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**A STUDY ON RELATIONSHIP BETWEEN DEMOGRAPHIC
CHARACTERISTICS AND PREFERENCE TO E-COMMERCE
WITH RESPECT TO ONLINE SHOPPING IN PUNE CITY**

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ABSTRACT

This study is undertaken with the purpose to understand the adaptability and preference of consumers to online shopping at e-retailers in Pune city. A structured questionnaire was developed with 11 items. The questionnaire was divided in two parts. One was to collect demographic characteristics and other is to collect responses for their preference for online shopping. Total 126 responses were collected through the questionnaire. The analysis showed that demographic characteristics have significant influence on preference to online shopping. The research also gives suggestions to e-retailers in order to attract new customers. Directions for future studies are also discussed in the end.

Keywords: Online Shopping, e-retailers, Pune

INTRODUCTION

India is emerging economy in the world today. The demography of Indian population is favorable for most of the businesses as large portion of population is comprised of young people. These young customers have high spending power compared to other age category customers. Because of this increasing spending power, India is seen as one of the promising markets across the globe. Usage of internet is also increasing day by day and number of internet users is very high and it is predicted that India will soon be among the one of the most Internet Users in the world. Therefore adaptability to online shopping has become easy for urban population. Online shopping in cities like Pune is not a new thing. Online shopping is becoming routine for most of the citizens. A decade ago only few e-commerce platforms were present for online shopping. Today the competition is very tough for e-commerce platforms (websites/ mobile application). The number of players has risen significantly. This research is an attempt to identify the relationship between demographic characteristics of consumers and their preference for online shopping over the conventional brick and mortar stores. 126 samples were contacted for their responses. SPSS 13.0 is used for data analysis. This research may help online retailers to formulate strategies to attract and retain consumers.

This study aims at investigating the relationship between demographic characteristics of consumers and their preferences for online shopping over shopping from traditional brick and mortar stores.

LITERATURE REVIEW

Meera, Padmaja and Siddique (2017)¹, conducted a research with the purpose to investigate the buying behaviour of consumers with respect to online shopping and preference towards the Online Shopping

Mobile Applications. Total 80 respondents from Sivakasi were contacted to get the primary data. The findings of the study revealed that most of the consumers from Sivakasi use snapdeal application for online shopping. However satisfaction level of consumers was found high for Flipkart's mobile application due to competitive prices and hassle-free shopping experience. Advertisement of mobile application was found to be the most influencing factor to choose the mobile application for shopping. The study also noted that among all reasons the 'wide range of brands and product varieties' is the main reason for preferring online shopping.

Yulisetiari, Subagio, Paramu and Irawan (2017)², investigated the effect of price, service quality and product quality on repurchase intention and satisfaction level while shopping online. Their study included 184 state universities' students in East Java Province. Results of analysis showed that price and service quality have significant relationship with repurchase intention and service quality and product quality both have significant effect on satisfaction of customers. Whereas product quality which was thought to be significantly related with repurchase has no significant effect on repurchase intention. Similarly price has no relationship with satisfaction level of consumers.

Aydin and Hasiloglu (2017)³ in their study investigated the effect of shyness on online purchase decision making process. 188 respondents were studied for their level of shyness and online purchase behaviour. The results found that the level of shyness and frequency of online buying are significantly correlated. This means that as level of shyness increases the frequency of online buying also increases.

Shanthi and Kannaiah (2015)⁴ in their research studied students' attitude towards online shopping and their preference for products when they buy online. Survey method was used to collect primary data. Most of the respondents were students of Madras University and Madras Christian College. The questionnaire was used to collect responses; this questionnaire was comprised of 3 sections. One section was designed to collect responses for internet usage habits. Second part of the questionnaire collected data for online shopping behaviour and third section of the questionnaire included questions to collect demographic characteristics of respondents. Study found that the books are the most bought product category online due to their discounted prices. According to findings the most influencing factor for online shopping is the price of products. Consumers perceive that products are cheaper when bought online. Security of the products, Guarantee/ warranty, delivery time and reputation of the company are other influencing factors in that order. Authors opine that most of the youngsters are well versed with the online shopping and shopping things online is now day to day thing for them.

Wu and Tsai (2017)⁵ examined the effect of website characteristic and external stimulus on online shopping behaviour. They have established a relationship model to compare the difference of consumer groups with different online shopping experiences. Through convenience sampling technique 818 responses were collected. According to the results, the two groups with different online shopping experiences were significantly different in three relational paths. To be specific: (1) Compared to the low frequency group, consumers in the high frequency group is more significantly positively influenced by website characteristics along the affection path during their online shopping. (2) Compared to the high frequency group, consumers in the low frequency group are more significantly positively influenced by website characteristics along the attitude path during their online shopping. (3) Compared with the low frequency group, a more significant positive influence is found among consumers in the high frequency group between consumer affection and consumer behavior path.

Suhaily, Soelasih (2017)⁶, conducted a research work to investigate the effect of service quality; price perception and experiential marketing on repurchase intention. The study collected responses from 180 samples. The result showed that e-service quality has significant influence on customer satisfaction and repurchase intention. Surprisingly the price has no influence on satisfaction but has significant effect on repurchase intention. This means that the price responding to the purchased product will lead to repeat purchase, but the price does not lead to customer satisfaction because satisfaction arising from e-service quality. Experiential marketing has no influence to customer satisfaction and

repurchase intention. Customer satisfaction has positive effect on repurchase intention. The effect of e-service quality and experiential marketing through customer satisfaction as mediation variable has no influence to repurchase intention, while price perception influence to repurchase intention.

Sana S. (2016)⁷ conducted a study to examine the online shopping preference among youth in Ernakulum town. 200 young consumers were given the questionnaire for the purpose of this study. The author found that Flip kart was the commonly used online website by the respondents. Clothes and shoes were the main commodities purchased by the respondents through online. The major reason for preference of online shopping by the respondents was ‘time saving’

Agarwal S. and Bhati N. S. (2016)⁸ investigated various dimensions of e-service quality and its effect on online shopping behaviour. They also examined if gender and e service quality perception are related. 80 individuals from Jaipur city of Rajasthan responded towards the questionnaire. The results showed that in most of the e-service quality dimensions perceptual differences were found across the gender. The study also found that gender and preference towards products are significantly related.

HYPOTHESES

H₁: There is significant relationship between age and preference to online shopping.

H₂: There is significant relationship between gender and preference to online shopping.

H₃: There is significant relationship between education and preference to online shopping.

H₄: There is significant relationship between income and preference to online shopping.

H₅: There is significant relationship between occupation and preference to online shopping.

RESEARCH METHODS

A structured questionnaire is prepared with the help of past studies and few experts. This questionnaire is used for data collection. This questionnaire included two parts. The first part collects data for preferences to online shopping. It included 6 items to understand consumers’ preferences. Respondents were asked to rate all of these 6 items on 5 point Likert’s scale. On this scale 1 represents strongly disagree and 5 represents strongly agree. The mean of all 6 items represents the preference for online shopping. The second part of the questionnaire was comprised of forced questions to collect demographic characteristics of respondents. Total 150 consumers were approached based on non-probabilistic convenient sampling and given the questionnaire. Only 126 questionnaires were returned and were complete with respect to responses to all the items of the questionnaire.

DATA ANALYSIS

Reliability Test

Table no 1 shows the reliability test for the questionnaire. The Cronbach’s alpha value is higher than .7 therefore the questionnaire was considered reliable.

Table No.1 Reliability Statistics

| Cronbach's Alpha | N of Items |
|-------------------------|-------------------|
| .830 | 11 |

Table No. 2 describes the frequencies of respondents with respect to their demographic characteristics.

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Table no. 2. Frequency Table

| Demographic Characteristics | Groups | Frequency | Per cent |
|------------------------------------|-----------------|------------------|-----------------|
| Age | 15-25 | 14 | 11 |
| | 26-35 | 22 | 17 |
| | 36-45 | 62 | 49 |
| | 46-55 | 12 | 10 |
| | 56 and above | 16 | 13 |
| | Total | 126 | 100 |
| Education | Up to 10th | 8 | 6 |
| | 12th/ Diploma | 18 | 14 |
| | Graduation | 36 | 29 |
| | Post-Graduation | 52 | 41 |
| | PhD | 12 | 10 |
| | Total | 126 | 100 |
| Occupation | Salaried | 28 | 22 |
| | Self-employed | 28 | 22 |
| | Business | 18 | 14 |
| | Home Maker | 30 | 24 |
| | Student | 22 | 17 |
| | Total | 126 | 100 |
| Income | 1 to 2 lakh | 10 | 8 |
| | 2 to 4 lakh | 10 | 8 |
| | 4 to 6 lakh | 18 | 14 |
| | 6 to 8 lakh | 34 | 27 |
| | above 8 lakh | 54 | 43 |
| | Total | 126 | 100 |

DESCRIPTIVE ANALYSIS

Table No.3 Descriptive Statistics- Preference to online shopping

| | N | Minimum | Maximum | Mean | Std. Deviation |
|---|----------|----------------|----------------|-------------|-----------------------|
| 5.1. I get the product at reasonable price as compared to physical/ brick and mortar store. | 126 | 1.00 | 5.00 | 3.2698 | .98316 |
| 5.2. It saves time as I don't have to wait in queue for billing | 126 | 1.00 | 5.00 | 3.4444 | 1.11395 |

| | | | | | |
|---|-----|------|------|----------------|---------|
| 5.3. Online shopping leads to fewer expenses (if I visit offline store, I also tend to spend on eating out, impulsive purchase, travelling etc. | 126 | 1.00 | 5.00 | 3.1587 | 1.21598 |
| 5.4 It saves travel time | 126 | 1.00 | 5.00 | 3.5079 | 1.33714 |
| 5.5. I get to choose from wide range / variety of products | 126 | 1.00 | 5.00 | 3.3492 | 1.21535 |
| 5.6. I can compare different products which helps me to make informed and well researched decision | 126 | 1.00 | 5.00 | 3.4921 | 1.27591 |
| Overall Mean | | | | 3.37035 | |

From table no 3 it is observed that all the means are above 3. This indicates that most of the respondents prefer online shopping over shopping at walk-in, conventional stores. The highest mean is for the statement ‘It saves travel time’ and the mean value is 3.5. This may be because Pune city is considerably high on its traffic and it is frustrating to travel across the city. Therefore people now prefer to shop online instead of wasting time in traveling. However the high standard deviation (S.D.>1.33714) suggests that the responses are widely dispersed. The statement ‘Online shopping leads to fewer expenses (if I visit offline store, I also tend to spend on eating out, impulsive purchase, travelling etc.’ has got minimum mean among all statement. This suggests that this may not be the exact reason for preferring online shopping. Here also the S.D. value is high (S.D. > 1) and indicates that the responses are widely distributed.

HYPOTHESES TESTING

To test H₁, H₃, H₄ & H₅ one way ANOVA is used. The results of test are given in table no. 1.

Table no.4 ANOVA Age, Education, Income* Preference to online shopping

| | | Sum of Squares | df | Mean Square | F | Sig. |
|-----------|----------------|----------------|-----|-------------|--------|-------------|
| Age | Between Groups | 9.662 | 4 | 2.415 | 2.029 | .095 |
| | Within Groups | 144.053 | 121 | 1.191 | | |
| | Total | 153.714 | 125 | | | |
| Education | Between Groups | 48.138 | 4 | 12.034 | 16.573 | .000 |
| | Within Groups | 87.862 | 121 | .726 | | |
| | Total | 136.000 | 125 | | | |
| Income | Between Groups | 87.513 | 4 | 21.878 | 23.441 | .000 |
| | Within Groups | 112.931 | 121 | .933 | | |
| | Total | 200.444 | 125 | | | |

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| | | | | | | |
|------------|----------------|---------|-----|-------|-------|------|
| Occupation | Between Groups | 6.014 | 4 | 1.503 | 1.217 | .307 |
| | Within Groups | 149.478 | 121 | 1.235 | | |
| | Total | 155.492 | 125 | | | |

From table no. 4 it is observed that the significance values (p) of F test for education and income are less than .05. It means that as the means of education and income differs the mean of preference to online shopping also differs significantly. In other words, education and income of consumers are significantly related with their preferences to online shopping. Therefore we reject null hypotheses and 'H₃: There is significant relationship between education and preference to online shopping; H₄: There is significant relationship between income and preference to online shopping' both are accepted.

To test H₃ T-test is used as there are only two groups in gender variable. The result is reproduced in table no. 5.

Table no. 5. T-test Gender* Preference to online shopping

| | | Levene's Test for Equality of Variances | | t-test for Equality of Means | | | | | | |
|--|-----------------------------|---|-------------|------------------------------|--------|-----------------|------------|------------------|--------------------------------------|---------|
| | | F | Sig. | t | df | Sig. (2-tailed) | Mean Diff. | Std. Error Diff. | 95% Confidence Interval of the Diff. | |
| | | | | | | | | | Lower | Upper |
| Preference to Online Shopping over Brick & Mortar store shopping | Equal variances assumed | .011 | .916 | -2.925 | 124 | .004 | -.57684 | .19722 | -.96719 | -.18649 |
| | Equal variances not assumed | | | -2.847 | 95.298 | .005 | -.57684 | .20260 | -.97903 | -.17465 |

From table no 5 it is found that the significance value of Leven Test is very high (p>.05), therefore the results that assume equal variances for both groups are referred. From the table it is seen that the significance value of t test is less than .05 (t=-2.925; p<.05). This indicates that the male and female differ in their means of preference to online shopping. Therefore we fail to accept null hypothesis and accept 'H₂: There is significant relationship between gender and preference to online shopping'.

RESULTS AND DISCUSSION

From data analysis it was found that the saving on travel time was the first reason of buying online. Hypotheses testing showed that education, income and gender are significantly related with preference to online shopping. Out of five hypotheses three are accepted therefore in general it can be noted that demographic characteristics have significant effect on online shopping preference. Therefore online retailers must consider the demographics of their target population. It was observed that age, income and education and preference to online shopping are significantly correlated. This means that as age, education and income increase their preference to online shopping also increase. Therefore online retailers should target high age, high education and high income group so as to increase their customer base and subsequently to increase their revenue. While promoting their online website or mobile

application e-retailers should emphasis on saving time on shopping. Delivery time should be reduced so as to attract new customers. However since the sample size is small, the findings may not be generalized. The future studies may investigate effect of application based promotions on preference to online shopping. Future studies may also examine preference for different online retailer among the consumers and reasons for their preference to particular e-retailer.

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RETURNING EXPERIENCE AND REPURCHASE INTENTION
WITH RESPECT TO E-RETAILERS IN PUNE CITY**

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ABSTRACT

Online shopping is now a days a normal thing. Urban consumers are very well versed with the online shopping. Online retailing has emerged as very big industry. Still many of consumers do not shop online very often. However the number of online shoppers is going to increase very rapidly. Therefore online retailing is considered as very promising business today. However e-retailers should not overlook returns from the consumers, because returns affect not only the revenue but also consumer loyalty. The purpose of this research is to investigate the relationship between product returning process experiences and repurchase intention and product return process experience and preference to online shopping. More than 250 consumers who shop online were approached. Only 110 of them had experienced return process. Primary data is collected from these 110 consumers through a structured questionnaire. The data is analysed using SPSS. Result showed that return process experience has significant impact on preference for future shopping and repurchase intention from the same e-retailer.

Keywords: E-retailer, Product return process, repurchases intention

INTRODUCTION

It is pretty easy process today to shop online. One can shop online through any device like smart phone, tablet, and computer. Almost every e-retailer has developed mobile application which helps in easy online shopping to consumers. Once consumer selects the product to buy it is then just few clicks process to complete shopping. Further e-retailers are making this process short by allowing consumers to align their e-wallets, debit cards or credit card to their account so as to make payments very easy and fast.

E-commerce is multi-trillion dollar business. Overall, many think tanks are predicting two digit rise in online sales. Many of e-retailers are therefore very excited about making huge sales and keep their inventory moving. However many of them are still not focusing on their returns from customers. About one third of all e-commerce orders are returned. As of late 2013, a Wall Street Journal report found that one-third of all internet transactions resulted in a return by consumers. Since that time, various think tanks have concurred that the return rate has not changed all that much. But there is a kicker: Retailers are usually more at fault for returns than consumers are (Lazar 2017).

A 2008 Forrester study, which was conducted on behalf of UPS, found that e-commerce returns were the retailer's fault in 65% of all cases. This coupled with high return shipping fees or restocking fees, has made consumers increasingly hesitant to order products from online stores. The same Forrester study also found that 55.2% of consumers disliked online shopping due to products being "difficult to return" or the associated restocking fees and or return shipping fees.

OBJECTIVES

1. To investigate if online shopping preference is affected by product return process.
2. To find out the relationship between return process and repurchase intention.

HYPOTHESES

1. H1 There is significant relationship between product return experience and preference to online shopping
2. H2 There is significant correlation between product return experience and repurchase intention from the same e-retailer.

LITERATURE REVIEW

Meera, Padmaja and Siddique (2017), conducted a research with the purpose to investigate the buying behaviour of consumers with respect to online shopping and preference towards the Online Shopping Mobile Applications. Total 80 respondents from Sivakasi were contacted to get the primary data. The findings of the study revealed that most if the consumers from Sivakasi use snapdeal application for online shopping. However satisfaction level of consumers was found high for Flipkart's mobile application due to competitive prices and hassle-free shopping experience. Advertisement of mobile application was found to be the most influencing factor to choose the mobile application for shopping. The study also noted that among all reasons the 'wide range of brands and product varieties' is the main reason for preferring online shopping.

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Aydin and Hasiloglu (2017) in their study investigated the effect if shyness on online purchase decision making process. 188 respondents were studied for their level of shyness and online purchase behaviour. The results found that the level of shyness and frequency of online buying are significantly correlated. This means that as level of shyness increases the frequency of online buying also increases.

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Wu and Tsai (2017), examined the effect of website characteristic and external stimulus on online shopping behaviour. They have established a relationship model to compare the difference of consumer groups with different online shopping experiences. Through convenience sampling technique 818 responses were collected. According to the results, the two groups with different online shopping experiences were significantly different in three relational paths. To be specific: (1) Compared to the low frequency group, consumers in the high frequency group is more significantly positively influenced by website characteristics along the affection path during their online shopping. (2) Compared to the high frequency group, consumers in the low frequency group are more significantly positively influenced by website characteristics along the attitude path during their online shopping. (3) Compared with the low frequency group, a more significant positive influence is found among consumers in the high frequency group between consumer affection and consumer behavior path.

Suhaily, Soelasih (2017), conducted a research work to investigate the effect of service quality; price perception and experiential marketing on repurchase intention. The study collected responses from 180 samples. The result showed that e-service quality has significant influence on customer satisfaction and repurchase intention. Surprisingly the price has no influence on satisfaction but has significant effect on repurchase intention. This means that the price responding to the purchased product will lead to repeat purchase, but the price does not lead to customer satisfaction because satisfaction arising from e-service quality. Experiential marketing has no influence to customer satisfaction and repurchase intention. Customer satisfaction has positive effect on repurchase intention. The effect of e-service quality and experiential marketing through customer satisfaction as mediation variable has no influence to repurchase intention, while price perception influence to repurchase intention.

Sana S. (2016) conducted a study to examine the online shopping preference among youth in Ernakulum town. 200 young consumers were given the questionnaire for the purpose of this study. The author found that Flip kart was the commonly used online website by the respondents. Clothes and shoes were the main commodities purchased by the respondents through online. The major reason for preference of online shopping by the respondents was 'time saving'

Agarwal S. and Bhati N. S. (2016) investigated various dimensions of e-service quality and its effect on online shopping behaviour. They also examined if gender and e service quality perception are related. 80 individuals from Jaipur city of Rajasthan responded towards the questionnaire. The results showed that in most of the e-service quality dimensions perceptual differences were found across the gender. The study also found that gender and preference towards products are significantly related.

Saleh (2015), investigated the propensity for online shopping and association between demographic characteristics and online shopping preferences in Saudi Arabia. 293 respondents were given with the questionnaire which designed for this research. The analysis showed that age and gender are not significantly related with the propensity for online shopping. However education and income are significantly related with the online shopping propensity.

The study conducted by Steinfield and Whitten (1999), highlighted that the combination of the web and physical presence is required to ensure maximum consumers to opt for online shopping. Such combination provides better pre-purchase and post-sales services to the customers and leads to building of trust in online stores and also helps to lower consumer transaction cost.

