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Market Opportunity and Retailers Performance Analysis for Retail Business of Home Appliances in Ahmednagar District of Maharashtra State.

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ABSTRACT

This study is an attempt to suggest strategies for retailers of home appliances from small towns when the global retailers are planning to bring modern concepts of retailing in India and the small towns are also on the list. The area selected for this study is Ahmednagar District of Maharashtra State of India.

Key Words: Retail, Home Appliances, Market Opportunity.

Introduction:

The organized retail sector in India has share of 39% from Clothing and Textile Industry. Followed by 11% from food and grocery and at 3rd place with 9% share comes the Consumer durables Sector. Although the central government has allowed 51% Foreign Direct Investment in organized retailing, the franchisee route of selling the consumer durable home appliances is not expecting any long term effects on their business. Some brands like Samsung and LG prefer to strengthen their franchises. The Rs.1900 Crore Godrej and Boyce Manufacturing Company which is a leading home appliances company in India has recently appointed a Delhi based consultancy to streamline the work processes of its retail division for bringing the company run showrooms under one umbrella and showcasing its new face highlighted by a foray into the home segment.

The recent trends in rural India are showing positive signs for development in the living standards of the small town dwellers and rural masses also. Millions of upwardly mobile middle-class Indians in small town have shed the Spartan life style of previous generations and adopted a new attitude to spending. Everything from color TV's to Washing Machines are being lapped up by small towns. With majority of Indians residing in small towns, Marketers are pulling out all stops to ensure they do not miss out this opportunity. Retail Chain Pantaloon has opened 'Big Bazar' in Cities like Sangli, Durgapur, Bhubneshwar, Nashik, and Vadodara which are alluring the rural masses to visit and purchase. So it is evident that the small towns like Ahmednagar

will also be chained in by the superstores in near future.

In this scenario Ahmednagar district is cultivating a peculiar culture. Notable characteristic is sound Economic, Social and Educational conditions. The citizens despite of having a rural background are embracing a city like lifestyle and number of working couples is growing very fast. The life is gaining speed here and the hurries and worries associated with this kind of life style are increasing. The service sector that should grow with this kind of development is not seen and as a result. Citizens are showing dissatisfaction for availability of inputs that can add value to their life style.

A pilot survey has thrown light on a fact that the relationship between the customer and retailers of home appliances is deteriorating day by day. Most of the customers of home appliances are showing interest in purchasing the home appliances so as to make their life comfortable but do not seem to be happy with the available market setup in Ahmednagar District. The main Market place known as "*Bazaar Peth*" has a narrow street. No Parking place is available. Modern Show rooms are not available. The sales staff does not have proper knowledge of the appliance. Variety of goods are not available to make choices from, hence customers prefer to purchase goods from cities like Pune and Nashik with the argument - "when, they are spending a reasonable amount of money on buying home appliances; let go some more money in transportation and I can choose among variety and great quality". Day by day the numbers of customers for this kind of opinion are increasing and retailers are facing a problem of low sales. In this scenario it is a need of retailers to

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deal with this opinion of the consumers, which is posing major issue in front of the retailers. This Research is undertaken for this very purpose to ensure Marketing Strategies for the Retailers of Home Appliances in Ahmednagar, so that they can stop losing customers to other city retailers.

Objectives and Research Methodology:

Present study has been undertaken with the objective to find out opportunities for sale of home appliances in Ahmednagar District and to analyze the performance of retailers of home appliances in Ahmednagar District.

The research is inferential diagnostic in nature based on a systematic collection, analysis, and interpretation, of data related to the determination of Area Market Opportunity and retailer's performance of Home Appliances in Ahmednagar District. This study is undertaken during Sep 2006 and Jan 2007.

Both Primary and Secondary data have been brought in use for this study. Primary data needed has been collected through personal interviews using a structured schedule. The question format used is closed and open ended. Questions were executed on sample.

Secondary data has been collected using web sites, books, magazines and resource persons.

