals that 34% are employed in private concerns and government departments, 26% are conducting own business or profession, 19% are self-employed and 21% are agriculturists, retired, housewife and so on. Place of residence shows that 24% are residing in rural areas, 33% are residing in semi-urban areas and 43% are residing in urban areas.

6.2. Factors Influencing Consumer Buying Behaviour

The factors influencing consumer buying behaviour towards warranty in consumer durable goods are examined by

using principal component factor analysis. Accordingly, the results are presented in table-2.

Table – 2: Factor Analysis

Factors (Mean)	Variables	Factor Loadings	Eigen Value	% of Variance	Cronbach alpha
Exclusive Warranty (2.89)	Warranty increases service	0.812	13.13	33.87	0.93
	Warranty increases value	0.811			
	Warranty agreement	0.821			
	Replacement warranty	0.833			
	Directions of use	0.771			
	Conditions of warranty	0.815			
	Warranty based offer	0.793			
Dealer Promise (2.72)	Dealer assurance	0.813	9.57	19.38	0.95
	Different warranties	0.821			
	Dealer service standard	0.779			
	Quick service	0.824			
	Promise fulfillment	0.801			
Maintenance (2.63)	Prompt response	0.831	6.60	14.79	0.96
	No cost for maintenance	0.763			
	Need recognition	0.767			
	Free periodical maintenance	0.814			
	Proper care	0.788			
Product Value (2.51)	Worth of the product	0.837	5.70	9.57	0.96
	Convenient usage	0.814			
	Power efficiency	0.791			
	Long life expectancy	0.778			
	Safety and privilege	0.808			
Customer Value(2.36)	Customer recognition	0.783	3.44	5.82	0.94
	Customer value	0.808			
	Customer care	0.804			
Peer Group (2.22)	Friends recommendation	0.761	2.67	3.20	0.93
	Reference group influences	0.753			
	Feedback of users	0.821			

(Source: Primary Data)

Table-2 presents the factors, the subsequent variables, along with their reliability alpha and factorial mean values. It presents 28 statements under six dimensions. The factors derived with factorial mean values are; exclusive warranty (2.89), dealer promise (2.72), maintenance (2.63), product value (2.51), customer value (2.36) peer group (2.22). The content validity ratio is more than 0.50, together all six factors explain 86.63% of variance in data. Exclusive warranty is the first and most important factor on which seven statements are loaded and it explains 33.87% of variance with the Eigen value of 13.13. Replacement warranty and warranty agreement mainly influences the buying behaviour of consumers. Dealer promise is the second highest factor loading; it explains 19.38% of variance with Eigen value of 9.57. Quick service and different warranties of the dealer have influence on buying behaviour of consumers.

Maintenance has been loaded with 5 statements and it explains 14.79% of variance with Eigen value of 6.60. Prompt response and free periodical maintenance are effectively

considered in maintenance. Product value has significant influence in changing consumer buying behaviour. Worth of the product, convenient usage, and safety and privilege are mainly considered in product value. It has Eigen value of 5.70 and explains 9.57% of variance in data. Customer value is loaded with three statements and explains 5.82% of variance with Eigen value of 3.44. Customer value and care contributes more to influence consumer buying behaviour. Peer group explains 3.20% of variance with Eigen value of 2.67. The reliability alpha strongly evidences the reliability level ranges from 0.93 to 0.96. Therefore, consumer buying behaviour towards warranty based consumer durable is highly influenced by large number of factors.

To test the reliability of results obtained in factor analysis, multiple linear regression analysis is adopted to analyze the factors influencing consumer buying behaviour. The different factors are assumed as independent variable and buying behaviour is considered as dependent variable, it is presented in table-3.

Table – 3: Multiple Linear Regression Analysis

Independent Variables	Dependent Variable	Un-standardized coefficients		Beta coefficients	t value	Sign.
		B	Std.Error			
Constant	Buying Behaviour	0.827	0.613		1.572	0.137
Exclusive Warranty		0.419	0.062	0.465	7.362 [®]	0.002
Dealer Promise		0.211	0.058	0.166	1.857 [§]	0.003

Maintenance		0.209	0.076	0.143	1.763 ^{\$}	0.043
Product Value		0.177	0.063	0.085	0.839 [*]	0.311
Customer Value		0.154	0.061	0.125	1.854 ^{\$}	0.054
Peer Group		0.125	0.052	0.123	1.786 ^{\$}	0.043
R	0.882					
R ²	0.78					
Adjusted R ²	0.72					
F Value	42.253 [@]					

Note: @ significant at 1%, \$ significant at 5% and *significant at 10%.