Karayanni (2003) highlighted that the online shoppers tend to benefit in three ways, firstly they benefitted from availability of shopping on 24-hour basis, secondly time efficiency and thirdly the avoidance of queues in stores.

Laundon and Traver (2013) found that online shopping companies must create a secured and a more attractive/useful website. Online shoppers can change the visitor into a buyer if the online stores provide a wide range of variety of products and other useful information of product, good customer service and ease in accessibility of the website.

Comegys et al. (2009) highlighted in his studies that, customers could not touch or try the products before they purchase, therefore online shopping deals must have some special offering like money back guarantee or return policy to reduce the customer's anxiety of error purchase or not of any use/interest.

RESEARCH METHODOLOGY

This research needs data to be collected from consumers those who had experienced return process of any of the e-retailer in Pune City. Therefore purposive sampling technique was used to select samples for this study. 250 of consumers were approached to get the data. However only 110 of them had experienced returning product(s) to e-retailer from where they had bought it from. In this way total sample size is 110. A structured questionnaire is designed to collect data from samples. This questionnaire includes total 29 items. Entire questionnaire was comprised of four sections. The first section contains 14 items to check preference of respondents to online shopping. The second section is structured to investigate return process experience of respondents. The second section included 9 items. The third section included only 1 item to investigate repurchase intention of respondents. The last section was including forced questions to collect demographics of respondents. First two sections were designed on five point Likert's scale; wherein 1 indicated 'strongly disagree' and 5 indicated 'strongly agree'. All the responses were coded in SPSS for analysis. SPSS is used as an analyzing tool.

RESULT AND DISCUSSION

Before proceeding for analysis of data it is a good idea to check the reliability of the research instrument used for data collection. Therefore Cronbach's alpha coefficient is used as an indication of reliable scale. Table no. 1 shows the Cronbach's alpha coefficient value. It is observed that alpha value is greater than 0.7. In social science Cronbach's alpha value of 0.7 and above is considered a good sign of reliability of the scale. Therefore instrument used for this research is considered reliable.

Table No.1 Reliability Statistics

| . Cronbach's Alpha | N of Items |
|---------------------------|-------------------|
| .866 | 29 |

Table no. 2. Descriptive Statistics – Preference to online shopping

| | N | Min. | Max. | Mean | Std. Deviation |
|--|----------|-------------|-------------|---------------|-----------------------|
| I get the product at reasonable price as compared to physical/ brick and mortar store. | 110 | 2.00 | 4.00 | 3.0545 | .53905 |
| It saves travel time | 110 | 2.00 | 5.00 | 3.2636 | .71263 |
| It saves time as I don't have to wait in queue for billing | 110 | 2.00 | 5.00 | 3.3364 | .74535 |
| I get to choose from wide range / variety of products | 110 | 2.00 | 5.00 | 3.2636 | .71263 |
| Online shopping leads to fewer expenses (if I visit offline store, I also tend to spend on eating out, impulsive purchase, travelling etc. | 110 | 1.00 | 4.00 | 3.2818 | .76784 |
| I can compare different products which helps me to make informed and well researched decision | 110 | 2.00 | 5.00 | 3.5727 | .70981 |
| I can shop almost any time and from anywhere unlike physical stores. | 110 | 1.00 | 5.00 | 3.7818 | 1.03500 |
| E- Retailers give me more discount coupons on frequent buying. | 110 | 1.00 | 5.00 | 3.4000 | .75662 |

| | | | | | |
|--|-----|------|------|---------------|--------|
| E-Retailers provide special offers/ cash back when I shop using my credit/ debit card. | 110 | 2.00 | 5.00 | 3.2182 | .70881 |
| E- Retailers provide exclusive discounts and offers on their Mobile applications more often. | 110 | 2.00 | 5.00 | 3.6273 | .67537 |
| Some products are exclusively available through e-retailers only. | 110 | 1.00 | 5.00 | 3.3273 | .73083 |
| E-retailers have made gifting easy. I can get the gift delivered to the person I wish to gift, which is very convenient. | 110 | 2.00 | 4.00 | 3.3636 | .53719 |
| Overall Mean | | | | 3.3742 | |

The overall mean on 3.37 for preference to online shopping sub-scale suggests that many of respondents somewhat prefer online shopping to brick and mortar store shopping. Among all the statements on this subscale ‘I can shop almost any time and from anywhere unlike physical stores.’ received the highest mean 3.78. However, standard deviation in this case is high (1.03) which indicates that the responses are widely spread from the mean. Whereas the lowest mean value 3.05 is for the statement ‘I get the product at reasonable price as compared to physical/ brick and mortar store.’ This suggests that respondents do not perceive any significant price difference for product shopped online and offline mode.

Table No.3 Descriptive Statistics – Product Return Process

| | N | Min. | Max | Mean | Std. Deviation |
|--|----------|-------------|------------|---------------|-----------------------|
| Website was user-friendly | 110 | 1.00 | 5.00 | 3.6364 | 1.14721 |
| Terms and conditions were clearly stated | 110 | 1.00 | 5.00 | 3.5182 | 1.12300 |
| Registering for return process was hassle free | 110 | 1.00 | 5.00 | 3.4000 | 1.25032 |
| Got quick notification and assistance | 110 | 1.00 | 5.00 | 3.4364 | 1.31000 |
| Executive came on time to collect the product | 110 | 1.00 | 5.00 | 3.2636 | 1.23910 |
| Quick replacement / refund | 110 | 1.00 | 5.00 | 3.0364 | 1.24832 |
| Got notification by email/SMS after registering for return | 110 | 1.00 | 5.00 | 3.4455 | 1.16198 |
| Overall experience was very good | 110 | 1.00 | 5.00 | 3.4000 | 1.21308 |
| The duration for the entire process is acceptable | 110 | 1.00 | 5.00 | 3.2909 | 1.21418 |
| Overall Mean | | | | 3.3808 | |

From table no. 3, the overall mean for this subscale is 3.38 suggesting that overall experience of returning the products is good. However the S.D. for all the items is more than 1; which clearly indicate that the responses have significant differences from the mean value. The highest mean value is for ‘Website was user-friendly’ whereas the lowest is for ‘Quick replacement / refund’.

Table No.4 Descriptive Statistics – Repurchase Intention

| | N | Min. | Max | Mean | Std. Deviation |
|---|-----|------|------|--------|----------------|
| I would definitely buy again from the same e-retailer because of their reliable and transparent return policy | 110 | 1.00 | 5.00 | 3.8364 | 1.19269 |

3.83 Mean from table no.4, indicates that repurchase intention from the e-retailer having reliable and transparent return policy is moderately high. However we should not neglect the high S.D. (S.D. =1.19)

HYPOTHESES TESTING

H1 There is significant relationship between product return experience and preference to online shopping

To test this hypothesis ANOVA is run in SPSS. The result of ANOVA is given in table No.5.

Table No. 5 ANOVA Return Experience* Preference to online shopping

| | Sum of Squares | df | Mean Square | F | Sig. |
|----------------|----------------|-----|-------------|-------|-------------|
| Between Groups | 7.440 | 4 | 1.860 | 4.593 | .002 |
| Within Groups | 42.524 | 105 | .405 | | |
| Total | 49.964 | 109 | | | |

From table no. 5 we found that the significance value (p) of F test is less than .05 (P<.05). This shows that there is significant difference between the means of return experience and preference to online shopping. Therefore the null hypothesis H0-‘There is no significant relationship between product return experience and preference to online shopping’ is failed to be accepted and H1 is accepted.

H2 There is significant correlation between product return experience and repurchase intention from the same e-retailer.

To find out correlation between return experiences and repurchase intention Pearson’s Correlation Coefficient is used. The result is reproduced in Table No. 6.

Table No.6- Pearson’s Correlation- Return Experience and Repurchase Intention

| | | I would definitely buy again from the same e-retailer because of their reliable and transparent return policy | Mean of Overall returning process experience |
|---|---------------------|---|--|
| I would definitely buy again from the same e-retailer because of their reliable and transparent return policy | Pearson Correlation | 1 | .871** |
| | Sig. (2-tailed) | | .000 |
| | N | 110 | 110 |
| Mean of Overall returning process experience | Pearson Correlation | .871** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 110 | 110 |

** . Correlation is significant at the 0.01 level (2-tailed).

Since the p-value is less than .05, we consider that return experience and repurchase intention are significantly correlated. The value of Pearson's correlation coefficient .871 indicates the strength of correlation is very high and it is positive. In other words, as hassle-free, users friendly return experience increase, repurchase intentions also increase significantly.

IMPLICATIONS OF FINDINGS AND SCOPE FOR FUTURE RESEARCH

Research findings showed that return experience is very important to retain customers. Data from previous studies has shown us that almost one third of orders are returned. This return decreases the earnings of the e-retailer. Therefore the returns should not be neglected. E-retailers must design users-friendly return process. If consumers don't find return policy acceptable or tricky then they may not buy things again from that e-retailer. Equal weightage is given between attracting new consumers and retaining old consumers by providing trustworthy return policy. Earlier studies have shown that almost 65% of returns from consumers are due to retailer's fault (Lazar 2017). Therefore e-retailers must select their vendors very carefully. Stringent rules should be designed and followed while selecting new vendors who provide goods to e-retailers. Surprisingly consumers do not perceive any price difference between online retailers and offline retailers despite heavy promotions adopted by e-retailers now-a-days. This indicates that price is not the major factor for preferring online shopping over traditional store shopping format. Result showed that it took long time to refund or replace the returned product. Therefore e-retailers should look into this and time taken for refund/ replacement should be reduced.

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**RELATIONSHIP BETWEEN PRODUCT CATEGORY AND ITS
RETURN TO E-RETAILER**

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ABSTRACT

Web shopping has now become one of the activities of daily living as everything is available at our door steps just clicking at the tip of a mouse. Internet shopping has developed significantly due to its attractive features and the development of e- banking. The current study has been undertaken to analyse the online shopping behaviour and returning shopped products to e-retailers among Youth in Pune City. For the purpose of study, 130 respondents were selected as samples from Pune city by adopting convenience sampling method. Analysis was done via statistical software 13.0. Karl Pearson Chi-Square Test is used. E-retailers from which the material is bought and reason for returning are related with each other. Furthermore E-retailers to which products are returned and reasons for returning the products are significantly related with each other. There is no empirical research available on relationship between reasons for return and e-retailers. So researcher may carry this research in other countries so as to understand the relationship better and make findings generalizable. Moreover no empirical research available about which e-retailer is facing an issue of high returns and for what category of product.

Keywords: E-retailer, reason for return, Web shopping

INTRODUCTION

Buying online is very common thing in urban India. It needs any of the portable device (Mobile, Laptop, Tablet, Computer) to log into user's account at e-retailers' website and select any product user wish to buy and order by just clicking for couple of times. Since e-shopping is common; returning these online shopped products is also increasing simultaneously. Research has shown that almost one third of online purchases are returned for one or other reasons. These returns are actually eating up the profit margins of the e-retailers because returns increase the cost of operation. At one hand e-retailers are expecting huge business and on the other hand they are not paying much attention to returns. There is need to investigate the relationship between the reason for returning any product and its reason. This will help e-retailers understand if there is any such relationship, and if there exists any such relationship then e-retailers will have to look into the most frequent reasons for which a specific product category is returned. There is also need to investigate if any relationship exists between the product category which is being returned and e-retailers to whom it is returned. This investigation will help e-retailers to explore the most returned product category. Therefore such result may help e-retailers to design different returning policy for highest returned product category. Therefore the objectives of the research are-

1. To investigate the relationship between the reason of the product return and the e-retailer from which the product is purchased.
2. To investigate the relationship between the category of product returned and reasons for returning the product.

LITERATURE REVIEW

Meera, Padmaja and Siddique (2017)¹, conducted a research with the purpose to investigate the buying behaviour of consumers with respect to online shopping and preference towards the Online Shopping Mobile Applications. Total 80 respondents from Sivakasi were contacted to get the primary data. The findings of the study revealed that most if the consumers from Sivakasi use snapdeal application for online shopping. However satisfaction level of consumers was found high for Flipkart's mobile application due to competitive prices and hassle-free shopping experience. Advertisement of mobile application was found to be the most influencing factor to choose the mobile application for shopping. The study also noted that among all reasons the 'wide range of brands and product varieties' is the main reason for preferring online shopping.

Yulisetiari, Subagio, Paramu and Irawan (2017)², investigated the effect of price, service quality and product quality on repurchase intention and satisfaction level while shopping online. Their study included 184 state universities' students in East Java Province. Results of analysis showed that price and service quality have significant relationship with repurchase intention and service quality and product quality both have significant effect on satisfaction of customers. Whereas product quality which was thought to be significantly related with repurchase has no significant effect on repurchase intention. Similarly price has no relationship with satisfaction level of consumers.

Shanthi and Kannaiah (2015)³ in their research studied students' attitude towards online shopping and their preference for products when they buy online. Survey method was used to collect primary data. Most of the respondents were students of Madras University and Madras Christian College. The questionnaire was used to collect responses; this questionnaire was comprised of 3 sections. One section was designed to collect responses for internet usage habits. Second part of the questionnaire collected data for online shopping behaviour and third section of the questionnaire included questions to collect demographic characteristics of respondents. Study found that the books are the most bought product category online due to their discounted prices. According to findings the most influencing factor for online shopping is the price of products. Consumers perceive that products are cheaper when bought online. Security of the products, Guarantee/ warranty, delivery time and reputation of the company are other influencing factors in that order. Authors opine that most of the youngsters are well versed with the online shopping and shopping things online is now day to day thing for them.

Sana S. (2016)⁴ conducted a study to examine the online shopping preference among youth in Ernakulum town. 200 young consumers were given the questionnaire for the purpose of this study. The author found that Flip kart was the commonly used online website by the respondents. Clothes and shoes were the main commodities purchased by the respondents through online. The major reason for preference of online shopping by the respondents was 'time saving'.

Comegys et al. (2009)⁵ highlighted in his studies that, customers could not touch or try the products before they purchase, therefore online shopping deals must have some special offering like money back guarantee or return policy to reduce the customer's anxiety of error purchase or not of any use/interest.

Reda (1998)⁶ Found that if return policy of e-retailer is not simple and tight then demand for its product also goes on decreasing.

Furthermore Davis (2001)⁷ investigated that simple return policy can increase sales of e-retailers.

Hypotheses Development

Hypotheses for this research are developed as-

H₁. The significant relationship exists between the reason of the product return and the e-retailer from which the product is purchased.

H₂. The significant relationship exists between the category of product returned and reasons for returning the product.

RESEARCH METHODOLOGY

Population- For this research entire Pune City (urban Area) is population.

Sample Unit- any online shopper who has returned any product at least once in the past.

Sampling Method- convenient purposive sampling method

Sample size- 130 online shoppers having experience of returning products to e-retailers.

A structured questionnaire was developed to investigate relationship between reasons for returning and category of the product and relationship between e-retailer to which the product is returned and product category.

This questionnaire was finalised with consultation with the experts in the field and by undertaking pilot study. Total 17 items were there in the questionnaire. All the items were close ended. For pilot study 30 responses to questionnaire were collected and coded in SPSS. Then reliability of the scale was tested. The Cronbach's Alpha coefficient was used to test the reliability of the scale. The Cronbach's alpha was found to be greater than .7. Therefore the scale was considered reliable and used further for data collection purpose. SPSS was used for data analysis.

DATA ANALYSIS

Reliability of the instrument- Cronbach's alpha test is used to test the reliability of the instrument used for data collection. The result is given table no. 1.

Table No. 1. Reliability test

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .891 | 17 |

Since the Cronbach's alpha value is higher than .7, the scale is assumed reliable.

Hypotheses Testing

H₁. To investigate the relationship between the reason of the product return and the e-retailer from which the product is purchased.

As both the variables viz. reason for product return and e-retailer from which it was bought were measured on nominal scale, chi- square test for independency was thought to be appropriate test. To test this hypothesis Pearson's Chi- Square test is used in SPSS. The result of the test is given in Table no. 2

Table no. 2 Chi-Square Tests- Reason of the product return and the e-retailer from which the product is purchased

| | Value | df | Asymp. Sig. (2-sided) |
|------------------------------|------------|----|-----------------------|
| Pearson Chi-Square | 653.199(a) | 81 | .000 |
| Likelihood Ratio | 505.746 | 81 | .000 |
| Linear-by-Linear Association | 1.533 | 1 | .216 |
| N of Valid Cases | 430 | | |

a 84 cells (84.0%) have expected count less than 5. The minimum expected count is .05.

From table no. 2 it is seen that the Significance value of Pearson Chi-square test is less than .05. ($p=.000$; $<.05$). Therefore it can be said that there exists significant relationship between the reason of the product return and the e-retailer from which the product is purchased. To understand the strength of relationship Phi and Cramer's V test was run in SPSS. Table No. 3 represents output of t Phi and Cramer's V test.

Table no. 3. Symmetric Measures

| | | Value | Approx. Sig. |
|--------------------|------------|-------|--------------|
| Nominal by Nominal | Phi | 1.233 | .000 |
| | Cramer's V | .411 | .000 |
| N of Valid Cases | | 430 | |

a Not assuming the null hypothesis.

b Using the asymptotic standard error assuming the null hypothesis.

As significance value of the test is less than .05 and Value of Phi test is higher than 1, the strength of relationship of reason of returning and e-retailer from which it was bought is very strong.

H₂. To investigate the relationship between the category of product returned and reasons for the same

To investigate this relationship Pearson chi square test is used.

**Table No. 4- Chi-Square Tests-Product category returned to particular e- retailer *
Reason for returning product**

| Product returned to particular e-retailer | Value of Pearson Chi-Square Test | Df | Asymp. Sig. (2-sided) |
|--|---|-----------|------------------------------|
| Electronics | 63.252(a) | 18 | .000 |
| Home & kitchen appliances | 72.556(a) | 27 | .000 |
| Apparel | 142.250(a) | 45 | .000 |
| Footwear | 81.370(a) | 36 | .000 |
| Cosmetics, beauty, health products | 75.097(a) | 36 | .000 |
| Books | 55.462(a) | 27 | .001 |
| Toys, baby products, kids' fashion | 72.715(a) | 36 | .000 |
| Jewellery | 78.203(a) | 36 | .000 |
| Sunglasses | 123.160(a) | 36 | .000 |
| Imported/ Premium Products | 81.301(a) | 27 | .000 |

Since from table no. 4 the significance value of Pearson Chi-square is less than .05, ($p=.000$; $<.05$) for all categories of products returned; it is indicated that the returning product to e-retailer and reason for returning the product are significantly related. In other words the reason for returning the any product and e-retailer to which return was made are not independent of each other.

DISCUSSION AND CONCLUSION

Both hypotheses are supported by statistical tests. It was found that there is significant relationship between the reason for returning the product and e- retailer from which the product was purchased. This indicates that a particular e-retailer is having return issues for a particular reason. In other words there are chances that majority of buyers are returning the products to particular e-retailer for one specific reason. This may be alarming situation for e-retailers. They must research and find out the most frequent reason for returns made. This will help them to identify the problem which is resulting in returns and form strategies so as to avoid the same problems in future. This may help in reducing the returns to e-retailers. High returns eat up the profitability because e-retailers have to either sale such returns at discounted price or bear the cost of return. Therefore if e-retailers succeed at reducing numbers of returns, then their profitability will surely increase significantly.

It was also found that category of product returned and reasons for the same are also significantly related. In simple words, reason for returning and product category is not independent but depends on each other. So as product category changes; returning reason also changes significantly. This relationship occurs to be logical; however no empirical research was available about this relationship. If e-retailers look at most frequent reason for returning particular category of product they may be able to minimize returns by working on that reason.

Since the sample size is small the findings may not be generalized.

There is no empirical research available on relationship between reasons for return and e-retailers. So researcher may carry this research in other countries so as to understand the relationship better. Moreover no empirical research available about which e-retailer is facing an issue of high returns and for what category of product. Such research will help e-retailers to reduce their returns.