Samples size for this research is 1260 selected using non probability quota sampling method.

Fifteen (15) home appliances in regular use by households are taken for study. The home appliances considered are, radio, tape, TV, Washing Machine, refrigerator, mixer, cooler, air conditioners, water purifier, vacuum cleaner, iron, fan, cooker and oven.

The collected data is tabulated, analyzed by using Market Performance analysis and Index of Category Development, Brand Development and Market Opportunity Method and interpreted.

Data Analysis and Interpretation

The data has been tabulated and analyzed. A detailed discussion on data analysis is made with the help of six tabulations as follows.

Table 1: Market Opportunity for sale of home appliances in premium class.

Following table shows determination of Market Opportunity for sale of Home Appliances in Premium Class by Calculating Index of Market opportunity Method.

Sr.	Item	% of total Population % of total	Sale Home	Appliances % of total Sale of Item	Category Development Index	Item Development Index	Market Opportunity Index
1.	Radio	5	11.59	8.33	2.32	1.67	1.39
2.	Tape	5	11.59	5.13	2.32	1.03	2.26
3.	TV	5	11.59	5.05	2.32	1.01	2.29
4.	VCD	5	11.59	14.29	2.32	2.86	0.81
5.	W. Machine	5	11.59	18.52	2.32	3.70	0.63
6.	Refrigerator	5	11.59	8.20	2.32	1.64	1.41
7.	Mixer	5	11.59	6.67	2.32	1.33	1.74
8.	Cooler	5	11.59	45.45	2.32	9.09	0.25
9.	Air Con.	5	11.59	100.00	2.32	20.00	0.12
10.	Water Purifier	5	11.59	62.50	2.32	12.50	0.19
11.	Vacuum Cleaner	5	11.59	80.00	2.32	16.00	0.14
12.	Iron	5	11.59	7.94	2.32	1.59	1.46
13.	Fan	5	11.59	5.43	2.32	1.09	2.13
14.	Cooker	5	11.59	7.14	2.32	1.43	1.62
15.	Oven	5	11.59	71.43	2.32	14.29	0.16
16.	Geysar	5	11.59	55.56	2.32	11.11	0.21

Source: (Primary Data)

From above table it reveals that,

1. Good Opportunity is found in Premium Class for TV (2.29), Tape Recorder (2.26), Fan (2.13), Mixer (1.74), and Cooker (1.62).
2. Moderate opportunity is found for Iron (1.46), Refrigerator (1.41), and Radio (1.39).
3. Some opportunity is found for VCD (0.81), Washing Machine (0.63), Cooler (0.25), Geysar (0.21), Water purifier (0.19), Oven (0.16), Vacuum Cleaner (0.14), and Air Conditioner (0.12).

Table 2: Market Opportunity for sale of home appliances in market excluding the premium class.

Following table shows determination of Market Opportunity for sale of Home Appliances in Ahmednagar in the market excluding Premium Class by Calculating Index of Market opportunity Method.

Sr. No.	Item	% of total Population % of total	Sale Home	Appliances % of total Sale of Item	Category Development Index	Item Development Index	Market Opportunity Index
1.	Radio	95	88.41	3.95	0.93	0.04	22.38
2.	Tape	95	88.41	6.64	0.93	0.07	13.31
3.	TV	95	88.41	16.87	0.93	0.18	5.24
4.	VCD	95	88.41	5.38	0.93	0.06	16.43
5.	W. Machine	95	88.41	3.94	0.93	0.04	22.44
6.	Refrigerator	95	88.41	10.05	0.93	0.11	8.80
7.	Mixer	95	88.41	12.56	0.93	0.13	7.04
8.	Cooler	95	88.41	1.07	0.93	0.01	82.63
9.	AC	95	88.41	0	0.93	0.00	0.00
10.	W.Purifier	95	88.41	0.53	0.93	0.01	166.81
11.	V.Cleaner	95	88.41	0	0.93	0.00	0.00
12.	Iron	95	88.41	10.59	0.93	0.11	8.35
13.	Fan	95	88.41	15.61	0.93	0.16	5.66
14.	Cooker	95	88.41	11.67	0.93	0.12	7.58
15.	Oven	95	88.41	0.36	0.93	0.00	245.58
16.	Geyser	95	88.41	0.71	0.93	0.01	124.52