Table-3 shows that all independent variable have positive relationship with consumer buying behaviour. It shows that value of R² and adjusted R² as 0.78 and 0.72 respectively, which indicates that 78% of effect on buying behaviour is explained by six underlying factors. Exclusive warranty has highest beta coefficient 0.419 and t-value 7.362 is statistically significant at 1% level. It indicates that the strong impact of buying behaviour on buying behaviour. Dealer promise and maintenance have direct association in determining consumer buying towards warranty based consumer goods, both are statistically significant at 5% of level. Moreover, customer value and peer group are statistically significant at 5% of level. Product value has significant influence on determining consumer buying behaviour and it is statistically significant at

10% level. It is concluded that all the six factors have significant influence on consumer buying behaviour towards warranty based consumer durables.

6.3.Consumer Expectation

Consumers have several expectations while purchasing warranty based consumer durables. Consumer’s expectation may be in the form of warranty, dealer staff, customer recognition, service assurance and so on. Therefore, so as to identify the most important consumer expectation, Friedman chi-square test has been administered. The null hypothesis states that the ranks of consumer expectation are not different from its expected value. The results are provided in table-4.

Table-4: Descriptive Statistics(N = 100)

Stress Coping Strategies	Mean Rank	Mean Score	Std. Deviation	Chi-Square
Full warranty	10.83	3.253	1.5433	139.53 P value 0.00*
Grievance handling	7.82	2.654	1.2856	
Fulfillment of promise	6.96	2.363	1.6236	
Technician support	9.71	2.274	1.2465	
Consumer protection measures	7.54	3.364	1.5536	
Consumer court	9.73	2.536	1.2235	
Refund for total damage	5.64	2.461	1.5463	
Replacement for repairs	6.87	3.235	1.2457	
Warranty as per consumer needs	7.67	3.034	1.1275	
Quick response	5.78	2.752	1.3463	
Proper honor	6.57	3.197	1.5235	
Customer recognition	8.63	3.174	1.3444	
Service assurance	8.11	3.155	1.1243	
Warranty as per industry standard	5.88	2.626	1.2633	
Minimum cost for repairs	6.36	2.365	1.5271	

(Source: Primary data)

* Significant at 1% level

Table-4 displays the results of Friedman’s test, under this ranking the value of chi-square is 139.53. The degrees of freedom are up to the number of variables less than 1, the asymptotic significant is the measured probability of attaining factors is not statistically different. Consequently, results of chi-square with 15 degrees of freedom are unexpectedly occurred by change. It is found that, full warranty (10.83) is ranked first; it is followed by consumer court (9.73), technician support (9.71), customer recognition (8.63), service assurance (8.11), grievance handling (7.82), and warranty as per consumer needs (7.67), and consumer protection measures (7.54) are ranked consequently from second to eighth respectively. Furthermore, fulfilment of promise (6.96), replacement for

repairs (6.87), proper honour (6.57), minimum cost for repairs (6.36), warranty as per industry standard (5.88), quick response (5.78), and refund for total damage (5.64) are ranked from ninth to fifteenth respectively. It can be suggested that full warranty, consumer court, technician support, customer recognition, and service assurance are the most important expectations of consumers.

7. Conclusion

Providing warranty implies that the manufacturer must attend to service claims resulting from product failures over the warranty period. Warranty management involves decision-making with regard to appropriate policy, minimum servicing

cost, supporting engineering, marketing and warranty servicing and associated logistics. A full-fledged warranty management system must be in place in order to have proper co-ordination of all on-going activities concerning warranty. Findings from the percentage analysis shows 73% are male consumers, 31% are in the age group of less than 25 years and 41-55 years. Educational qualification revealed that 42% are UG/ Diploma holders, 29% of consumers income falls between Rs.50,001 – 75,000 per month. Occupation showed that 34% are working in private concerns and government departments. Experience level revealed that 31% are experienced in 8-15 years. Factor analysis revealed that exclusive warranty, dealer promise, maintenance, product value, customer value, and peer group

are effectively influences consumer buying behaviour. Put together, 28 statements under six dimensions explain 86.63% of variance in data. The Cronbach's alphas for the factors suggest good reliability values i.e., $\alpha > 0.5$. It can be found that full warranty, consumer court, and technician support are the most prominent expectations of consumers while purchasing warranty based consumer durables. It is concluded that several factors influence the consumer decision towards the purchase of warranty based consumer durable goods. It is suggested that consumer durable firms and dealers should take effective measures to establish positive buying behaviour among the consumers.

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