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**A STUDY ON PRE PURCHASE BEHAVIOUR FOR
INDUSTRIAL WATER TREATMENT PLANT WITH
REFERENCE TO AHMEDNAGAR AND PUNE DISTRICT**

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ABSTRACT

The purpose of this study is to study pre purchase behaviour of industrial consumers in Ahmednagar and Pune District. The questionnaires were given to 20 industrial consumers who use industrial water treatment plant. Out of 20 consumers contacted, 15 questionnaires were received with required coverage and details. The instruments of this study involved two parts: the first section of the instrument consisted of forced-choice questions about basic characteristics of the organization. The second section consisted of variables to measure the pre purchase consumer buying behaviour. The Statistical Package for the Social Science (SPSS) for Microsoft Windows 17.00 was used to complete the analysis of the collected data. Descriptive statistics, including means, standard deviations were implemented in order to investigate the demographic data, one-way analysis of variance (ANOVA) were used to determine whether any significant relationships exist among respondents. In addition, the .05 level of statistical significance was set at all statistical tests in the present study. The findings of the study were generalized as follows: Statistically significant differences were found in the age(duration of operation) of organization and pre purchase decision . Similarly no significant association was found out between amount of water needed in the organization and pre purchase decision. In the end of the study implications and conclusion were provided.

Keywords: Consumer Behavior, Pre purchase decision, Industrial Consumer, Buying Behavior.

INTRODUCTION

The buying behaviour of organizations can be defined as the rational decision-making process in which organization buys goods and services when they have need of any goods or service for their organization. The purchased products and services get identified, evaluated, and chosen among alternative brands and suppliers. Organizational buying is similar to the consumer buyer behaviour without any major differences. Organizations buy the products and services for the betterment of organizational objectives such as manufacture and deliver goods and services to members, customers or the community. Three types of buying situation have been distinguished: the straight rebuy, the modified rebuy, and the new task. The straight rebuy: It is the buying condition in which the buyers buy the product frequently. Buying of those products will be a routine task for the organization. The modified rebuy: A business buying condition in which the buyer wants to change the product specification, its price as well as terms or suppliers. The new task: When the organization buys any products or services for the first time then it is called new task. In this cases, the larger the cost, there

will be more decision participants and also there will be more efforts for collecting information. The new task situation creates more opportunity as well as challenges.

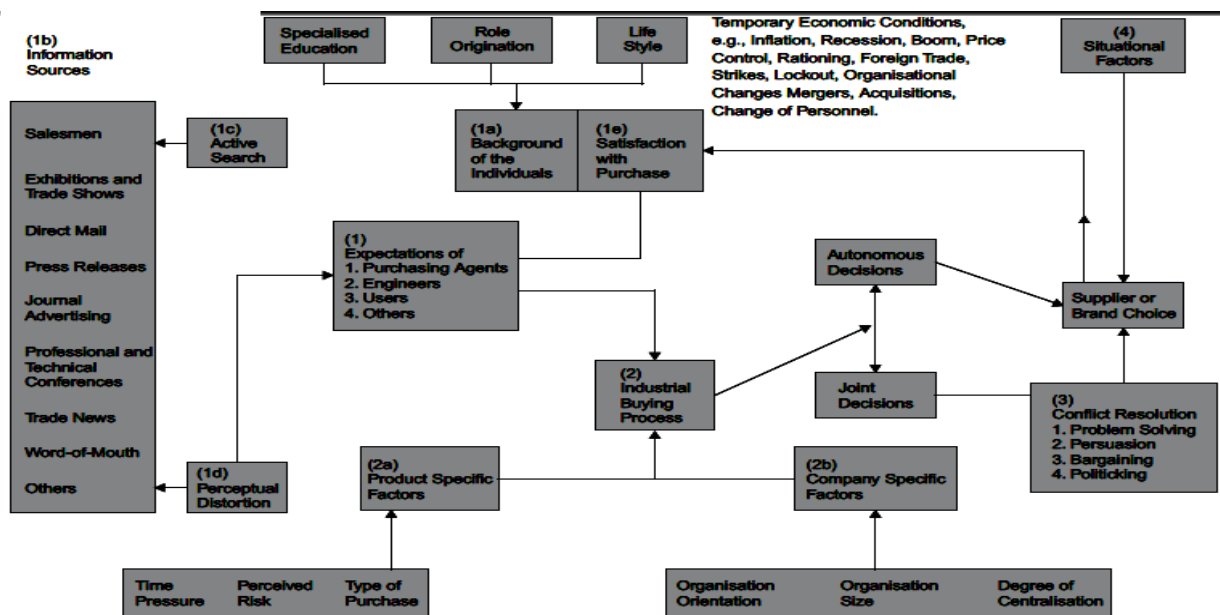
In recent years many conceptual and methodological developments have contributed to the understanding of industrial organizations as consumers. Yet there is still a lack of purpose and no sense of direction to much of the research in the area of industrial marketing/organizational buying behaviour. Industrial (or business) buyers are influenced by many factors when they make buying decisions. Generally, business buyers are influenced by organisational factors or task-oriented objectives (like best product quality, or dependable delivery, or lowest price) and personal factors or non-task objectives (like promotion, increments, job security, personal treatment, or favour). When the suppliers' proposals are substantially similar, organisational buyers can satisfy organisational objectives with any supplier, and hence personal factors become more important. When suppliers' offers differ substantially, industrial buyers pay more attention to organisational factors in order to satisfy the organisational objectives. This paper aims to explore the recent developments in the information processing as they may apply to organizational buying behaviour and pre purchase decision making.

MODEL OF INDUSTRIAL BUYER BEHAVIOUR

The purchases made in an industrial organization involve many more people of different backgrounds and it is more complex. There are three main features in this model:

1. There are different individuals involved who have a different psychological makeup.
2. Conditions leading to joint decision-making by these individuals.
3. Differences of opinion on purchases or conflicts that have to be resolved to reach a decision.

These are shown in Fig as (1), (2) and (3). The persons involved in the decision-making are from quality control, manufacturing, finance, research and development and other possible areas. These may be named as purchase agents, engineers, and users, as referred to in the model. These constitute a purchasing committee. They have:



An integrative model of industrial buyer behaviour

Source: www.wisdomjobs.com/e-university/consumer-behaviour-tutorial-94/10-dot-a-model-of-industrial-buyer-behaviour-10586.html

(1a) Different backgrounds (1b) Different information sources(1c) Undertake active search(1d) They have perceptual distortion(1e) Satisfaction with past purchase.

With these characteristics, they develop certain expectations from the product to be bought. The obvious ones are product quality, delivery time, quantity of supply, after sales service and price. These are known as explicit objectives. There are other objectives as well, which are the reputation of the supplier, credit terms, location of the supplier, relationship with the supplier, technical competence and even the personality, skill and lifestyle of the salesman. These are known as implicit objectives. Different individuals in the purchasing committee give emphasis on different aspects of the product. Engineers look for quality and standardization of the product. Users think of timely delivery, proper installation and after sales service. Finance people look for maximum price advantage. Thus, there are conflicting interests and view that have to be resolved. If autonomous decisions are made, these issue do not surface. There are conditions leading to autonomous or joint decisions.

(2a) Product specific factors Perceived risk: With higher risks joint decisions are favoured. Type of purchase: Items involving heavy investments are made jointly, routine and less costly decisions can be made independently. Time pressure: If goods are urgently required, individual decisions are favoured.

(2b) Company specific factors Size of the organization: Larger the size of the organization, the more the emphasis laid on joint decision. Organization orientation: In a manufacturing organization, the purchases are dominated by production personnel and in a technology oriented organization; the decisions are based on engineers. The conflict that arises for buying decision has to be resolved. The resolution can be done by:

Problem solving Persuasion Bargaining Politicking

The fourth aspect is the influence of situational factors which must be considered. These are economic conditions such as inflation, recession or boom, price contracts, rationing foreign trade, strikes or lock outs. Organizational change such as a merger, acquisition change of key personnel, etc. Sometimes these factors outweigh the realistic criteria of decision-making. This model explains how purchase decisions are made in an industrial organization.

OBJECTIVES

1. To gain in depth insight of and analyse the factors that influence industrial consumer choices of industrial water treatment plant.
2. To examine the pre purchase decision making pattern of industrial consumers in selecting the water treatment plant.

HYPOTHESIS

1. There is a significant difference between the age of the organization and pre purchasing behavior of water treatment plant.
2. There is no significant association between the amount of water needed in the organization and pre purchase intention of water treatment plant.

LITERATURE REVIEW

From a holistic perspective, according to The Chartered Institute of Marketing, understanding buying behaviour involves a consideration of the needs of the customers– both individual and corporate – as well as what motivates them to purchase. Buying behaviour includes a series of steps from the need identification to the moment of purchase. Kotler (1988) defines buying behaviour as a study of what, when, where, how and how often people buy a product (e.g. a good or service).

Gupta (2006) defined consumer behaviour “as a study of a complex of those factors which resulted in particular buying decisions of consumers based on rationality, emotions or compulsion. According to him, a study of consumer behaviour is likely to reveal whether target consumers of the enterprise emphasize more on the price of the product or its quality. On this basis, suitable pricing strategies and

programmes aimed at upgrading the quality of organizations products to suit the needs, habits and behaviour of consumer will be put in place.

Kotler and Armstrong (2013), Consumer buying behaviour refers to the buying behaviour of the individuals and households who buy goods and services for personal consumption. Consumers around the world are different in various factors such as age, income, education level and preferences which may affect the way they avail of goods and services. This behaviour then impacts how products and services are presented to the different consumer markets. There are many components which influence consumer behaviour namely; cultural, social, personal, and psychological.

Ekerete (2005), describe business or organizational consumers as those organizations that buy goods and services either for use in making other goods and services or for use in facilitating their business operations. Business or industrial goods are those goods intended for use in making other products or for rendering a service in the operation of an organization.

Achison (2000) identified four major influences in the buying behaviour of consumers namely- individual, social organizations and environmental. Each of these variables according to him, in turn is influenced by both task and non task variables. Task variables are those that are directly related to buying problems (product, quality, price, delivery and total offering utilities), while Non task variables are those that extend beyond the buying problems (person factors, recognition, and others). The influencing factors have long been expanded to include. 1. Personal: individual influences (desire to obtain lowest possible price, personal values and need,) 2. Social: Interpersonal (meeting to set specification) 3. Environmental: anticipated change e.g. Price, demand legal and political 4. Organizational: structure, objectives. In spite of the above, purchase behaviour are also affected by other factors.

Assael (1984) identified two major influences in the industrial consumer buying behaviour namely. 1. Industrial buyer influence such as consumer demographic lifestyles, attitudes, needs and personality. 2. Environmental influences or factors external: This relates to individuals like family, culture and reference group. By implication one can include the state of the nation economy.. He concluded that a consumer could be influenced by three major factors. Sociological, psychological and environmental factors and they combine to determine the activities of individuals and groups in obtaining and consuming goods and services. The sequence of decision processes that follow this act is also an essential component of buying behaviour.

Maheswari, M. Uma; Jebanesan, M. Jezer (2013) in their study of consumer behaviour in the changing scenario of the Indian consumer market have focused on pre-purchase information search behaviour of rural pre-owned car owners in Kanniyakumari district, Tamil Nadu. Burgeoning growth of the new car market and the reduced tenure of car ownership resulted in wider availability of used cars. This study is significant as the pre-owned car consumers are potential new car buyers and their experience with a pre-owned car will have a definitive influence on future car purchase decisions. The study has been undertaken with two objectives; to assess the socio-economic and demographic profile of rural pre-owned car owners in Kanniyakumari district and to examine the pre-purchase information search behaviour of rural car owners. Primary and secondary data have been used. The primary data have been collected through structured questionnaire. Judgement sampling method was adopted to select 200 used car owners. Descriptive statistics and Garrett's ranking technique were used for analysis. The pre-owned car market in the study area is dominated by individuals. Pre-owned car was bought due to lower price after brand evaluation but with apprehension on mind. The pre-owned car market can be made organized by proper registration of dealers. To overcome the challenges in reaching rural consumers, the car marketers can formulate effective rural marketing strategies.

A study by Voss and Parasuraman (2003) suggests that the purchase preference is primarily determined by price than quality during pre-purchase evaluation. Given explicit quality information, price had no effect on pre-purchase or post-consumption quality perceptions. Instead, post consumption quality evaluations had a favourable impact on price evaluations.

Another study by Chernev (1997) analyzed the effect of common features on brand choice and the moderating role of attribute importance. It is argued that when brand attributes differ in importance, with the best value on the most important attribute, thus further polarizing brands' choice shares. In contrast, when attributes are similar in their importance, common features are likely to have an opposite effect, equalizing brands share.

Reese, R. M., & LaForge, M. C (1995) in their study, a basic model of consumer decision-making was employed to examine for differences among diverse life stage groupings in processes leading to a purchase. Over 400 National Family Opinion households recently involved in the selection process for a financial services provider reported motivating factors and activities undertaken to bring about need satisfaction. Findings suggest pre-purchase behaviour is moderated by age and the presence of adult companions and/or children, with age being the primary moderating factor.

METHODOLOGY

Present research is longitudinal in nature and tried to focus on pre and post purchase aspects of consumer decision making. The study was dedicated to gain insights into the purchase behaviour of industrial organizations. The research instrument used for the study included structured questionnaire. The instruments of this study involved two parts: the first section of the instrument consisted of forced-choice questions about demographic characteristics. The second section contains variables chosen for this study in order to measure the influence of consumer buying behaviour in selecting water treatment plant. Cronbach's alpha is a coefficient (a number between 0 and 1) that is used to rate the internal consistency (homogeneity) or the correlation of items in a test. If the test has a strong internal consistency most measurement experts agree that it should show only moderate correlation among items (0.70 to 0.90). The reliability coefficients for the variables chosen for the study should have to be more than 0.70, to consider it as an acceptable value.

Table-1 Reliability Statistics

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .933 | 16 |

In this study the Reliability analysis shows that all the factors have shown alpha value greater than 0.7, indicating the evidence of reliability and the overall reliability of the instrument is 0.93. So, the items constituting each variable under study have reasonable internal consistency and shows that all the dimensions of consumers buying behaviour have a positive reliability. The factors and dimensions included for analysis carry a good degree of reliability to support the objectives formulated. All dimensions have got significant relationship to make the real representation of the study. Hence it is concluded that the data collected in this study is highly reliable.

DATA ANALYSIS

Total sample size for the customers is 15. For the analysis of the data, researchers used basic techniques of Statistics such as mean, standard deviation, variance, etc; Hypothesis testing is carried out through one way ANOVA,

Table 2- Descriptive Statistics

| | N | Minimum | Maximum | Mean | Std. Deviation |
|------------------------------------|----|---------|---------|--------|----------------|
| Reputation of manufacturer (Brand) | 15 | 3.00 | 5.00 | 3.8667 | .63994 |
| Cost (Price) | 15 | 2.00 | 5.00 | 4.1333 | 1.12546 |
| Return on investment | 15 | 2.00 | 4.00 | 3.6667 | .61721 |

| | | | | | |
|--|----|------|------|--------|---------|
| Warranty period | 15 | 2.00 | 5.00 | 4.1333 | .99043 |
| Reference from existing customers of the Water Treatment Plant | 15 | 2.00 | 5.00 | 3.6667 | .81650 |
| After sales service performance | 15 | 2.00 | 5.00 | 4.2000 | 1.08233 |
| Operation Mode (Automatic/ Semi-Automatic) | 15 | 2.00 | 5.00 | 3.8000 | .86189 |
| Output Capacity (liter of water) | 15 | 2.00 | 5.00 | 4.2667 | 1.16292 |
| Water recovery rate | 15 | 2.00 | 5.00 | 4.4000 | .91026 |
| Valid N (listwise) | 15 | | | | |

From the above table, the items show the factors that the organization considers before making a purchase. When comparing the mean score values per variable, it is evident that their deviation from a maximum attainable score value of five reflects room for improvement. It is clear that cost, warranty period, after sales service, output capacity and water recovery rate are some of the factors that play a major role in decision making of the organization.

H1: There is a significant difference between the years of the organization and pre purchasing behavior of water treatment plant.

Table 3- One way ANOVA

| | Sum of Squares | Df | Mean Square | F | Sig. |
|----------------|----------------|----|-------------|--------|------|
| Between Groups | 13.708 | 3 | 4.569 | 30.932 | .000 |
| Within Groups | 1.625 | 11 | .148 | | |
| Total | 15.333 | 14 | | | |

The results of one-way ANOVA, however, show that significant differences existed between the age (no years of operation) of the organization and pre purchasing behaviour of water treatment plant. Thereby rejecting the null hypotheses. Various Organizations (according to their years of operation) who prefer in using the services of water treatment plant do spend significantly as per their needs. The results are statistically significant and they are in expected direction.

H2: There is significant association between the amount of water needed in the organization and pre purchase intention of water treatment plant.

Table 4- One Way ANOVA

| | Sum of Squares | Df | Mean Square | F | Sig. |
|----------------|----------------|----|-------------|------|------|
| Between Groups | 2.108 | 3 | .703 | .665 | .591 |
| Within Groups | 11.625 | 11 | 1.057 | | |
| Total | 13.733 | 14 | | | |

The results of one-way ANOVA, however, show that no significant association is found among the opinion of industrial consumers between the amount of water needed by organization and the pre purchase intention of water treatment plant. It is seen in the study that other variables such as cost, after sales service play a major role in the pre purchase decision making .Here the alternative

hypothesis rejected and null hypothesis accepted. Although the relationship is in expected direction, ANOVA results do not show the nature of differences among the industrial consumers.

CONCLUSION

Consumer behaviour consists of all human behaviour that goes in making before and after purchase decisions. One can succeed in the competitive market only after understanding the complex consumer behaviour. An understanding of the consumer enables a marketer to take marketing decisions which are compatible with its consumer needs. This learning attempts to gaze at and scrutinize the industrial consumer's mindset in making the purchase decision. Investment is considered as one of the crucial decision being affected by various factors. If the investment doesn't brings fruitful results then it will adversely affects the company's liquidity and solvency position. Investment in water treatment plants is also affected by various factors like your scale of business, purchasing budget, Water treatments methods being used in company premises, environmental factors and other welfare activities being carried on in the organization .This study generated new insights of industrial consumers needs, and how they search for information, and how they evaluate the alternatives during the pre purchase phase of the customer journey. The data collected comprised of the size of industrial organizations taken for the study. Most of the organizations undertaken for the study consist of food and pharma industry. The study mainly focussed on the variables that play a major role in making a pre purchase decision. The variables are shortlisted after a discussion with the organization representatives. It was found out that cost and after sales service are two main variables which influence the decision making. Further a significant relationship is found out between the age (duration of operation) of the organization and pre purchasing behaviour. The more the years of operation the less time they take in making a decision and similarly they depend on traditional factors like cost and after sales service. Newer organizations look out for warranty period, water recovery rate in making a pre purchase decision. Similarly no significant association was found out between the amount of water needed in the organization and purchase intention. This shows that consumers are more influenced by other variables. The purchase of water treatment equipment is a decision that must be carefully considered. Whether the purchase is being made to improve the aesthetic characteristics of the water or to address health considerations, many factors must be determined.

LIMITATIONS AND FUTURE RESEARCH

By exploring pre-purchase behaviour in the context of industrial consumer, this study provides another perspective for understanding consumer behaviour. Although this study intends to offer a new perspective, it is not without limitations. Given individual perceptions and cognitions can change over time, a limitation is that the propositions offered by this study did not incorporate the impact of time on the industrial consumer's internal policies and procedures. Future longitudinal studies, therefore, are needed to validate the theoretical framework.

The relationship of the pre purchase consumer behaviour can still be studied and explored to a greater level. The fact that there aren't much studies being done on the topic is a huge literature gap which needs to be filled. The future researchers can further explore the other variables influencing pre purchase behaviour.

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**A STUDY ON FACTORS THAT DRIVE SATISFACTION
AMONG ORGANIZATIONAL USERS OF WATER
TREATMENT PLANT**

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ABSTRACT

In business to business market scenario few researches have been conducted on consumer behaviour and satisfaction. Furthermore such researches have not been conducted for Water Treatment Plant in Pune City. The researcher out of interest and curiosity decided to research on satisfaction level among water treatment plant users in Pune City. The data of users of Water Treatment Plants is collected from District Industrial Centre and Maharashtra State Board of Pollution Control, since every Water treatment Plant has to get registered with the later. From this data it was understood that in Pune 144 organizations from different industries are using water treatment plants. To make findings generalizable almost 44% of these organizations were contacted for their responses. Responses are taken through structured questionnaire. The questionnaire includes 20 close ended questions. The organizations were selected based on researcher's convenience and availability of respondents from organizations. SPSS 13.0 Version is used for data analysis. ANOVA and Pearson's Correlation statistical techniques are used for testing hypotheses. The results showed that the professionals those engaged in purchase activities differ in their means of satisfaction levels for different aspects which drive satisfaction. Results also confirmed that Satisfaction and Manufacturers of Water Treatment Plant are significantly related. And finally it was found that satisfaction and loyalty towards the manufacturer (brand) of water treatment plant are significantly correlated. Last section of this research gives suggestions to marketers and directions for future research works as well.