Source: (Primary Data)

It is concluded from above table that:

1. Good Opportunity of sale is found for Oven (245.58), Water Purifier (166.81), and Geyser (124.52).
2. Moderate Opportunity is found for Cooler (82.63)
3. Some Opportunity is found for Washing Machine (22.44), Radio (22.38), VCD (16.43), Tape (13.31), Refrigerator (8.8), Mixer (7.04), Fan (5.66), TV (5.24), and Iron (8.35).
4. No Opportunity is found for Air Conditioner (0.00) and Vacuum Cleaner (0.00).

Table 3: Market Potential for home appliances by importance rating method.

Following Table shows importance rating for home appliances.

Sr. No.	Item	Weighted Score	Item	Weighted Score
1.	Radio	54.00	Air Conditioner	32.25
2.	Tape	52.00	Water Purifier	54.50
3.	TV	85.75	Vacuum Cleaner	32.50
4.	VCD	44.25	Iron	81.75
5.	Washing Machine	42.00	Fan	87.00
6.	Refrigerator	69.75	Cooker	81.50
7.	Mixer	81.00	Oven	26.25
8.	Cooler	44.75	Geyser	40.75

Source: (Primary Data)

Above table depicts:

1. Very Important home appliances are Fan (87.00), TV (85.75), (81.75), Iron (81.75), Cooker (81.5), Mixer (81).
2. Important Items are Refrigerator (69.75), Water purifier (54.5), Radio (54.00), Tape (52.00).
3. Neither Important nor Unimportant items are Cooler (44.75), VCD (44.25), Washing Machine (42), Geyser (40.75), Vacuum Cleaner (32.5), Air Conditioner (32.25), and Oven (26.25).

Table 4: Performance Analysis of the retailers.

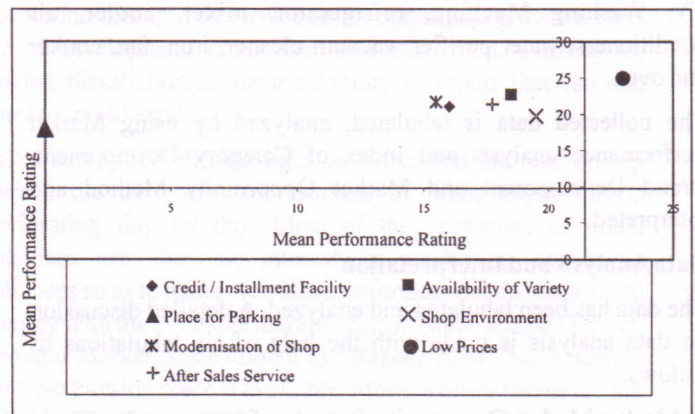
Following table describes performance analysis of the retailers by Customers of Home Appliances in Ahmednagar.

Sr.No.	Attribute Number	Description	Mean Importance Rating	Mean Performance Rating
1.	1	After Sales Service	21.375	17.75
2.	2	Credit / Installment Facility	21.375	15.9375
3.	3	Availability of Variety	22.75	18.5
4.	4	Place for Parking	17.9375	0
5.	5	Shop Environment	19.75	19.5
6.	6	Modernization of Shop	21.6875	15.5
7.	7	Low Prices	25	23
		Mid Point	21.46875	9.75

Source: (Primary data)

Chart No. 1 : Performance analysis of retailers

Following graph shows graphical presentation of retailer's performance



Mean performance rating is taken on X axis and mean importance rating is taken on Y axis. The point in intersection is 21.46 mean score on X and 9.75 mean score on Y. which leads to four quadrants.