Keywords: Water Treatment Plant, Pune City, Business to business

INTRODUCTION

Customer is the center of any business. Therefore all the businesses have to focus on customer requirements and try to fulfill most of them. If businesses could fulfill the requirements then customer become satisfied customer. Such satisfied customers are assets for business and these customers may even spread good word of mouth for that particular business house. Therefore satisfying customers is of utmost importance. Companies are usually engaging themselves in gauging satisfaction for their products and services and get feedbacks from customers so as to improve themselves to satisfy customers. If number of satisfied customer increases, number of complaints will fall down. So complaint handling cost will also reduce significantly. Reduced cost will increase profit subsequently. Therefore understanding the factors which lead to satisfaction and optimizing them is very important from businesses' point of view. However understanding those factors in nosiness to business (B2B) situations is complex compared to business to customer (B2C) situations. The number of research conducted for retail products in business to customer (B2C) settings is comparatively high than those

for business to business (B2B) environment. The methodology used for B2C cannot be adapted for B2B environment as in B2B customer behaviour is much different than B2C. In B2B situations the buyers are either influencing personalities from organizations or group of such people. People who influence the buying decision may not be from same professional background in all the organizations. For instant in some organizations these personnel who take decisions related to purchase may belong to different departments such as Purchase, Finance, Stores, engineering, maintenance etc. This research assumes that different personnel from different professional background give different degree of importance to different aspect related to product and sales services. Therefore marketers will have to understand the factors which are important to different professional personnel. The findings will help marketers to better deal with different professionals in the organizations and improve sales of the water treatment plant.

OBJECTIVE

This research attempts to identify the factors which are more important for companies with respect to usage of Water Treatment Plant (WTP). The objectives of this research are

1. To investigate if professionals from different background differ in their satisfaction level with respect to various factors affecting satisfaction for water treatment plant.
2. To investigate correlation between satisfaction and brand loyalty for Water Treatment plant
3. To study if there is any difference in satisfaction level among different brand (manufacturer) water treatment plant users.

LITERATURE REVIEW

Gupta (2006) defined consumer behaviour “as a study of a complex of those factors which resulted in particular buying decisions of consumers based on rationality, emotions or compulsion. According to him, a study of consumer behaviour is likely to reveal whether target consumers of the enterprise emphasize more on the price of the product or its quality. On this basis, suitable pricing strategies and programmes aimed at upgrading the quality of organizations products to suit the needs, habits and behaviour of consumer will be put in place.

Kotler and Armstrong (2001), Consumer buying behaviour refers to the buying behaviour of the individuals and households who buy goods and services for personal consumption. Consumers around the world are different in various factors such as age, income, education level and preferences which may affect the way they avail of goods and services. This behaviour then impacts how products and services are presented to the different consumer markets. There are many components which influence consumer behaviour namely; cultural, social, personal, and psychological.

Assael (1984) identified two major influences in the industrial consumer buying behaviour namely. 1. Industrial buyer influence such as consumer demographic lifestyles, attitudes, needs and personality. 2. Environmental influences or factors external: This relates to individuals like family, culture and reference group. By implication one can include the state of the nation economy. He concluded that a consumer could be influenced by three major factors. Sociological, psychological and environmental factors and they combine to determine the activities of individuals and groups in obtaining and consuming goods and services. The sequence of decision processes that follow this act is also an essential component of buying behaviour.

A study by Voss and Parasuraman (2003) suggests that the purchase preference is primarily determined by price than quality during pre-purchase evaluation. Given explicit quality information, price had no effect on pre-purchase or post-consumption quality perceptions. Instead, post consumption quality evaluations had a favourable impact on price evaluations.

Boulding et al (1993) stated another perspective of customer satisfaction, which deals with the difference between transaction specific and cumulative customer satisfaction. Customer satisfaction is viewed as a post-purchase evaluative judgment of a specific purchase occasion between expectation and actual performance according to transaction-specific perspective. Cumulative customer

satisfaction is an overall evaluation based on the total purchase and consumption experience with goods or service over time. In other words it is the customer's experience with the seller over the purchase. Cumulative satisfaction is a more fundamental indicator of the firm's past, current and future performance and its cumulative satisfaction that motivates a firm's investment in customer satisfaction.

Zineldin, (2006) developed a triangle strategy between quality, CRM, and customer loyalty which is leading to companies competitiveness. This research was designed to measure satisfaction and loyalty of the customers based on two main conditions where the customer database information and strategy of CRM should be structured well, and the system should be enough capacity for data producing to accurate analysis. According to the findings of the research, any changes of the quality of the services or productions or any other segments in a firm over time could be used as an indicator to find the level of customer loyalty through a well-structured CRM strategy. Also finding shows that, if the indicators of interaction, infrastructure, and atmosphere would be linked to the object and process quality it helps to the researchers to find what changes are required in CRM strategy to improve customer satisfaction and loyalty.

Hirsch (2011) investigated the concept of customer satisfaction in a high-technology B2B context. A survey was sent out to industrial customers of a manufacturer of high-technology products. 205 responses were gathered from all levels of the customer organizations. The study investigates the effect of the role as decision-maker on overall customer satisfaction. Product performance for customer's personnel, customer's customer and the quality of the technical service are introduced as dimensions to measure in a study on industrial customer satisfaction. Disconfirmation of expectation, a well-known framework for measuring customer satisfaction in consumer context is tested in a B2B context. Another common framework for measuring customer satisfaction, perceived performance, is also tested. Finally, the effect of customer satisfaction on loyalty is investigated. Findings confirmed that technical service is the most important dimension in the model, and product performance for personnel and for customer's customer both have a positive effect on overall customer satisfaction. Disconfirmation of expectations and perceived performance have different influence depending on which dimension of the product offer they are measuring. Customer satisfaction is found to be an important antecedent of loyalty even in a B2B context.

Coviello and Brodie (2001) investigated 279 firms and discovered that the overall marketing practices of the two types of industries were similar. However, they differed in the fact that those in consumer industries are more transactional, i.e. focusing on single transactions, while those serving industrial customers were more relational and long-term minded in their marketing approach. The satisfaction and dissatisfaction of the consumer is more than a response to the genuine performance nature of an item or benefit and that the earlier desires emphatically impact what we think quality is.

Homburg and Rudolph (2001) propose a model where satisfaction of industrial customers is measured by seven different dimensions such as satisfaction with product, salespeople, product-related information, order handling, technical services, internal personnel and complaint handling. The model was tested and supported in different industries consisting of suppliers of goods sold to industrial customers.

HYPOTHESES

1. Professionals from different background differ in their satisfaction level with respect to different factors affecting the satisfaction.
2. Customer Satisfaction for Water Treatment Plant is significantly correlated with Manufacturer (brand) loyalty for that Water Treatment plant.
3. Satisfaction level differs among different brands (manufacturers) of water treatment plant users.

METHODOLOGY

In Pune City (Urban Area) total 144 organisations are using water treatment plant as per Maharashtra State Board of Pollution Control. It was thought to collect responses from at least 50% of these organizations for this research. A questionnaire was designed in two steps. At first feedbacks from executives from different organisations are taken so as to understand major factors affecting satisfaction which are considered by them about water treatment plants. In second step rough draft of questionnaire is prepared based on feedbacks. This draft was again shown to other executives to check their views on the aspects covered in the draft. Based on their views some additions are done in the questionnaire and a final draft of questionnaire is prepared.

The questionnaire includes 3 sections. The first section is to collect demographic profile of the organizations and individual respondents. Second section includes questionnaire to record satisfaction level and includes various aspects as- product information, commercial aspects, confirmation of the expectations. The third section is about loyalty towards particular Water Treatment Plant manufacturer (brand).

Total 74 executives from different organizations were contacted based on researcher convenience for their appointments. However due to their busy schedules 11 executives could not give their time for giving interviews. Therefore total 63 responses are collected from those who gave their appointments. ANOVA, regression analysis techniques are used to analyse data.

RESULTS AND DISCUSSION

Reliability of the Instrument

To make use of the customised instrument for collecting responses, the instrument must be reliable. Therefore before applying statistical tests on the data, it is good idea to check reliability of the instrument and find that the items of the instrument measure exactly the same thing for which it is designed.

Table no. 1 Reliability Statistics

| | |
|------------------|------------|
| Cronbach's Alpha | N of Items |
| .821 | 20 |

Table no. 4 shows the result of reliability statistic. The Cronbach's alpha value greater than .7 usually is considered good and indicates that the instrument is reliable. Therefore we can say that the instrument used for collecting responses for investigating the drivers of satisfaction among organisational users is reliable.

Demographic Characteristics of the respondents

Table No.2 Professional Background of respondent

| | | Frequency | % |
|-------|---|-----------|-------|
| Valid | Management, Purchase, Finance Dept. | 32 | 50.8 |
| | Engineering, Manufacturing, Maintenance Dept. | 31 | 49.2 |
| | Total | 63 | 100.0 |

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From above table it is observed that almost equal number of respondents belong to both the professional areas. 32 respondents from the organisations belong to Management, or Purchase/ Finance Department.

Table No.3 Manufacturer (Brand) of WTP

| | | Frequency | % |
|-------|-------|-----------|-------|
| Valid | ABC | 14 | 22.2 |
| | DEF | 36 | 57.1 |
| | GHI | 13 | 20.6 |
| | Total | 63 | 100.0 |

The above table gives details of the Manufacturer (brand) of water treatment plants in the respondents' organisations. However the names of the manufacturers (brands) cannot be disclosed, therefore the original names are replaced by fictitious brands. It can be observed that 'DEF' has highest number of users among the respondents.

Descriptive Statistics

Table No.4 Descriptive Statistics

| Aspects | Items of the scale | N | Mean | Std. Deviation |
|-----------------------------|---|----|-------------|----------------|
| Reliability | Our water treatment Plant is reliable | 63 | 3.22 | 0.79 |
| | Manufacturer provided timely delivery. | 63 | 3.19 | 0.82 |
| Product Related Information | This manufacturer offers a large breadth of products to choose from | 63 | 3.25 | 0.95 |
| | It provides well documented technical specifications for its products. | 63 | 3.11 | 1.11 |
| Commercial Aspects | Current WTP offers a good return policy | 63 | 3.33 | 1.09 |
| | Manufacturer of WTP has good warranty coverage on its products | 63 | 3.32 | 0.95 |
| | This WTP is competitively priced | 63 | 3.25 | 1.02 |
| | The manufacturer of WTP offers a good credit policy | 63 | 3.08 | 1.07 |
| Fulfilment of Expectations | The amount of Water recovery from WTP is as per promised limits | 63 | 3.35 | 0.85 |
| | Problems/ issues w.r.t. to WTP is addressed by the after sales service team within promised timeframe | 63 | 3.13 | 0.92 |
| | The maintenance cost of the WTP is reasonable | 63 | 3.13 | 0.96 |
| | Quality of Output of Water from WTP is as expected | 63 | 2.98 | 1.05 |
| Mean | (overall Satisfaction) | 63 | 3.20 | |

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| | | | | |
|---------|--|----|------|------|
| Loyalty | We intend to buy other products of the brand if we require so. | 63 | 3.52 | 1.09 |
| | We will recommend this water treatment plant to other organization? | 63 | 3.51 | 0.95 |
| | We will not be looking for other brands in this category of products; this brand is good enough. | 63 | 3.44 | 1.06 |
| | If need arises we will buy water treatment plant from the same manufacturer of the plant (brand) | 63 | 3.43 | 1.15 |
| | We are satisfied with the overall quality of current Water Treatment Plant | 63 | 3.38 | 0.94 |
| | If this brand would increase their prices we would still consider the brand for our next purchase. | 63 | 3.27 | 1.11 |

the responses for satisfaction for water treatment plant were collected on 5 point Likert's scale. The overall mean for all aspects of satisfaction is 3.20. This suggests that the satisfaction level among organisational users is moderately high. Among four aspects of satisfaction 'fulfilment of expectation' has got highest mean for one of the items. The statement which received highest mean in 'fulfilment of expectation' is "The amount of Water recovery from WTP is as per promised limits" and the mean score is 3.35. However the lowest mean score 2.98 shows that organisational respondents are not satisfied with the quality of the water they get from water treatment plant.

HYPOTHESES TESTING

H1: Professionals from different background differ in their satisfaction level with respect to different factors affecting the satisfaction.

To test this hypothesis ANOVA test is run in SPSS. The result of ANOVA is shown in Table no .5. The significant value (p) is the indicative value in this table. If $p < .05$ then it indicates that the F test value is greater than the critical value. The p values for two aspects namely 'Reliability Aspect' ($p=.269$; $F=1.246$) and 'Expectation Fulfillment' ($p=.294$; $F= 1.121$) are not less than .05. Therefore respondents with different professional background do not differ in their means of satisfaction for these two aspects. However, the p values for 'Product Related Information' ($p=.000$; $F=93.134$) and 'Commercial Aspects' ($p=.000$; $F= 73.555$) are less than .05 suggesting that the professional differ in their means of satisfaction for these two satisfaction aspects. Therefore it can be said that the hypothesis 'H1: Professionals from different background differ in their satisfaction level with respect to different factors affecting the satisfaction' is partially supported.

Table No. 5. ANOVA- Professional Background & Satisfaction with respect to different aspects

| | | Sum of Squares | df | Mean Square | F | Sig. |
|--------------------|----------------|----------------|----|-------------|--------|-------------|
| Reliability Aspect | Between Groups | .473 | 1 | .473 | 1.246 | .269 |
| | Within Groups | 23.177 | 61 | .380 | | |
| | Total | 23.651 | 62 | | | |
| Product Related | Between Groups | 32.629 | 1 | 32.629 | 93.134 | .000 |

| | | | | | | |
|--------------------------|----------------|--------|----|--------|--------|-------------|
| Information Aspect | | | | | | |
| | Within Groups | 21.371 | 61 | .350 | | |
| | Total | 54.000 | 62 | | | |
| Commercial Aspect | Between Groups | 34.483 | 1 | 34.483 | 73.555 | .000 |
| | Within Groups | 28.597 | 61 | .469 | | |
| | Total | 63.079 | 62 | | | |
| Expectation confirmation | Between Groups | .608 | 1 | .608 | 1.121 | .294 |
| | Within Groups | 33.106 | 61 | .543 | | |
| | Total | 33.714 | 62 | | | |

H2: Customer Satisfaction for Water Treatment Plant is significantly correlated with Manufacturer (brand) loyalty for that Water Treatment plant.

To test this hypothesis Pearson’s correlation test is used. The result is shown in Table No. 6. The result confirms that ‘overall satisfaction’ and ‘brand loyalty’ are significantly correlated ($p < .05$). The value of Pearson’s correlation (.442) suggests that the correlation is moderately strong and as satisfaction increases loyalty towards that particular brand increases as well.

Table No.6 Correlations between Overall satisfaction and loyalty

| | | Overall Satisfaction | Loyalty |
|----------------------|---------------------|----------------------|-------------|
| Overall Satisfaction | Pearson Correlation | 1 | .442(**) |
| | Sig. (2-tailed) | | .000 |
| | N | 63 | 63 |
| Loyalty | Pearson Correlation | .442(**) | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 63 | 63 |

** Correlation is significant at the 0.01 level (2-tailed).

From this result we accept our hypothesis ‘H2: Customer Satisfaction for Water Treatment Plant is significantly correlated with Manufacturer (brand) loyalty for that Water Treatment plant.’

H3: Satisfaction level differs among different brands (manufacturers) of water treatment plant users.

ANOVA is used to test hypothesis H3. The result of ANOVA (Satisfaction level and manufacturer (brand) of the WTP) is reproduced in Table no. 7

Table no. 7 ANOVA- Overall Satisfaction and Manufacturers (brands) of WTP

| | Sum of Squares | df | Mean Square | F | Sig. |
|----------------|----------------|----|-------------|--------|-------------|
| Between Groups | 4.808 | 2 | 2.404 | 12.531 | .000 |

| | | | | | |
|---------------|--------|----|------|--|--|
| Within Groups | 11.510 | 60 | .192 | | |
| Total | 16.317 | 62 | | | |

The result shows that the p value is less than .05 ($p=.000$). Therefore it can be stated that organizational users of different brand of water treatment plants differ in their means of satisfaction level.

RESULTS AND DISCUSSION

The results show that users of water treatment plant are moderately satisfied with the plants. However some of the aspects stills calls for attention. Most of the respondents reported that they are little disappointed with the quality of the water output of water treatment plant. This calls for attention from manufacturers of the Water Treatment Plants. Attention should be paid towards the quality of output water and it has to conform to the specifications promised at the time of installation of the plant.

From hypotheses testing it was found that Professionals from different background differ in their means of satisfaction level with respect to different factors affecting the satisfaction. Among four aspects only two aspects; 'Product Related Information' and 'Commercial Aspects' are the aspects for which means of satisfaction of different professionals differ significantly. For rest of the aspects this relationship does not hold true. Arefi M., Aminin A. M. Fallahi K., (2010) in their work found that people from Management purchase or finance area may give higher importance to commercial aspects and those from engineering, manufacturing or maintenance background give higher importance to product information while evaluating the water treatment plant and its performance. Probably because of this respondents from different background differ in their means of satisfaction. Therefore marketers may need to design different approaches to make presentations about their products as per the client's professional background. If the client is from management/ purchase of finance area, the marketers can emphasis on the commercial aspects like credit period, discounts, returns on investment etc. while if the client is maintenance engineer, engineers or manufacturing professional then emphasis should be given on product related information as specifications of products, features of products, different varieties available etc. to increase chances that client buys the product.

Correlation statistics showed that Overall Satisfaction and loyalty for manufacturer of water treatment plant are significantly positively correlated. This suggests that a satisfied customer becomes loyal and do not change his/ her choice for product. Therefore marketers of water treatment plant should improve and maintain satisfaction levels so as to make customers loyal to their industrial products. This will help increase in business in long terms.

Means of satisfaction levels for users of different water treatment plant differs significantly. That means satisfaction level changes as per different manufacturer of water treatment plant. This suggests that some manufacturers are doing well than others in satisfying customers. Though this research gives coverage to different drivers of the satisfaction they are not enough as every construct contains only few items which may not give full coverage to the entire construct. The future studies may investigate exactly where the other manufacturers are lagging behind with respect to satisfaction level of the customers.

Future studies should conduct longitudinal research on satisfaction level investigation in B2B environment. Apart from four aspects which are thought to drive satisfaction of water treatment plant users in this research some other aspects may also drive satisfaction which future studies may tap. The findings of this research are restricted to only water treatment plant and in Pune City only therefore the findings may not be generalized for the industry.

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LITERATURE REVIEW –CONSUMER ETHNOCENTRISM

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ABSTRACT

Purpose- To study 'Consumer ethnocentrism' (CET) with reference to its antecedents and consequences

Method- Comprehensive review of literature on CET. Summary table is provided.

Findings- Demographic antecedents, Socio-psychological antecedents, Political antecedents, economic antecedents are identified from literature.

Practical Implication- Findings and summary can be used by international companies to target different international markets and formulate effective strategies. Researchers may also refer this review so as to set the direction of their research.

Keywords: Consumer Ethnocentrism, Literature Review, Socio-psychological antecedents, Political antecedents, economic antecedents

INTRODUCTION

Today's world is flat. Everything (idea, information, products, and services) can be exchanged from any part of the world. With the advent of more relaxation in FDIs in different sectors, Indian market is also opening to many foreign products and services which were not available here before. Indian economy is promising market for international companies today. And therefore foreign companies are trying their products and services here. However to understand consumer behavior one should also investigate the Consumer Ethnocentric level of the consumers. Through such research marketers may come to know if consumers are willing to accept foreign products/ services or no.

This paper is an attempt to summarize the available literature about the consumer ethnocentrism. Antecedents of CE and its consequences are summarized for comprehensive understanding of the construct.

ANTECEDENTS OF CONSUMER ETHNOCENTRISM

Demographic Variables and Consumer Ethnocentrism

The vast literature available shows that demographic variables like age, gender, income level etc. have significant effect on consumer ethnocentrism. However there are some contradictory findings of researches done.

Gender

Studies (Sharma et al., 1995; Bruning, 1997; Candan et al 2008; Mangnale et al 2011) found that females are more ethnocentric than males. The underlying logic is that women are more conservative,

conformist (Eagly, 1978; Han, 1988) and collectivistic concerned about maintaining social harmony and positive feelings among group members (Triandis et al., 1985). However a study conducted in Pakistan (Ismail et al 2012) argued that females are less ethnocentric compared to males. This finding was supported through findings of studies (Aziz et al, 2014; Ramsaran-Fowdar, 2010) which reported that males are more ethnocentric than females. Studies (Jain and Jain, 2013; Lopez and Zunjur, 2016) found that there is no significant relationship between gender and ethnocentrism. It can be seen that even if most of the studies support that females are more ethnocentric than males, there are some contradictory findings about relationship of gender and ethnocentrism.

Age

Substantial amount of literature shows that there exists a significant relationship between age and ethnocentrism. Candan et al (2008) found that youngsters are not ethnocentric. Studies (Jain and Jain, 2013; Aziz et al, 2014) showed age and ethnocentric tendency are positively related. This finding was supported by Lopez and Zunjur, (2016) with the finding that elderly people are more ethnocentric than young people. Some other studies also supported the same finding (Richardson, Jr., Feb 2012). A study (Shankarmahesh, 2006) reviewed that there is mixed empirical evidences on the relationship of age and consumer ethnocentrism, however more empirical support for the argument that younger people are less ethnocentric than older people. But Mangnale et al, 2011; Smaiziene et al, (2014) found that is no significant relationship between age and ethnocentrism. In general, elderly persons tend to be more patriotic and possess greater national pride (Klein and Ettenson, 1999). The younger people, on the other hand, tend to be more cosmopolitan and modern in their outlook, and do not possess that much high feeling of national pride and attachment to their own country's products as the older people do (Sharma et al., 1995; Shankarmahesh, 2006).

Education level

A recurring theme of finding of past studies is that -as education level increases ethnocentric tendency decreases. Studies (Watson et al, 2000; Balabanis et al, 2001; Lee et al, 2003; Javalgi et al, 2005) found that education and ethnocentrism are negatively related. K. Shah and H. Ibrahim, (2012) reconfirmed this relationship. However Aziz et al, (2014) argued with their finding that education level and ethnocentrism are significantly positively related. Some past study Ramsaran- Fowdar (2010) found that there is no significant relationship between CE and Education Level.

Income level

Many empirical have supported that income and ethnocentrism are negatively and significantly related. A literature review (Alsughayir, 2013) finds that older people are more ethnocentric than younger. The similar finding is reported (Candan et al, 2008; Richardson, Jr. Feb 2012, Aziz et al 2014) which says consumer ethnocentric tendency of higher income respondents is less. Shankarmahesh (2004) interprets that increased income levels provide more opportunities for travel and purchase of foreign products thus resulting in more cosmopolitan views and which in turn demolishes ethnocentrism of such consumers. As income level rises social class also improves. So the conclusions drawn with respect to income and ethnocentrism by these studies can also be extended to social class. Therefore one can hypothesise that as consumer moves up in social class his/ her ethnocentric tendency tends to fall down.

However some contradictory results are also reported. Some studies such as Tan and Farley (1987) found a positive relationship between income and Ethnocentrism. Surprisingly Mangnale et al (2011) and Ramsaran-Fowdar, (2010) found that there is no significant relationship between income level and ethnocentrism.

SOCIO-PSYCHOLOGICAL ANTECEDENTS

Conservatism

Sharma et al., (1995) defined Conservative persons as those who “show a tendency to cherish traditions and social institutions that have survived the test of time and to introduce changes only occasionally, reluctantly and gradually”

Conservatism and CE are positively related. (Sharma et al, 1995; Balabanis et al 2002)

Cultural openness

Sharma et al, 1995 defined Cultural openness as

“Cultural openness is determined by willingness to interact with people from other cultures and experience some of their artifacts.”

Past studies showed that CE and Cultural openness are negatively related. However Berkowitz, (1962) suggests that such researches were heavily relied on conventional logic that “Cultural Openness will broaden one’s mind.” Skinner, (1959) found that border dwellers, travellers and diplomats (all who have most contact with new cultures) tend to be extremely ethnocentric.

Animosity

Klein et al. (1998, p. 90) defined animosity as

“the remnants of antipathy related to previous or ongoing military, political or economic events that will affect consumers’ purchase behavior in the international marketplace.”

Authors suggested that Animosity and CE can be interrelated, but they did not support any relationship between the two. Authors further suggest that consumers may extend animosity from a particular country to all foreign countries and that eventually may lead to strong ethnocentrism. Thus authors insist that future studies should investigate the role of animosity as an antecedent of CE.

Cengiz and Kirkbir, (2007) revealed that there is high correlation between consumer ethnocentrism and animosity. Authors also point out that there is high correlation between consumer ethnocentrism and animosity and between CE and allocentrism. This means that when out group animosity and in group identity increase tendency of being ethnocentric also increase. Authors further notify that consumers’ product evaluations moderates the effect of consumer animosity on the other hand CE does not get moderated by consumers’ product quality evaluations.

Dogmatism

Rokeach (1954) defines dogmatism as a "relatively closed cognitive organization of beliefs and attitudes about absolute authority, which, in turn provides a framework for patterns of intolerance and qualified tolerance toward others".

Cosmopolitanism

Merton (1957) defines cosmopolitanism as “the tendency of people to orient themselves beyond their local community”. He further explains that cosmopolitans’ view themselves as citizen of the world rather than nation.

Yaprak, (2002); Vida and Reardon, (2008); Parts and Vida, (2013) reported that cosmopolitanism and CE are negatively related.

ECONOMIC ANTECEDENTS

Capitalism

Rosenblatt (1964) in his research noted that capitalism and Consumer Ethnocentrism are negatively related.

Economic development of the region

Alsughayir (2013) through his review of literature pointed that consumers from economically developed country are less ethnocentric. Festervand T. A. and Sokoya, S. K. (1994), suggested that consumers from economically less developed countries exhibit varying levels of ethnocentrism.

Surprising results were found by Jin et al (2015), that younger consumers from developing countries are more ethnocentric than their counterparts from developed countries.

POLITICAL ANTECEDENTS

Political Stance

Candan et al (2008) by conducting a survey opined that nationalist and conservatives are more ethnocentric than liberal, social democrats and socialist.

Political Propaganda

Shankarmahesh (2006) noted that Political Propaganda is one of the antecedents of consumer ethnocentrism. In his literature review he suggests that leaders can increase the Group ethnocentrism by raising the threats of out-groups. He further gives direction for future studies to look if consumers from autocratic countries can be influenced more easily in comparison with consumers from democratic countries to increase their ethnocentrism.

CONSEQUENCES OF CONSUMER ETHNOCENTRISM

Consumer Ethnocentrism and Foreign Product Evaluation

Existing literature reports that consumer ethnocentrism and foreign product evaluation are significantly related. Higher the CE level lower will be the preferences for foreign products. A finding was reported by K. Shah and H. Ibrahim, (2012) that highly ethnocentric consumers evaluate foreign products negatively. Shah and Ibrahim (2012) reconfirmed past findings. Findings of Ramadania et al (2015) are also in line with these past studies and which showed that CE has strong negative effect on attitudes towards foreign products. Further this study investigated that cultural similarity has no significant role in weakening influence of CE on foreign product evaluation.

A Study (Zhongqi Jin et al, 2015) found that younger consumers from developed countries who are high in ethnocentric tendency do not see products from other developed countries in negative light. But this is not true with high ethnocentric young consumers from developing countries, study ads. This finding is in line with that of. Shah and H. Ibrahim, (2012)

Consumer Ethnocentrism and Purchase Intention

Results of a study (Renko et al, 2012) showed that there is statistically significant correlation between CE and purchase intention toward domestic products. Parts and Vida, (2013) found that high ethnocentric consumers, perceive domestic products of good quality and they tend to buy them. Batra et al (2003), Wang et al (2004) investigated that consumers from developing countries are likely to identify foreign products as of higher quality compared to local products/ brands. Consumer ethnocentrism and consumer animosity are negatively related to foreign product re-purchase intent, (Pai R and Sundar 2014). However, Pai R and Sundar (2014) also found that customer loyalty regulates this relationship of CE and Repurchase intent. Similar findings were also recorded by Akdogan and Ozgener (2012)

Review of past studies is summarized in Table 1.

| Antecedent and Definition | Author(s) | Country | Method | Product Category | Relationship with Consumer Ethnocentrism |
|--------------------------------|----------------------|---------|------------|------------------|--|
| Demographic Antecedents | | | | | |
| Gender | Sharma et al, (1995) | Korea | Survey | NA | Females are more ethnocentric |
| | Bruning, (1997) | Canada | Experiment | Air Travel | Females are more ethnocentric |

| | | | | | |
|--|--------------------------|-------------------|---------------------------|-----------------------|--|
| | Candan et al (2008) | Turkey | Survey | NA | Females are more ethnocentric |
| | Mangnale et al (2011) | Ethiopia (Africa) | Survey | Products and Services | Females are more ethnocentric |
| | Ismail, et al (2012) | Pakistan | Mall intercept | NA | Female are less ethnocentric than males |
| | Aziz et al, (2014) | Pakistan | Mall intercept | NA | Male consumers are more ethnocentric. |
| | Ramsaran-Fowdar, (2010) | Mauritius | Interview | NA | Male consumers are more ethnocentric |
| | Jain and Jain, (2013) | India | Survey | NA | No relationship. |
| Age | Jain and Jain, (2013) | India | Survey | NA | Positively related. |
| | Candan et al (2008) | Turkey | Survey | NA | Youngsters are not ethnocentric |
| | Aziz et al, (2014) | Pakistan | Mall intercept | NA | Positively related. |
| | Lopez and Zunjur, (2016) | India | Survey | Electronic Products | Elderly people are more ethnocentric than young people |
| | Mangnale et al, (2011) | Ethiopia | Survey | Products and Services | No Relationship |
| | Smaiziene et al, (2014) | Lithuan | Survey Online and offline | Dietary Supplements | No Relationship |
| Education Level | Watson et al, (2000) | New Zealand | Mail Survey | NA | Negative relationship |
| | Javalgi et al, (2005) | France | Survey | Computers and Cars | Negative relationship |
| | Aziz et al, (2014) | Pakistan | Mall intercept | NA | Positive Relationship |
| | Ramsaran-Fowdar (2010) | Mauritius | Interview | NA | No relationship |
| Income Level | Candan et al, (2008) | Turkey | Survey | NA | Negative relationship |
| | Shah and Ibrahim (2012) | Malaysia | Survey | NA | Negative relationship |
| | Aziz et al 2014 | Pakistan | Mall intercept | NA | Negative relationship |
| | Caruana (1996) | Malta | Survey | NA | No relationship |
| Socio-psychological Antecedents | | | | | |
| Conservatism -a tendency to | Sharma et al., (1995) | Korea | Survey | Medicine, beef, | Positive relationship |

| | | | | | |
|---|----------------------------|---------------------------|--------|---|---|
| cherish traditions and social institutions that have survived the test of time and to introduce changes only occasionally, reluctantly and gradually (Sharma et al., (1995) | | | | kitchenware, PCs, golf clubs, liquor, bananas, insurance, large refrigerators and jewelry | |
| | Balabanis et al 2002 | Czech Republic and Turkey | Survey | NA | Positive relationship |
| Cultural openness- Cultural openness is determined by willingness to interact with people from other cultures and experience some of their artefacts(Sharma et al, 1995) | Sharma (1987) | US | Survey | Autos, apparel and consumer goods vulnerable to foreign competition | L.A. less ethnocentric than cultures Denver, Detroit and Carolinas |
| Animosity- “the remnants of antipathy related to previous or ongoing military, political or economic events that will affect consumers’ purchase behavior in the international marketplace.” Klein et al. (1998, p. 90) | Klein et al. (1998) | China | Survey | Imported Products from Japan | Suggested that Animosity and CE can be interrelated |
| | Akdogan and Ozgener (2012) | Turkey | Survey | US products | CE and CA (consumer Animosity are strongly and positively correlated to each other. |

| | | | | | |
|---|---|---------------------------------|-------------------|--------------------------------------|---|
| Dogmatism- Rokeach (1954) defines dogmatism as a "relatively closed cognitive organization of beliefs and attitudes about absolute authority, which, in turn provides a framework for patterns of intolerance and qualified tolerance toward others". | Ganideh (2012) | Jordan | Survey | NA | Proportional Relationship |
| Cosmopolitanism - Merton (1957) defines cosmopolitanism as "the tendency of people to orient themselves beyond their local community." | Parts and Vida, (2013) | Estonia and Slovenia | Survey | Alcohol Products, Clothes, Furniture | Negative relationship |
| | Rybina et al (2010) | Kazakhstan | Survey | NA | Negative relationship |
| | Erdoğan and Burucuoğlu (2016) | Turkey | Survey | Chinese Products | Negative Relationship |
| Economic Antecedents | | | | | |
| Capitalism | Rosenblatt (1964) | NA | Research Article | NA | Negative Relationship |
| Economic development of the region | Alsughayir (2013) | NA | Literature review | NA | Consumers from economically developed region are less ethnocentric |
| | Festervand T. A. and Sokoya, S. K. (1994) | Nigeria | Exploratory Study | NA | Consumers from developing country exhibited varying levels of Ethnocentrism |
| | Jin et al (2015) | France, The UK, The USA, China, | Survey | NA | Younger Consumers from developing |

| | | | | | |
|------------------------------|----------------------|---|-------------------|----|---|
| | | India, South Africa, Brazil, Malaysia, Mauritius, Turkey, Egypt | | | countries are more ethnocentric than their counterparts from developed countries. |
| Political Antecedents | | | | | |
| Political Stance | Candan et al (2008) | Turkey | Survey | NA | Nationalist and conservatives are more ethnocentric than liberal, social democrats and socialist. |
| Political Propaganda | Shankarmahesh (2006) | NA | Literature Review | NA | Positive Relationship |

Source- Original Work

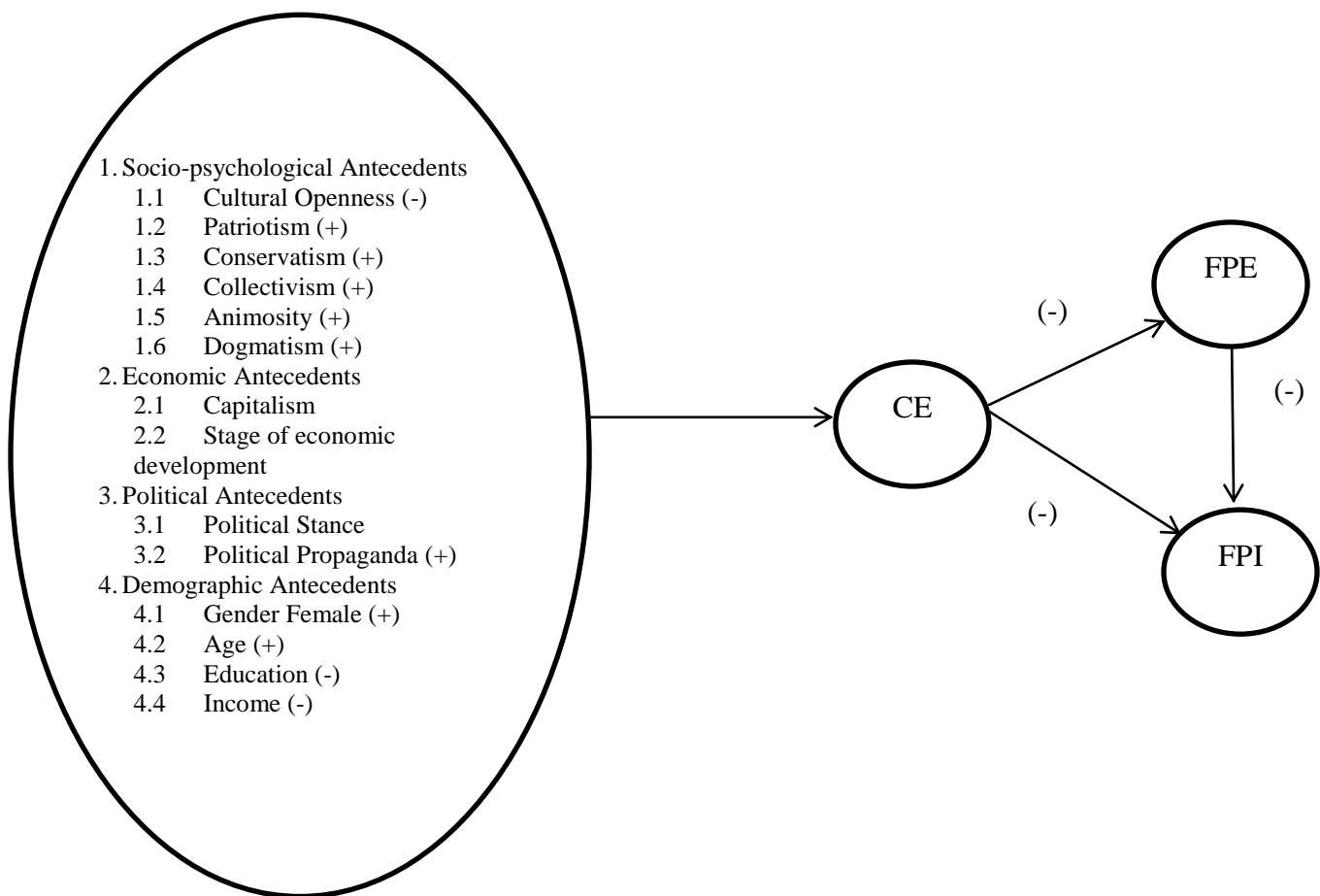
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Figure 1 Model Antecedents and consequences of consumer Ethnocentrism



Source- Original Work

CE- Consumer Ethnocentrism
 FPE- Foreign Product Evaluation
 FPI- Foreign Product Purchase Intention

**Communication and Customer Satisfaction in Relationship Marketing: A
Study of Select Cement Customers in Pune City**

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Abstract:

Relationship marketing is a marketing approach that acknowledges the importance of both the buyer and the seller in the marketing process. The core concept is to build long-term relationships with customers. Relationship marketing views marketing as an exchange where both buyers and sellers help shape the direction and outcome of the product that will be offered to the market.

Cement is one of the core industries which plays a vital role in the growth and expansion of a nation. Cement is considered preferred building material and is used worldwide for all construction works such as housing and industrial construction. Indian cement industry is globally competitive because the industry has witnessed healthy trends such as cost control and continuous technology upgradation.

Customer satisfaction has become relevant in the entire cement industry as it leads to customer loyalty and support. In the current climate, to ensure long-term profitability, cement suppliers need to adopt strategies to ensure customer satisfaction. The major objective of the study was to test if communication influences customer satisfaction in the context of business-to-business relationship marketing in the cement industry. The methodology involved a survey and was quantitative in nature. Data were collected from 114 direct cement customers in Pune region using the face-to-face interview technique. The data collected in the empirical study were analysed using appropriate statistical tools. The empirical results of this study reveal that, there is a strong positive correlation between trustworthy and timely communication and customer satisfaction. Therefore, it is concluded that in order to maintain customer satisfaction, a cement supplier has to invest in ways of enhancing communication with customers.

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Key Words: Communication, Customer Satisfaction, Loyalty, Relationship Marketing.

1. Introduction:

All marketing is done with the customer in mind. Marketing can in fact be referred to as an on-going conversation occurring between business and customer. It is therefore necessary for businesses to gain in-depth knowledge of their relative customers so that the best marketing strategies can be employed in order to attract these potential buyers. Relationship marketing views marketing as an exchange where both buyers and sellers help shape the direction and outcome of the product that will be offered to the market. Instead of treating marketing as merely selling a product to passive potential buyers, relationship marketing argues that you need to encompass many more activities and parties in the marketing process, including consumers.