The First quadrant: depicts low performance of Retailers and high expectations of Customers:

The table and graph shows that, the retailers of home appliances have to concentrate on Providing Credit and Installment Facilities (15.93, 21.37), Making Maximum Variety Available (18.5, 22.75), providing good after sale service (17.75, 21.37), Modernization of shops (15.5, 21.68), and providing a good shop environment (19.5, 19.75)

The Second quadrant: Good Performance of Retailers and High Expectations of Customers: The Retailers are good in keeping the prices low (23,25) and they have to keep up the good work.

Table 5: Occupation wise distribution of Opportunity for home appliances:

Following table depicts opportunities open for retailers of home appliances as per the occupation of customers.

Sr.No.	Occupation	Good Opportunity	Moderate Opportunity	Some Opportunity	No. Opportunity
1.	Service Class	Cooler, and Geyser	Water Purifier, VCD, Oven, TV, Tape, Fan, and Iron.	Mixer, Refrigerator, Radio, and Washing Machine.	Air Conditioner and Vacuum Cleaner.
2.	Farmers Class	Cooler and Geyser,	Refrigerator, Cooker, Mixer and Radio.	VCD, Tape, and TV.	Washing Machine, Air Conditioner, Water Purifier, Vacuum Cleaner, and Oven.
3.	Business Class	Geyser and Water purifier	TV, Radio, Fan, Tape, and Iron.	VCD, Mixer, Cooker, Refrigerator, Cooler, and Washing Machine.	Air Conditioner, Vacuum Cleaner, and Oven.

Source: (Primary Data)

Table 6: Distribution of Opportunity for home appliances according to Socio economic Status. Following table shows enduring opportunity for retailers of home appliances as per socio-economic classes.

Sr.No.	Socio Economic Class	Good Opportunity	Moderate Opportunity	Some Opportunity	No Opportunity
1.	Premium Class	TV, Tape, Fan, Mixer and Cooker.	Iron, Refrigerator, Radio,	VCD, Washing Machine, Cooler, Geyser, Water purifier, Oven, Vacuum Cleaner, and Air Conditioner.	Nil
2.	Upper Middle Class	Nil	TV, Fan, Oven, and Radio.	Mixer, Geyser, Iron, Tape, Cooker, Refrigerator, VCD, Water Purifier, Washing Machine, and Cooler.	Air Conditioner and Vacuum Cleaner.
3.	Lower Middle Class	Nil	TV, VCD, and Fan.	Iron, Cooker, Mixer, Washing Machine, Tape, Refrigerator, and Radio.	Cooler, Air Conditioner, Water Purifier, Vacuum Cleaner, Oven and Geyser.
4.	Lower Class	Washing Machine, Cooler, and Geyser.	VCD, Refrigerator, Cooker, and Radio.	Tape, Mixer, Iron, Fan, and TV.	Air Conditioner, Water purifier, Vacuum cleaner and Oven.

Source: (Primary Data)

Findings:

A. Opportunity for Home Appliances in Ahmednagar:

25% of home appliances have good market opportunity and 56.25% of home appliances have 'Very important' rating.

B. Market Opportunity of Home Appliances in Ahmednagar by calculating Importance Rating given to home appliances by the customers:

It was found that Mixer, iron, Fan, Cooker and TV. are Very Important home appliances. Radio, Tape, Refrigerator, and Water purifier are Important Items. VCD, Washing Machine, Cooler, Air Conditioner, Vacuum Cleaner, Oven and Geyser are neither Important nor Unimportant items.

C. Retailers Performance Analysis.

1. Total Service attributes provided by retailers of home appliances in Ahmednagar are 07.

2. Total service attributes important for customers of home appliances in Ahmednagar are 07.

3. Total service attributes satisfying the customers of home appliances is 01.

4. Average percent of service attributes satisfying the customers of home appliances are $14.28\% = 0.14$

5. The services provided by the retailers of home appliances are not satisfying the customers.

Suggestions and Recommendations:

Innovation and Creativity for retaining the customers is very important for retailers of home appliances in Ahmednagar hence 'Differentiation Strategy' employing 'Big Idea' and Collaborative Commerce is recommended.