Cement is one of the core industries which plays a vital role in the growth and expansion of a nation. The Indian cement industry has evolved significantly in the last two decades, going through all the phases of typical cyclical growth process. After a period of over-supply and a phase of massive capacity additions, the industry is currently in a consolidation phase. With sound economic growth and infrastructure development, the demand for cement is on an upward trend. Further addition to capacity is coming up to cater to the increasing demand for cements. India is the second largest producer of cement, after China. The Indian cement industry has a large number of fragmented firms. There is however a dearth of new players as incumbents has already procured key raw material sources, like limestone reserves on long-term leases. India is the second largest producer of cement in the world; globally renowned cement companies operate in India through local group of companies.

With such a huge market, it places enormous pressure on sales representatives by their respective companies to tap their share of pie. Today sales engines at Cement companies are looking at adopting technology innovation to accelerate their sales and improve dealer network. Some of the tactical business challenges faced by cement companies are poor visibility into customer and business performance, collaboration between departments, no proper reporting and analytics, poor dealer network, no mobile and offline support to sales reps on the field etc. The dynamics of trade and no-trade barriers are bound to change over the time. Companies are aligning technical teams as a separate entity to generate business. They require a robust sales automation to track and monitor the entire sales cycle. Unlike the other micro verticals, dealer network and retailers play a crucial role in cement business.

Even though cement companies have established marketing departments and are currently involved in activities such as advertising, sales promotions, personal selling and sponsorships, in order for them to move a step further they need to generate strategies to enhance customer

satisfaction. In the cut throat competition where the customers are exposed to many cement suppliers with different quality and brands; customer satisfaction has become a very important issue in the cement industry. Therefore, it has become apparent that research has to be undertaken to determine what effects customer satisfaction in the cement industry.

2. Review of Literature:

Relationship Marketing (RM) is defined as the identification, establishment, maintenance, enhancement, modification and termination of relationships with customers to create value for customers and profit for organization by a series of relational exchanges that have both a history and a future. Relationship marketing refers to a wide range of 'relationship type strategies' that have developed over the past few decades in product as well as service markets and in consumer as well as business to business sectors. (John Egan, 2001)

In industrial marketing, relationship marketing is referred to as marketing oriented towards strong, lasting relationships with individual accounts (Jackson, 1985).

Gupta & Sahu(2012) in the research paper has categorized RM categorized into five broad areas: Relationship Marketing – Understanding, Industry Applications, Market Development, Technological concern and Firm Performance.

Kanagal(2009) explained that Competitive Marketing Strategy (CMS) has Relationship Marketing (RM) as one of the key functionality in enhancing business performance. RM is defined as the identification, establishment, maintenance, enhancement, modification and termination of relationships with customers to create value for customers and profit for organization by a series of relational exchanges that have both a history and a future. Relational exchanges can be viewed under transaction cost analysis and social exchange theories depending on the context. The role of RM in CMS includes: guide moments of truth, improve profitability, build partnering, address 'Customer Better', buy in of customer attention, protect emotional well being, understand consumer psyche, build trust with customer.

Aali(2012) in a Case Study based on Hormozghan Cement Company, Bandar Khamir, Iran evaluated the impact of relationship marketing's underpinnings on relationship quality (customers' trust and satisfaction) and then determine the impact on customers' loyalty in Hormozghan Cement Company. The results shows that Customer loyalty is basically formed by the constructs of product quality, price quality, brand image and value offers via mediating role of costumer trust and satisfaction. But this research needs to be further carry out in other geographies and market to generalize.

Nduati (2014) in the research based on competition and strategic orientation in Kenya cement industry in Kenya has seen intense competition as many firms enter the industry to get a stake of the market. The study examined the effect of competition on strategic orientation of cement manufacturing firms in Kenya. The results showed that competition in the industry has led to firms seeking three strategic orientations – customer, competitor, and technology orientations.

2.1 Communication

Anderson and Narus (1990:44) define communication as, “the formal as well as informal sharing of meaningful and timely information between firms”. This definition is supported by that of Gilaninia et al. (2011:795), who state that, “Communication refers to the ability to provide timely and trustworthy information”. This is the definition that will be adopted for this study. Gilaninia et al. further argue that communication is an interactive dialogue between the company and its customers. They assert that “communication in relationship marketing means keeping in touch with valued customers, providing timely and trustworthy information on service and service changes, and communicating proactively if a delivery problem occurs.” They contend further that “it is the communicator’s task in the early stages to build awareness, develop consumer preference (by promoting value, performance and other features), convince interested buyers, and encourage them to make the purchase decision. Communications also tell dissatisfied customers what the organisation is doing to rectify the cause of the dissatisfaction” (2011:795). Thus one can conclude that communication which is effected timeously and with relevant information will lead to customers being satisfied and loyal to the service provider. Timely communication also assists in solving disputes and aligning perceptions and expectations. It can be deduced that communication leads to a strong relationship satisfying both parties and that it should be proactive rather than reactive. This leads to the first hypothesis as follows:

H1: Communication has a positive influence on customer satisfaction.

2.2 Satisfaction

Wilson (1995:338) argues that “because we are discussing business relationships, performance satisfaction is a critical variable. Partners, especially sellers, must deliver high-level satisfaction on the basic elements of the business transaction. Buyers need to satisfy their partner’s business needs or they risk becoming marginalized”. This line of argument is supported by Davis (2008:313) who states that “in order to be successful in a business relationship, it is necessary for organisations to analyze clients’ needs, and determine satisfaction”. Therefore, “customer satisfaction is widely accepted among researchers as a strong predictor for behavioural variables such as repurchase intentions, word-of-mouth, or

loyalty” (Ulaga&Eggert, 2004:316). Kotler (1994:20) stresses that “the key to customer retention and loyalty is customer satisfaction”; this leads to the second hypothesis:

H2: communication predicts customer satisfaction.

3. **Objective of the Study:** In review of the introductory remarks and the discussions about the research topic the following objective has been formulated for the study.
 - To determine whether communication effects customer satisfaction within the cement industry.

4. **Research Method:**

The present study is descriptive in nature where Non-probability sampling in the form of judgmental sampling was used. Judgmental sampling was chosen because it is the most suitable sampling technique for business-to-business markets according to Wilson (2012:192). The respondents were the direct customers (whose annual consumption is 1000 Metric tons or above) of cement in Pune region. A total of 114 cement customers were targeted, making it a large enough sample to generalise the results to the entire population.

5. **Data Collection Method:** In this research study, as per the objective and aim of the research, mainly two methods were used by the researchers.

- **Primary Data:** Primary data was collected through structured, self-administered questionnaires from the select direct cement customers.
- **Secondary Data:** The researchers had reviewed existing literature on relationship marketing, customer satisfaction and cement marketing. The review of literature was handled by referring to relevant published sources in academic libraries, seeking information on internet and by corresponding with people.

6. **Findings and Discussion** In order to achieve the aforementioned objective and to answer this study’s research questions 114 questionnaires were distributed using the Interviewing Method. A total of 114 completed questionnaires were returned, representing a 100% response rate.

6.1 Reliability Statistics

6.1.1 Scale: Communication with a cement supplier

Table 1 Reliability Statistics

| Cronbach's Alpha Items | Cronbach's Alpha Based on Standardized | N of Items |
|------------------------|--|------------|
| 0881 | .882 | 3 |

6.1.2 Scale: Satisfaction with a cement supplier

Table 2 Reliability Statistics

| Cronbach's Alpha Items | Cronbach's Alpha Based on Standardized | N of Items |
|------------------------|--|------------|
| .909 | 0.911 | 4 |

6.1.3 Conclusion of this section on Reliabilities of Scales: All the Cronbach’s Alpha of the scales considered in this study indicates a good reliability (> .7). Since all the scales in this study have a good reliability, it is confirmed that the measurement set that was used was reliable.

6.2 Descriptive Statistics: There were three items undertaken within the construct of communication such as shown in the table no 4. The majority of the respondents have selected trust worthy communication as the significant factor followed by Timely Information, Proactive advance intimation if any changes.

Table 3 Descriptive Statistics

| Communication | Against (Very Poor + Poor) Frequency | % | Rank | In Favor of (Good + Excellent) Frequency | % | Rank |
|---|--------------------------------------|-----|-------------|--|------|------|
| Timely Information | 2 | 1.8 | Low Percent | 86 | 75.4 | 2 |
| Proactive advance intimation if any changes | 4 | 3.5 | | 56 | 49.1 | 3 |
| Trust worthy communication | 0 | 0.0 | | 98 | 86.0 | 1 |

6.3 Correlation between Communication and Customer Satisfaction

The effect of communication on Customer Satisfaction is measured by correlation coefficient. The significance of correlation coefficient is tested by t test for correlation coefficient.

Table 4 Correlation between Communication and Customer Satisfaction

| |
|---------------------|
| Correlations |
|---------------------|

| | | Communication | Customer Satisfaction |
|--|---------------------|---------------|-----------------------|
| Communication | Pearson Correlation | 1 | .866** |
| | P value (2-tailed) | | .000 |
| | N | 114 | 114 |
| Customer Satisfaction | Pearson Correlation | .866** | 1 |
| | P value (2-tailed) | .000 | |
| | N | 114 | 114 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | |

Since p value is less than 0.05, the level of significance; the correlation coefficient between Communication & Customer Satisfaction is significant. The positive correlation coefficient suggests that one increases with the other.

7. Concluding Remarks: The outcome of this study specifies that communication play a vital role in the building of customer satisfaction in the cement industry. There is a strong positive correlation between trustworthy and timely information and customer satisfaction. As we know that customer satisfaction leads to customer loyalty which ultimately builds a competitive advantage for the cement manufacturer and suppliers. Loyal customers make a manufacturer more profitable. They improve an organisation’s good standing and reputation by way of word of mouth. Hence, to be competitive in the market and retain customers and become more profitable, it is expected that in the B to B marketing of cement the suppliers’ need to strategize their communication with the key customers. A significant contribution this study makes to literature in the field by proving that communication as predictor of customer satisfaction in a business-to-business context in the cement industry.

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“A Study on Acceptance of Functional Foods With Reference To Pune City Consumers”

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Abstract: This study carried with the purpose of identifying the acceptance level of Customers of functional foods in Pune city. To understand the awareness of it and relation between demographic factors buying behaviour data has been collected. Literature review was carried out with the help of previous few research papers. Hypotheses were developed and were tested after collection of the data. Descriptive research methodology was used. Total 140 respondents were approached to collect the information. Structured questionnaire was utilised. After the analysis both the hypotheses were tested and subsequently both were accepted.

Key Words: -Health claim, Perceived knowledge, Enhanced foods, Anti-oxidant, Benefit claim etc.

Introduction:-

All foods are functional foods because they provide nutrition, taste, and healthiness. But from last two decade the word “Functional food” becoming buzz word as consumers are giving more attention towards the food which are healthier in nature and its consumption does not have any side effect. According to various definition on functional foods Functional foods can be considered to be those whole, fortified, enriched or enhanced foods that provide health benefits beyond the provision of essential nutrients (e.g., vitamins and minerals), when they are consumed at efficacious levels as part of a varied diet on a regular basis.

Today both the word i.e. health and food go parallel. Consumers want those products which will gives better opportunity to lead healthy and qualitative life. Indian consumers becoming more health conscious so, increasing interest for functional foods in India gives more opportunities for

the marketer to enter in this segment. Functional foods which are already available in the Indian market include those with removal of an allergic protein (gluten free Atta), those containing live bacteria (probiotics, prebiotics) such as Yakult health drink and Amul's butter milk or those containing some health nutrients such as energy bars, juices and soy based products.

Pune city has been chosen for this research paper as Pune is the India's biggest IT Hub, Automobile Hub and Oxford of the east i.e. Educational Hub. Here mixed as well as diversified crowd would be observed. So this study attempts to identify the acceptance of functional foods amongst these diversified demographics.

Objectives:-

Changes in life style have a great effect over consumer's food choices. Health Conscious consumers are paying more attention towards the healthier and nutritional food products. The objectives behind this study are as follows.

- I. To understand the concept of Functional foods and its potential in Indian Market
- II. To study the awareness of Functional Foods in Pune Market.
- III. To identify the acceptance level of consumers in Pune City.
- IV. To study the relation between different demographic factors of consumers and their role in purchase of functional food.
- V. To understand the demand of different functional foods.

Scope: -Current study has been conducted in Pune city only. Hence geographical scope for the current study is Pune City.

Functional scope for the given study is as follows

- I. Indian Functional food market

- II. Major players in Functional food market
- III. Strategies adopted by the functional food companies to aware and attract the customers
- IV. Buying decision process of the customers in Functional food products

Literature Review:-

To bridge the gap between the earlier research and current research an extensive literature review carried out by using earlier research papers, research thesis, books and reports. That is as follows.

Gasto´ n Ares (2007)¹:Researcher conducted a study on influence of demographic factors like age, gender on willingness to buy functional food. Carrier products observed as the most influencing factor for consumers perception of healthiness and willingness to try and evaluate functional foods concepts. Study reveals that age, gender, and motives are significantly related with the choice or preference of functional food. But at the same time it is dependent on carrier and enrichment considered. Result shows that functional food may not be accepted by all type of customers hence customized products should be introduced to serve certain groups of the customers.

Azzurra Annunziata (2013)²:Researcher conducted a study on probiotics functional foods on 600 respondents. Researcher conducted a study on four attributes. They were Base product, Health claim, price and brand. Conjoint analysis has been done. Result shows that customers give more importance to base product while they purchase the functional food. The study also identified that there is no relationship between the price of the product and evaluation of

¹Gasto´ n Ares(2007), *Influence of gender, age and motives underlying food choice on perceived healthiness and willingness to try functional foods*, www.elsevier.com/locate/appet.

² Azzurra Annunziata, “*Consumer perception of functional foods: A conjoint analysis with probiotics*”,www.elsevier.com/locate/foodqual

perceived healthiness of the functional foods. Most of the respondents whose age group was 35 and above were found more conscious with their healthiness and quality life. Consumers were observed unaware and misunderstanding the concept of functional foods.

Tino Bech-Larsen(2003)³:The purpose of the study was to understand the American consumers perception towards the healthiness of the functional foods with various factors. Here researchers described the genetically modified foods and functional food. Customers perception towards genetically modified and functional foods were tested and it has been observed that customers shows negative attitude towards genetically modified foods. Study also shows positive relation between mastery dimension and functional foods. Result reveal that price differences have the modest effect on perceived healthiness of functional foods amongst the American customers.

Brian Roe(2013)⁴:It's an mall intercept study which studies how the effect of health claims on consumers information search and processing behavior. Result shows that the appeal and information mentioned on functional foods package truncate them to get the more information on the front panel of package. Study shows that customers give more weightage to the information mentioned in the claim. Researcher observed that there is relation between factor presences of information claim with halo effect i.e. rating the product higher on the basis of not mentioned attributes of the product.

Deepananda Herath(2008)⁵: Current study was taken place in Canada. This study undertaken to understand the profile of the consumers who consume or purchase the functional food. There were different customer segment observed on the basis of receptivity of functional food and

³Tino Bech-Larsen, "The perceived healthiness of functional foods A conjoint study of Danish, Finnish and American consumers' perception of functional foods", www.elsevier.com/locate/appet

⁴Brian Roe, " The Impact of Health Claims on Consumer Search and Product Evaluation Outcomes: Results from FDA Experimental Data", *Journal of Public Policy & Marketing*, Vol. 18, No. 1, Pricing and Public Policy(Spring, 1999), pp. 89-105

⁵Deepananda Herath, "Who consumes functional foods and nutraceuticals in Canada?", *D. Herath et al. / Appetite* 51 (2008) 256–265

neutraceuticals. The study result shows that there was an association between receptivity of functional foods and attitude, motivation and knowledge related to food/diet or health. A key driver observed towards the acceptance of functional food was perception of disease threat which tends to increase with the age. Most of the customers using functional foods were observed with the age 35 and above.

Hypothesis:-

The Hypotheses were formulated based on the objectives of the study and literature review conducted.

H1: “Consumers demographic profile impacts on acceptance of functional foods in Pune city”

H2: “Taste of the product and health claim affects the decision of the buying functional food”

Research Methodology

To conduct the current study explorative as well as Descriptive research methodology was used. Through the explorative approach new concepts were studied and used to highlight the problem. To understand existing situation of the market descriptive approach was utilized.

Both, Primary as well as Secondary data was utilized. Primary data was collected by interaction with the customers and by giving questionnaire. Secondary data was collected through various research papers, Magazines, Earlier thesis etc.

Area sampling technique as used to select the samples. Sampling area was Pune city. A structured questionnaire was. Total 140 respondents were approached. Google form as well as hard copy of the questionnaire was distributed amongst 200 customers. 14 questionnaires found ok for further analysis. Data was analyzed with the help of SPSS software and Microsoft Excel. Chi-square test and descriptive statistics was utilized to test the hypothesis.

Data analysis

Data analysis was done and data was presented in the form of tables and Charts as follows.

| Sr. No. | Demographic Factor | Frequency | Percentage | |
|---------|--------------------|------------------|------------|-----|
| 1 | Gender | Male | 91 | 65% |
| | | Female | 49 | 35% |
| 2 | Age | Below 25 | 23 | 17% |
| | | 25-35 | 32 | 23% |
| | | 35-45 | 67 | 47% |
| | | 45 and Above | 18 | 13% |
| 3 | Income Level | Below 1 Lakhs | 21 | 15% |
| | | 1 to 3 Lakhs | 56 | 40% |
| | | 3 to 5 Lakhs | 44 | 31% |
| | | 5 Lakhs and More | 19 | 14% |
| 4 | Occupation | Salaried | 93 | 67% |
| | | Businessman | 22 | 16% |
| | | Farmer | 10 | 7% |
| | | Student | 7 | 5% |
| | | Other | 7 | 5% |

Interpretation: -From the above table it has been observed that 140 respondents responded correctly in which 65% were male and 35% were female respondents. Most of the respondents were belongs o the age group of 35 to 45 (47%) followed by the age group 25 to 35(23%) and below 25 were 17% . Respondents of middle age were found maximum in the survey.

56(i.e.40%) of the respondents were fall under the income group of 1 to 3 lakhs and 44 respondents (31%) of the respondents were observed in 3 to 5 lakhs income group. It observed that lower and middle income group were more in number that higher income group.

In the respondents almost 67% of the respondents were salaried and were working in government as well as private sectors. Subsequently 22(16%) of the respondents were businessman, 10(7%) were farmer and followed by students and other category 5% respectively.

Knowledge about the Functional Foods among the respondents

| Knowledge about the Functional Foods | Frequency |
|---|------------------|
| 1) Functional Foods are enhanced foods | 67 |
| 2) Have Dietary Components | 97 |
| 3) Reduces risk of Chronic Diseases | 54 |
| 4) Provide healthy life | 127 |
| 5) Gives low Cholesterol Foods | 110 |

Interpretation: - From the above table it can be inferred that Functional food concept is a known concept to the customers. Most of the consumers believe that “Functional food provides a healthy life “as well as it gives “it is a low cholesterol food”.

Functional Food Tried by Respondents

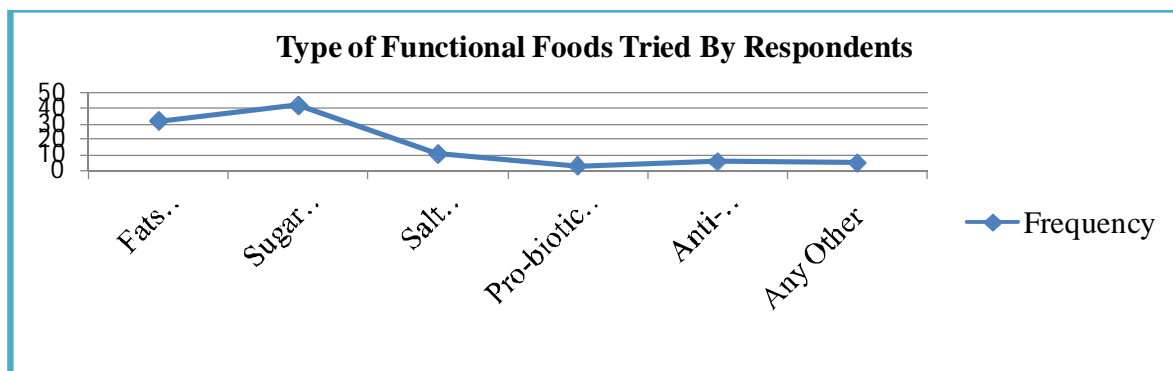
| Functional Food Tried | Frequency |
|-----------------------------------|------------------|
| Yes i tried many times | 32 |
| Very rarely Tried | 66 |
| No i Didn't tried yet, just heard | 42 |



From the above table it has been observed that only 32 respondents out of 140 respondents were observed regular user as they tried it many times and 42 respondents had never tried functional food. 66 respondents tried this food but very rarely they use it. Though the awareness is good amongst the customers still acceptance of this product is still remains far behind.

Type of Functional Foods Tried By Respondents

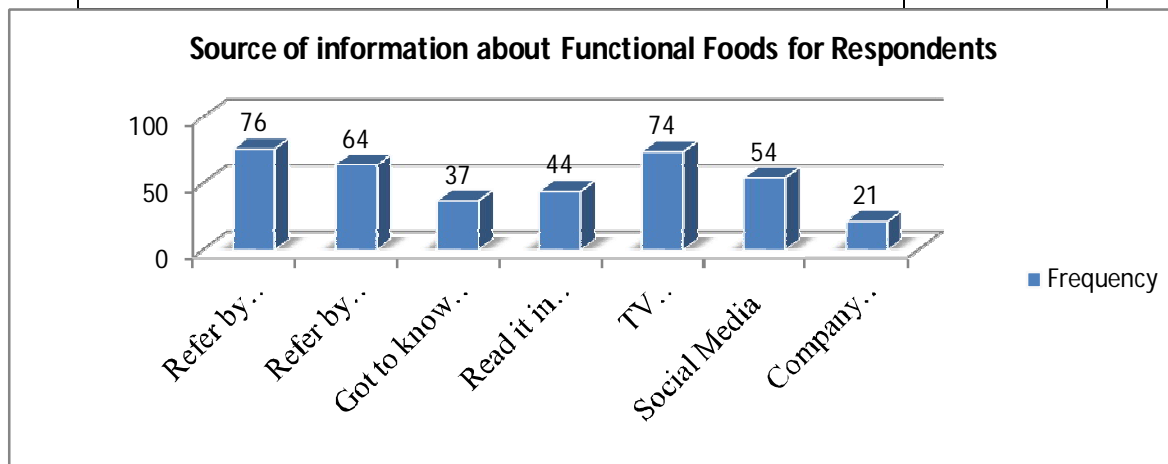
| Type of Functional Foods Tried | Frequency |
|--------------------------------|-----------|
| Fats Reduced Foods | 32 |
| Sugar Reduced Foods | 42 |
| Salt Reduced foods | 11 |
| Pro-biotic Foods | 3 |
| Anti-oxidants | 6 |
| Any Other | 5 |
| Total | 99 |



Interpretation: Respondents who tried the functional foods, when inquired more it has been observed that they tried the functional foods which were low fat food and low sugar food. It was followed by Low salt food, Anti-oxidant, Probiotics foods.

Source of information about Functional Foods for Respondents

| Source of information about Functional Foods | Frequency |
|--|-----------|
| Refer by Doctor | 76 |
| Refer by Friends/relatives | 64 |
| Got to know it by Medical Store | 37 |
| Read it in News paper | 44 |
| TV Advertisement | 74 |
| Social Media | 54 |
| Company Website | 21 |



Interpretation:-Above graph reflects the information that respondents get to know about functional foods from various sources. Amongst them Referred by doctor and TV Advertisements were observed most influencing sources as most of the respondents aware because of these factors. It was followed by suggestion given by relatives/friends, Social Media, Newspaper and Medical store keeper.

Factors impacting on buying decision of Functional Foods among the respondents

| Following factors impacts on buying decision of Functional Foods | Fully Agree | Agree | Partially Agree | Disagree | Fully Disagree |
|--|-------------|-------|-----------------|----------|----------------|
| Taste of the product | 87 | 36 | 2 | 12 | 3 |
| Perceived knowledge | 44 | 21 | 16 | 47 | 12 |
| Food/Drink Category | 55 | 51 | 3 | 23 | 8 |
| Health Claim | 106 | 27 | 0 | 5 | 2 |
| Wording of claim | 54 | 23 | 16 | 32 | 15 |
| Benefit Claimed | 72 | 32 | 2 | 20 | 14 |
| Familiarity and Experience | 67 | 54 | 13 | 3 | 3 |

Interpretation: From the above table various factors impacting on buying decision were observed and studied. Health claim(106) and taste of the product (87) respondents were fully agree that these impacts on their buying behaviour. It was followed by benefit claimed, familiarity and experience, food/drinks category, wording of claim and perceived knowledge.

Hypothesis Testing

Hypothesis 1

H1: “Consumers demographic profile impacts on acceptance of functional foods in Pune city”

Test:- Cross tabulation (Descriptive Statistics) & Chi-Square Test

| Demographic Factors | | Consuming functional food products could have a positive impact on my health | I am willing to make sacrifices to keep myself healthy | I am interested in taking measures for preventing the occurrence of some diseases | Healthiness and nutritional content have a high impact on my food choices | I am willing to consume Functional products that have a positive impact on my health |
|---------------------|----------|--|--|---|---|--|
| Gender | Male | 32 | 34 | 56 | 46 | 32 |
| | Female | 23 | 24 | 27 | 23 | 22 |
| Age | Below 25 | 21 | 22 | 23 | 22 | 21 |
| | 25-35 | 27 | 26 | 25 | 23 | 27 |

| | | | | | | |
|---------------------|-------------------------|----|----|----|----|----|
| | 35-45 | 54 | 55 | 56 | 61 | 54 |
| | 45 and Above | 12 | 13 | 18 | 16 | 18 |
| Income Level | Below1 Lakhs | 12 | 19 | 21 | 9 | 16 |
| | 1 to 3 Lakhs | 49 | 43 | 47 | 42 | 41 |
| | 3 to 5 Lakhs | 34 | 32 | 33 | 39 | 43 |
| | 5 Lakhs and More | 14 | 16 | 18 | 19 | 16 |
| Occupation | Salaried | 47 | 53 | 72 | 63 | 82 |
| | Businessman | 11 | 19 | 22 | 20 | 21 |
| | Farmer | 7 | 6 | 9 | 5 | 10 |
| | Student | 7 | 7 | 7 | 7 | 7 |
| | Other | 3 | 6 | 7 | 5 | 5 |

| Demographic Factors | Chi-Square Value | df | Asymp. Sig. (2-sided) |
|---------------------------------------|-------------------------|-----------|------------------------------|
| Gender* Acceptance of FF | 2.976 | 4 | .032 |
| Age* Acceptance of FF | 7.54 | 12 | .029 |
| Income Level* Acceptance of FF | 3.52 | 12 | 0.0016 |
| Occupation* Acceptance of FF | 4.37 | 16 | 0.034 |

Interpretation:-From the above tables it has been observed that respondents demographic factor and respondents acceptance level were tested within each other. Chi-square test was used to analyse the hypothesis. With 95% confidence level, 5% significance level and respective degree of freedom chi-square test applied. From the test the result for Demographic factors were observed as follows. From the Gender male respondent’s acceptance observed more than femal. But this may observed by chance as female respondents were less in number. But in Age factor the respondents having moddle age i.e. 35 or more than 35 were observed with greater acceptance level as compare to other. In income factor, respondents having income below 1 lakh were not very much interested in functional food as compare to other strata of income. In occupation also Salaried and Businessman shown good acceptance of functional food as compare to farmer or students.

P-Value of all the factors i.e. Gender (0.032), Age(0.029), Income (0.0016) and Occupation (0.034) which were less than 0.05. Hence all the values support the alternative hypothesis. Hence Hypothesis 1 i.e. **H1: “Consumers demographic profile impacts on acceptance of functional foods in Pune city”** is accepted.

HYPOTHESIS-II

H2: “Taste of the product and health claim affects the decision of the buying functional food”

Test:- Chi-square Test and Cross Tabulation

| | Taste of Functional food impacts on buying decision of Functional Foods | | | | | Health Claim in Functional foods impacts on buying decision of Functional Foods | | | | |
|--|---|-------|-----------------|----------|----------------|---|-------|-----------------|----------|----------------|
| | Fully Agree | Agree | Partially Agree | Disagree | Fully Disagree | Fully Agree | Agree | Partially Agree | Disagree | Fully Disagree |
| In future i will use as well recommend the functional foods to others | | | | | | | | | | |
| Yes I will | 67 | 31 | 1 | 7 | 1 | 94 | 10 | 0 | 2 | 1 |
| Depends on Situation | 17 | 3 | 0 | 5 | 1 | 9 | 15 | 0 | 2 | 0 |
| No i wont | 3 | 2 | 1 | 0 | 1 | 3 | 2 | 0 | 1 | 1 |

| Demographic Factors | Chi-Square Value | df | Asymp. Sig. (2-sided) |
|--------------------------------------|------------------|----------|-----------------------|
| Buying Behaviour*Taste | 16.51 | 8 | .023 |
| Buying Behaviour*Health Claim | 14.73 | 8 | .027 |

Interpretation:

From the above tables, taste of the product and Health Claim affects on buying decision of functional foods. Chi-square test was applied to test the hypothesis separately for both the factors. 95% of confidence level and 5% of significance level was considered. Degree of freedom for both the factors was 8. P-value for Taste of the product and buying decision was 0.023 and p-VALUE FOR Health claim and buying behaviour was 0.027 was observed. Both the P-Value was less than 0.05. Hence these values support the alternative hypothesis. Therefore Hypothesis 2 i.e. **H2: “Taste of the product and health claim affects the decision of the buying functional food”** is accepted.

Findings & Suggestion:-

Collected data was analysed with SPSS software and various statistical tools were used to do the analysis. Hypotheses were tested and from the analysis and hypothesis testing following observations were made.

Findings:

In the current study Pune city was considered as geographical scope. Majority of male respondents observed as compare to female respondents. In the age group middle age respondents responded more. Majority of the respondents were from the middle income level having income between 1 to 3 lakhs. Salaried respondents were observed more in number. Most of respondents were aware with the advantages of functional foods like it provides healthy life, low cholesterol, and reduces the chronic diseases. Only 32 of the respondents observed as regular user of the product though larger part of the population was aware the benefits of functional foods. That means acceptance level was observed low. Fats reducing and sugar reducing foods were tried by the customer. From the analysis it observed that there were various medium through which respondents get aware about the functional foods. Doctors' advice, TV Advertisements, Social media friends/relatives reference, newspaper advertisements were observed the influencing medium for functional foods. Health claim, experience, Food category and taste of the food impacts more on the buying decision of the functional food.

From the hypothesis it has been observed that all the demographic factors had the impact on buying decision of the functional foods. As well as health claims and product taste had effect on buying decision of the functional foods.

Suggestions:-

Respondents were aware about the functional food concept but that awareness was not observed in actual trying of the functional food. So the companies should reach the target market by effective promotional techniques. As well as from the analysis it has been observed that maximum middle age respondents were regular user. So in promotion they should promote the products for young generation too.

Conclusion:-

Study reveals the there were differences about the functional food preferences observed amongst demographic factors like Age, Gender, Income, Occupation and buying behaviour of respondents. Study suggest that though it has been marketed with focussing on particular customer group but still companies should bring more variety of products and promote it for more target customer so its scope can be increased. Customers were observed giving more attention to Health claims and taste of the product so the companies should claim and provide whatever they promised and should bring tasty product so it can attract larger segments of population.

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“Functional Food-A Food for Health:-Current trends and future in India”

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Abstract:

From last two decades, functional food became the topic of considerable interest of both the customers as well as manufacturer. India's nutrition industry generating huge revenue which is consistently increasing day by day. There are so many instances occurred which tells the potential benefits and major challenges associated with functional foods through scientific literary, researchers research reports, papers, and media etc. This industry also creates huge employment as well as additional income source from the operation, production and supply chain activities. It has a great potential in the Indian market as India is the second largest populous country in the world.

In this article current trend in functional foods and future prospective in Indian market has been analysed.

Key Words: - Functional Food, Current Trends, Nutritional Science, Foods & Beverages, Nutritional Effect etc.

Introduction:-

Functional food concept though it is new to India and people yet to accept it fully, but it has its history as this concept often considered to having invented and emerged in Japan during 1980's. In many European countries Coca-Cola actually considered as a functional in the very beginning of the twentieth century.

In current situation and recent development, it has been observed that nutritional science backing the Functional foods. Nutritional science gains so much importance in the recent few years, hence world experiencing lot of research and development in the foods and beverages which claims health benefits.

In India also gradually nutritional food becoming popular and gaining more demand from various age groups as well as from various places. This research paper highlights the history of Functional food in India, its current trend and future prospects for this industry.

A food can be regarded as functional “if it is satisfactorily demonstrated to affect beneficially one or more target functions in the body, beyond adequate nutritional effects...” (Diplock et al., 1999). These effects have usually been well defined, such as lowering blood cholesterol levels or strengthening bones, and these effects can be measured by physiological measures, but the consumer is rarely able to verify these health effects directly based on his or her own experience.

India witnessing change in every field right from the demography to economy. Same change happens to see in people's life style, food habits. People are becoming more health conscious and due to greater media coverage for healthy and nutritious food, health care issues, consumers are giving more importance to nutrition food. Due to its potential benefits like its role in prevention of many diseases and health problems it becomes the buzz word today. As well as food manufacturers also changing their mind set and coming with different advanced food ingredients, technology coupled with better understandings of specific nutrient properties have increased the innovative nutritive products by manufacture. Market shows a consistent rise in recognition of potential role of functional foods in reducing the health risk and helping to increase health

quality. So the food which is having health benefits that traditional nutrients are often called functional food. Globally functional food became the fastest growing and multibillion dollar industry so it occupies the market here in India too with the same pace.

Objectives:-

Objectives of the study are as follows

- I. To study current market position of Functional food in India.
- II. To Study current functional food trend in India.
- III. To identify the future prospects for functional food in India

Research Methodology

Current study is based on the explorative study where the facts are explored on the basis of secondary data. Qualitative research methodology used to collect the data.

Research Technique: - Qualitative Research Method

Data: - Secondary Data used in the study to make the inferences.

Sources of the data: - Sources of the secondary data were earlier research papers, Websites, government reports, newspapers, books, journals etc.

Data was majorly collected from the research work done by the various researchers in India and across the world related to functional food. Those literatures undergone through extensive review and through these review inferences are drawn.

Literature Review:-

A food can be regarded as functional “if it is satisfactorily demonstrated to affect beneficially one or more target functions in the body, beyond adequate nutritional effects...” (Diplock et al., 1999). The concept of functional foods has become popular, first in Japan and later in other

countries, including U.S (Hasler, 2000). India's population is large and predominantly young; as the younger generation moves toward middle age and income increases, the need to maintain and/or establish a healthy diet will drive functional food consumption increasingly higher. (Kotilainen, L. (2006). With its strong tradition of healthy eating, India ranks among the top ten nations in buying functional foods (Watson, 2006). India has a large share of the international functional food market, and exports products to the far-east, south-east, west and Middle East Asia as well as to parts of North Africa and the EU. However, India's major export destination is the USA and Japan (Patwardhan et al., 2005). The government is active in the development of the functional foods industry. According to Ministry of Food Processing Industries representative, the Ministry has mandated to develop and promote the food processing sector including functional foods, throughout the country. It conducts seminars, workshops and training programs; and runs a financing scheme, providing grants-in-aid to the food processing companies that want their manufacturing/processing units certified to meet safety standards such as HACCP and ISO (Japan Development Institute, 2006). The philosophy of food as a medicine is not a new concept. 'Food as medicine' holds true only if it is consumed in right quality and quantity. Thus, evolved food, and nutrient consumption dose based recommended guidelines to limit and encourage certain foods such as with low in animal fat, salt (5g/d), sugar (<10%en) while encouraged fruits and vegetables (>400g/d) for the prevention of chronic disease.(Nutt foods Spectrum, 2017)

❖ **Current Trend of Functional Food in Indian Market:-**

The size of the Indian functional food and beverage market was between Rs. 46 billion and Rs. 49 billion in 2014-15, and it was growing at 14-15 per cent. Although it is at a nascent stage and less than one per cent of the global functional food and beverage market, the key trends are functional yoghurt, fortified biscuits and bread, fortified breakfast cereals, fortified edible oil and functional gum. (Anurag More, Mumbai, 2016)

The functional foods in the Indian market include products like fruits, vegetables, energy drinks, fortified juices with or without preservatives, breakfast cereals, fresh dairy products,

confectionary, and fiber rich foods - all imparting the desired health benefits and physiological changes. These products contain functional ingredients such as prebiotics, probiotics, omega fatty acids fortified foods, phytoestrogens, soy, gluten and whey proteins. (Manish Sharma, 2013)

❖ **Suppliers of the Functional Foods in Indian Market:-**

| Main Actors | Companies | Functional Products |
|---|--|---|
| Multinational food companies with a broad product range. | Nestle, Danone, Unilever, Kellogg, Pepsico, Yakult, Danone, Perfetti van Melle | Probiotic Yoghurt/Dahi, Snacks, Energy Drinks, Breakfast Cereals, Confectionary |
| Pharmaceutical and/or dietary products producing companies. | GSK, Amway, Ranbaxy | Malted Food, Supplements, Fortified products. |
| National “category leaders”. | Amul, Dabur, ITC, Britannia, Parle | Dairy Products, Fruits & Vegetable Juices, Biscuits |
| Small and medium-sized companies (SMEs) of the food industry. | Heritage Foods, Ruchi Soya, Mother Dairy | Soya Milk, Dairy, Oils |
| Retail companies. | Reliance Wellness, Apollo Pharmacy, Patanjali | Sweetners, Cereals, Energy Drinks, Ayurvedic & Herbal Products |

Since the mid of new millennium, there is a new wave engulfing the Indian Food industry – ‘Health Consciousness’. The food and related industry players are adapting to the health, nutrition, safety and wellness positioning so as to have a competitive edge by providing a healthier alternative. Several multinational food companies (like Nestle, Unilever, Kellogg, and PepsiCo) have introduced Functional Food products in the Indian market. Nestle, the market leader in the infant food, instant coffee, noodles and condensed milk categories, has launched several healthy brand extensions (MAGGI Vegetable Multigrainz Noodles for MAGGI Noodles; Probiotic Dahi and Slim Dahi for Dahi). Kellogg, which enjoys a healthy 60 per cent share in the INR 4 billion cereal market in India, has also introduced functional breakfast cereals like Kellogg’s Special K to reduce weight and Extra Muesli Nut, Almond & Honey variants.

The National “category leaders” have a strong hold in the Indian food market and are in leadership positions in many food categories. Over the years, they have developed novel and reverse engineering R&D capability utilizing which they are able to roll out new and modified product variants to ward off the competition. For example AMUL entered the ice cream market in 1996 and by 2001 it achieved the leadership position, primarily because of its wide distribution network, value for money pricing and reverse engineering based R&D capability to replicate the existing Hindustan Unilever, an Indian subsidiary of Unilever, brand like Kwality Walls. Today Amul Ice Cream has achieved 38% share against 9% market share of Hindustan Unilever making it 4 times larger than its closest competitor and is only company to have launched probiotics ice cream in the Indian market (Sodhi, 2004). Similarly the biscuit market is dominated by the Indian players like Britannia, Parle and ITC who are building the portfolio of functional biscuits like Britannia Nutrigo; ITC’s Sunfeast Marie Light Oats; Parle Actifit Digestive Marie.

Globalization of the nutraceutical and functional foods industries presents significant challenges to stakeholders, not the least of which is the regulatory variance between countries active in the marketplace. Hence, when any new participant wants to enter the Indian nutraceuticals market, it is very important to comply with the regulatory framework, so that the business is run smoothly.

Findings :-

- Indian market is having tremendous potential for functional foods products.
- Metro cities and urban part of the India is having more demand for functional foods.
- Most consumers are aware of the health benefits of foods. Only 35 per cent are aware of the term nutraceuticals.
- Functional drinks and juice are two of the fastest-growing sub-categories within the beverage market
- Innovation remains a key factor that has helped brands in consolidating their position in the fiercely competitive functional beverage market
- The study indicates that beliefs about the nutrition and health link, current purchasing and consumption patterns, and positive attitude towards functional foods significantly affected willingness to pay.

Conclusion:-

Urbanization and globalization are the most influencing factors for rise in demand of functional foods in India. Consumers look more healthy products rather than unhealthy irrespective of its price especially it has been observed in Urban consumers.

It is the wish of all people to live healthy. It is natural that people's focus is shifting from medical treatment for sickness to a positive approach for prevention of diseases to stay healthy. In order to prevent diseases and be healthy, new food products, which have been proven by the human trials to be effective to prevent diseases, should gradually penetrate the society. This will improve quality of life of all people.