A. Retailers have to concentrate on

1. Providing Credit and Installment Facilities,
2. Making Maximum Variety Available,
3. Providing efficient after sale service,
4. Modernization of the shops (special reference to ambience),
5. Providing a spacious shop environment and
6. Adequate place for parking.

B. Convenience in timing and location is to be considered

1. The Store should be located along an adequately wide road free of encroachments.
2. Maximum possible size of store should be utilized.
3. Modern, Sophisticated and pleasant atmosphere and ambience with Food Plaza, Crèche and children's play area facility should be arranged.
4. Layout of the store should facilitate maximum visibility of products to increase ease in selection. It should also help in easy movement of people while selecting.
5. Classified sections of different variety should be arranged according to prices, features, designs and styles.

6. Atomization of order processing and complain handling should be employed.

C. Merchandising

1. Uniqueness in the Merchandising has to be achieved.
2. Latest trends in merchandising have to be increased.
3. Assorted product packaging with private labels has to be introduced.
4. Presentations for demonstrations explaining proper use of products should be arranged.
5. Technical Information of products availability and interaction with customers should be facilitated.
6. Latest variety should be introduced from time to time.

D. Pricing

1. Value for money strategy should be employed for diagonal growth in return on investments.
2. Price level should be maintained.
3. Price guarantee should be employed.
4. Mark down pricing by vertical integration should be introduced.
5. No frills pricing with full service should be introduced.
6. Exchange vouchers and discount facilities should be introduced.
7. Plastic card payments, Internet banking, and pay on delivery systems should be employed.
8. Collaboration with financial institutions for easier loan and credit facility should be made.

E. Promotion

1. Infomercials should be broadcasted by using local media to increase awareness about share of home appliances in building overall standard of living of the community.
2. Special sales events like Cheapest Day of the Year, Grand Exchange Day, Guaranteed Credit Day, Lucky Draw Dreams Day, Prize for Quiz Day, and Guaranteed gift day should be arranged on routine basis.
3. Maximum Publicity to every event should be given by using print media.
4. Attention towards Social responsibility should be given by
 - a) Arranging Seminars, Workshops and Symposiums on topics like Impact of modern technology and changes in living standards on the society.
 - b) Arranging Sports events, Rally, Cleanliness Day, etc. to the retailers.

F. Organizational performance enhancement

5. Training and Skills enhancement programmes for employees.
6. Introduction of Performance Evaluation and Appraisal

system.

7. Guaranteed career progression for employees.

Conclusion

The home appliances market in Ahmednagar is of good size and demand based. It offers moderate opportunity to marketers. Hence, one does not see any immediate threat from global players in home appliances market.

Marketing strategies adopted by retailers of home appliances are not providing satisfactory services to the customers.

As per the response shown by the consumers and the inherent problems of distribution and retailing through conventional methods it is advisable to the retailers to try innovative methods by considering the importance rating and development index enjoyed by home appliances in Ahmednagar Market.

Television, Mixer, iron, Fan, and Cooker are enjoying **Very Important rating** by customers but having some Opportunity because they are most developed home appliances in Ahmednagar.

Radio, Tape, Refrigerator, and Water purifier are enjoying **Important rating** by customers and good Opportunity is there for Water Purifier as it is least developed home appliance, rest of the home appliances i.e. Radio, Tape, and Refrigerator, are moderately developed hence, having some Opportunity in Ahmednagar.

Neither Important Nor Unimportant Rating from customers is enjoyed by VCD, Washing Machine, Cooler, Air Conditioner, Vacuum Cleaner, Oven and Geyser still there is good Opportunity for Oven and Geyser, Some Opportunity is found for Washing Machine, VCD and Moderate Opportunity is found for Cooler but no Opportunity is found for Air Conditioner and Vacuum Cleaner.

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