Functional foods, as one of the solution, are being introduced by the food marketers in various categories like dairy products, edible oils and breakfast cereals. The market is growing at a fast pace and presents a tremendous growth opportunity for food companies. But for achieving consumer acceptance in long run, the marketers would have to focus on studying the consumer expectations, judicious product development, efficient distribution and effective communication.

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VALIDATING CONSUMER ETHNOCENTRISM SCALE (CETSCALE)

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ABSTRACT

Shimp and Sharma had proposed Consumer Ethnocentrism scale in 1987 to measure the ethnocentric opinions of consumer towards foreign products. This scale has been used extensively by research scholars in various countries. However, very few researchers have made attempt to validate the CETSCALE in their respective cultures. The main objective of the study is to validate CETSCALE in India. The authors have done extensive literature review on CETSCALE and its applications. Factor analysis is run to identify the valid question statements in CETSCALE. The factor analysis resulted in only 6 item scale. Further these 6 items were loaded on two different factors. Limitations and scope for future studies are discussed in the study.

Keywords- CETSCALE, Factor analysis, Consumer Ethnocentrism

I. INTRODUCTION

Consumer Ethnocentrism refers to ethnocentric opinions held by consumers in one country towards foreign products (Shimp and Sharma 1987). Due to ethnocentric tendency consumer may hold negative attitude towards foreign products and may even think that it is morally incorrect to buy such products as buying products of other countries results in cutting jobs in one's own country and it hurts economy of that particular country. Shimp and Sharma (1987) had developed a scale to measure consumer ethnocentrism. It is popularly known as CETSCALE. This scale has been adopted by many research scholars in various countries including India. Some research scholars have also used the short version of the questionnaire. The original CETSCALE contains 17 items. These items are measure on Likert scale. Very few research studies were conducted to explore the validity of the CETSCALE in different countries. Over so many years it would be apt to investigate the

validity of the scale, therefore researcher undertook this study to examine the validity of the CETSCALE in Indian culture.

To achieve the purpose of this study, CETSCALE was used to collect responses from consumers in Pune, Maharashtra. These responses were collected from Colleges, Universities, and popular market places and through internet based questionnaire. The factor analysis were carried out to investigate the validity of the CETSCALE in today's environment.

II. LITERATURE REVIEW

Sumner (1906)¹ defines ethnocentrism as "One's own group (in group) is considered at the center and all other groups (out groups) are viewed with reference to in group". Ethnocentrism has been described as either a favourable or unfavourable stance towards one's own party (out group).

Adorno et al. (1950)² saw ethnocentrism as an ideological framework, the distinct

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hallmark of this brand is consensus exclusion of out-groups. Ethnocentrism indicates a tendency to judge out-groups negatively. A different way of putting it is to suggest that groups are thought of as separate entities, while the collective of other groups is treated as another entity. A consequence of this method is that the in group tests all of the out groups, without treating any exceptional cases.

According to Perkins and Forehand (2010)³ consumer ethnocentrism is thought to result from cognitive (e.g. belief that products produced in one's own country are better), affective (a positive affective reaction toward native products), and ideological and normative (belief that it is appropriate to purchase products manufactured in one's country) thought processes.

Measuring ethnocentrism could be possible due to construction of Consumer Ethnocentric Tendencies Scale (CETSCALE) by Shimp and Sharma (1987)⁴. Customers with a high degree of ethnocentrism look down on foreign-produced goods and favour domestic-produced goods. Strong ethnocentrism creates discrimination against foreign products, which encourages people to think 'buying foreign products is false and bad for the country's economy. Product reviews from consumers that are less ethnocentric or are not ethnocentric are based on the characteristics of the product itself. for example, customers who do not know the country of origin of such goods may fall into this category

IV. DATA ANALYSIS

To validate the CETSCALE factor analysis is used. The output is reproduced here

COMMUNALITIES

| | Initial | Extraction |
|-----|---------|------------|
| "1. | 1.000 | .723 |
| "2. | 1.000 | .716 |
| "3. | 1.000 | .706 |
| "4. | 1.000 | .625 |

Luque-Martinez, Ibanez-Zapata and del Barrio-Garcia (2000)⁵This argument insists that before using it to measure ethnocentrism in various nations, it must be seen that CETSCALE has both reliability and validity. The writers used a study to test the CETSCALE norm in Spain. The data collected for this study was collected between June and August of 1996, when CETSCALE was translated into Spanish and 476 responses were reported. A confirmatory factor analysis evaluated the validity and durability of CETSCALE. According to the results of the study, CETSCALE will reliably and continuously calculate ethnocentrism.

III. RESEARCH METHODS

Pune city in Maharashtra is selected for the study. So all adult consumers in Pune, form the population. Convenience sampling method was used for sampling from the huge population. The structured questionnaire (CETSCALE) was used to collect primary data. Self-administration method was adopted for collecting responses to the questionnaire. Total 145 questionnaires were distributed, however only 104 questionnaires were received back by the researcher. Response rate is more than 71%. Out of these 104 responses 4 responses were taken out from analysis because they were not completed by the respondents. Further 15 responses have to be discarded as they were unengaged. Secondary data sources were past research papers, articles and books. Descriptive statistics and Factor analysis were the statistical tools used for analysis of primary data.

| | | |
|------|-------|------|
| "5. | 1.000 | .594 |
| "6. | 1.000 | .693 |
| "7. | 1.000 | .589 |
| "8. | 1.000 | .679 |
| "9. | 1.000 | .603 |
| "10. | 1.000 | .313 |
| "11. | 1.000 | .623 |
| "12. | 1.000 | .662 |
| "13. | 1.000 | .625 |
| "14. | 1.000 | .619 |
| "15. | 1.000 | .592 |
| "16. | 1.000 | .473 |
| "17. | 1.000 | .695 |

Extraction Method: Principal Component Analysis.

The communalities were checked for all the variables. It was found that the statement no. 10 was having communality extraction of .313 only. Hence that statement was removed from the factor analysis and factor analysis was repeated.

COMMUNALITIES

| | Initial | Extraction |
|------|---------|------------|
| "2. | 1.000 | .827 |
| "4. | 1.000 | .667 |
| "5. | 1.000 | .598 |
| "6. | 1.000 | .691 |
| "14. | 1.000 | .621 |
| "1. | 1.000 | .708 |
| "3. | 1.000 | .710 |
| "7. | 1.000 | .597 |
| "8. | 1.000 | .672 |
| "9. | 1.000 | .595 |
| "11. | 1.000 | .623 |
| "12. | 1.000 | .634 |
| "13. | 1.000 | .624 |
| "15. | 1.000 | .594 |
| "16. | 1.000 | .454 |
| "17. | 1.000 | .696 |

Extraction Method: Principal Component Analysis.

From this table it was found that all the communalities values are greater than .4.

TOTAL VARIANCE EXPLAINED

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | | Rotation Sums of Squared Loadings | | |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 6.487 | 40.543 | 40.543 | 6.487 | 40.543 | 40.543 | 4.132 | 25.823 | 25.823 |
| 2 | 1.556 | 9.724 | 50.267 | 1.556 | 9.724 | 50.267 | 3.041 | 19.008 | 44.831 |
| 3 | 1.182 | 7.390 | 57.657 | 1.182 | 7.390 | 57.657 | 1.860 | 11.622 | 56.453 |
| 4 | 1.086 | 6.787 | 64.444 | 1.086 | 6.787 | 64.444 | 1.278 | 7.990 | 64.444 |
| 5 | .829 | 5.181 | 69.625 | | | | | | |
| 6 | .756 | 4.727 | 74.351 | | | | | | |
| 7 | .681 | 4.259 | 78.610 | | | | | | |
| 8 | .626 | 3.914 | 82.524 | | | | | | |
| 9 | .521 | 3.254 | 85.778 | | | | | | |
| 10 | .431 | 2.695 | 88.472 | | | | | | |
| 11 | .396 | 2.472 | 90.944 | | | | | | |
| 12 | .370 | 2.311 | 93.256 | | | | | | |
| 13 | .325 | 2.032 | 95.287 | | | | | | |
| 14 | .284 | 1.774 | 97.061 | | | | | | |
| 15 | .265 | 1.659 | 98.721 | | | | | | |
| 16 | .205 | 1.279 | 100.000 | | | | | | |

Extraction Method: Principal Component Analysis.

From above table it was found that the four components evolved from the 16 items of the CETSCALE. Then the Rotated component matrix was referred to investigate the factor loadings.

ROTATED COMPONENT MATRIXA

| | Component | | | |
|------|-----------|------|------|------|
| | 1 | 2 | 3 | 4 |
| "8. | .747 | | | |
| "13. | .720 | | .318 | |
| "12. | .704 | .345 | | |
| "9. | .700 | | .320 | |
| "7. | .623 | .404 | | |
| "11. | .618 | .457 | | |
| "16. | .609 | | | |
| "17. | .559 | .530 | | |
| "15. | .538 | .534 | | |
| "14. | | .779 | | |
| "6. | | .760 | | |
| "5. | | .733 | | |
| "3. | .344 | | .765 | |
| "4. | | | .728 | |
| "1. | | .405 | .559 | .481 |
| "2. | | | | .890 |

Extraction Method: Principal Component Analysis.

ROTATION METHOD: VARIMAX WITH KAISER NORMALIZATION.

a. Rotation converged in 7 iterations.

From this table it can be seen than many items actually cross loaded on two components. Therefore these statements were removed from the factor analysis. The analysis was repeated after removal of statement no. 13, 12, 9, 7, 11, 17, 15,3, and 1.

COMMUNALITIES

| | Initial | Extraction |
|------|---------|------------|
| "2. | 1.000 | .420 |
| "4. | 1.000 | .388 |
| "5. | 1.000 | .694 |
| "6. | 1.000 | .691 |
| "14. | 1.000 | .549 |
| "8. | 1.000 | .609 |
| "16. | 1.000 | .567 |

Extraction Method: Principal Component Analysis.

Communalities found be greater than .4.

TOTAL VARIANCE EXPLAINED

| Component | Initial Eigenvalues | | | Extraction Sums of Squared Loadings | | | Rotation Sums of Squared Loadings | | |
|-----------|---------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
| | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % | Total | % of Variance | Cumulative % |
| 1 | 2.705 | 38.637 | 38.637 | 2.705 | 38.637 | 38.637 | 2.110 | 30.140 | 30.140 |
| 2 | 1.213 | 17.331 | 55.968 | 1.213 | 17.331 | 55.968 | 1.808 | 25.828 | 55.968 |
| 3 | .890 | 12.710 | 68.678 | | | | | | |
| 4 | .721 | 10.305 | 78.983 | | | | | | |
| 5 | .635 | 9.077 | 88.061 | | | | | | |
| 6 | .521 | 7.443 | 95.503 | | | | | | |
| 7 | .315 | 4.497 | 100.000 | | | | | | |

Extraction Method: Principal Component Analysis.

From this table it was observed that initial Eigen value is greater than 1 for 2 components. That means two factors are evolved from the entire 17 items scale.

ROTATED COMPONENT MATRIXA

| | Component | |
|------|-----------|------|
| | 1 | 2 |
| "5. | .826 | |
| "6. | .810 | |
| "14. | .737 | |
| "8. | | .755 |
| "16. | | .746 |
| "2. | | .647 |
| "4. | .421 | .459 |

Extraction Method: Principal Component Analysis.

ROTATION METHOD: VARIMAX WITH KAISER NORMALIZATION.

a. Rotation converged in 3 iterations.

From this table shows that only on statement i.e. 4th question was cross loaded. Therefore it was taken out for the analysis and the process was repeated.

After analysis; following Rotated Component matrix was produced.

ROTATED COMPONENT MATRIXA

| | Component | |
|------|-----------|------|
| | 1 | 2 |
| "6. | .835 | |
| "5. | .829 | |
| "14. | .732 | |
| "8. | | .775 |
| "16. | | .731 |
| "2. | | .679 |

Extraction Method: Principal Component Analysis.

ROTATION METHOD: VARIMAX WITH KAISER NORMALIZATION.

a. Rotation converged in 3 iterations.

This analysis suggested that only 6 questions are valid from entire 17 question item scale. These 6 questions are loaded on two factors.

These two factors are named as – Attitude towards Foreign products, and Attitude towards Indian Products.

‘Attitude towards foreign products’ factor (construct) comprise of following questions-

5. Purchasing foreign-made products is un-Indian

6. It is not right to purchase foreign products

14. Foreigners should not be allowed to put their products on our markets

‘Attitude towards Indian Products’ factor (construct) comprise-

8. We should purchase products manufactured in India instead of letting other countries get rich off us

16. We should buy from foreign countries only those products that we cannot obtain within our own country.

2. Only those products that are unavailable in India should be imported

RELIABILITY OF THE NEW SCALE
RELIABILITY STATISTICS

| Cronbach's Alpha | N of Items |
|------------------|------------|
| .697 | 6 |

From table no. it was found that the Cronbach’s alpha value is almost equal 0 .7. Therefore the scale is considered reliable.

V. DISCUSSION AND LIMITATIONS

The result showed that the 17 item CETSCALE is not valid in current Indian business and political environment. The 17 item CETSCALE is reduced to only 6 items scale. It

was surprising to know that these 6 questions formed two factors (variables). Past literatures reported that all items were loaded on only one factor (variable). The newly evolved questionnaire is found reliable.

This study is collected in only one city of the country. Future studies may collect data from other cities also to make the samples true representation of the country’s population. Further the study included only 85 responses. This sample size is small to generalise the findings. Future studies may include more responses in the study.

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Dynamic Optimum Capital Structure Adjustment Model of BSE Listed Indian Manufacturing – A Case Study of Engineering Goods Industry

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Abstract

Capital structure is debated topic in modern financial management even after Modigliani and Miller's contribution to capital structure theory. The researchers are interested in various aspects of affecting capital structure and weather capital structure decision influences or not to market value of the business. Simply these approaches which are commonly known as relevant or irrelevant, researchers analyze how capital structure decision affect to market value of the business. The capital structure theories are built on theoretical models and these models helps to bridge the gap between theoretical and real-world phenomenon. Basically, these theoretical models can be statistical or mathematical approaches, the statistical approaches estimate the capital structure based on the past data with various company specific and macro-economic variables and mathematical approaches solve the capital structure decisions in the form mathematical equations. The capital structure research approaches depend upon the need of the study and purpose of the study to solve the underlying research question. In this study, a capital structure behavior of BSE listed companies of engineering goods is compared with consumer sector companies with statistical approaches for the study period 2007 and 2017.

Keywords: dynamic adjustment of capital structure, BSE, optimum capital structure, Arellano- Bond estimation.

Introduction:

The modern financial management have three critical areas which has significant bearings on shareholders wealth maximization and that includes investment decision, financing decision and dividend decision. These three decisions are interconnected and need to be analyzed with sophisticated techniques for long run success of business. The management as agent of owner's have fiduciary responsibility to discharge, the decisions and practice which enhances the shareholders wealth in the long run should be followed. In this study, dynamic capital structure adjustment model of trade off theory is examined in BSE listed engineering goods companies with the Arellano- Bond estimation method. The dynamic capital structure adjustment model is based on idea of trade off theory of capital structure, trade off theory proposes that capital structure has optimum level at which benefit of debt and cost of debt are balanced. The benefit of debt generates from interest tax shield and cost of debt is cost of financial distress, the balance of benefit and cost of debt is part of skill and experience of finance manager. Finance manager avoids risky capital structure but being conservative it results into reduction in reward for owners. As risk and reward goes in hand and hand, finance manager in setting capital structure should be not either over leveraged or under leveraged or simply it must be at or near optimum level.

This study delved into following sections, the first section introduces to the dynamic capital structure adjustment model, second section presents the literature review of capital structure theories, third sections provides research methodology and in last two sections presents data analysis, findings and conclusion of the study.

Literature review

Mark J. Flannery et.al. (2006) studied 12,919 USA non finance companies during 1965 and 2001, the findings of the study suggests that USA companies have target capital structure and USA non-financial companies. The USA companies close the gap between actual and optimum capita structure in 2.63 years with the speed of adjustment of 38%.

Zhaoxia XU (2007) examined USA companies for target capital structure and sample of the study includes companies who observed 20% or capital structure changes, the study found asymmetric capital structure adjustment among the companies with major increase and decrease in debt ratios.

Priyanka Singh et.al. (2008) examined capital structure adjustment in Indian industries (automobiles, drugs & pharmaceuticals, textile, polymers, electronics, health services, information technology, dairy, tea & coffee and electricity) during 1991 to 2007, the study found asymmetric capital structure adjustment. The study found highest speed of adjustment Indian IT industry and least speed of adjustment in electricity industry.

Sulagna Mukherjee et.al. (2010) studied capital structure adjustment in 891 Indian manufacturing companies for the period of 1994 to 2008, the study concludes the presence of target capital structure with varying speed of adjustment for difference measures of leverage.

Basudeb Guha (2002) analysed the dynamic capital structure adjustment in 697 Indian manufacturing companies during 1990 to 1998, the study found capital structure decision is influenced by size of company, asset structure, profitability, financial distress cost and study found 23% and 63% speed of adjustment for short term and long-term debt respectively.

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Biswajit Gose et.al. (2017) examined asymmetric nature of capital structure adjustment by classifying Indian companies in group affiliated and standalone companies, the study found standalone and group affiliated companies made 30% and 44% speed of adjustment respectively.

Research gap: -The capital structure studies examined the various aspects of financing decisions and contradictory testimony about financing behaviour exist in the literature. The lack of consensus about capital structure theory necessitates to investigate capital structure behaviour and capital structure studies with respect to optimum capital structure are very limited available in Indian context.

Research Methodology

The following section discusses the research methodology of the study, that includes data collection, period of the study, statistical of the study.

1) **Problem statement** –The balance of capital structure mix result into reduced cost of financing the operation and hence finance manager design the targeted capital structure to minimize overall cost of capital and enhance value of the company. The target capital structure does not remain static but it is dynamic in nature, target capital structure varies with firm specific and macroeconomic variables and in such scenarios adjustment in capital structure is like walking on tight rope for finance manager. If capital structure adjustments are dynamic in nature then how BSE listed Indian manufacturing companies adjust actual capital structure with respect to changes in optimum capital structure and for the same engineering goods companies are selected for the analysis.

2) **Objectives of the study-**

a) To compare the determinants of capital structure of BSE listed engineering goods companies with consumer sector companies

b) To find out capital structure adjustment after deviation from optimum level.

3) **Data collection** – The capital structure adjustment studies requires the accounting data and the same can be extracted from financial statements. The required data for the analysis is collected from financial statements provided by Capitaline data base for the period of 2007 to 2017. The sample of the study includes 149 companies from engineering goods companies and 98 companies from consumer sector BSE listed companies.

4) **Statistical technique-** The objective of the study is to find out the determinants of capital structure and to understand the capital structure adjustment and for the same Arellano- Bond estimation method of dynamic panel regression model is adopted, the dynamic panel regression model is as per below :-

$$\text{Debt to total capital}_{i,t} = \beta_0 + \beta_1 \text{Lagged debt to total capital}_{i,t-1} + \beta_2 \text{Tangibility}_{i,t} + \beta_3 \text{Sales}_{i,t} + \beta_4 \text{operating profit} + \beta_5 \text{Depreciation} + \beta_6 \text{GDP growth}_{i,t} + \beta_7 \text{Stock market development} + \beta_8 \text{Real interest rate} + \epsilon_{i,t}$$

5) **Variables of the study**

| Sr.no. | Variable | Operational definition |
|--------|--------------------------|--|
| 1 | Debt to total capital | Long term debt to total capital |
| 2 | Tangibility | Fixed asset to total asset |
| 3 | Sales | Log of sales |
| 4 | Operating profit | Operating profit before tax to total asset |
| 5 | Depreciation | Depreciation to total asset |
| 6 | GDP growth | Growth in GDP |
| 7 | Stock market development | Log of BSE Sensex |
| 8 | Real interest rate | Interest rate excluding inflation |

Table no1 – Operational definition of the variables used in the study

6) **Hypothesis of the study**

There is no relationship between debt to capital and lagged debt to total capital, tangibility, sales, profit before tax, depreciation, GDP growth, stock market development, real interest rate.

Data analysis, interpretation and findings of the study

In this study dynamic capital structure adjustment is compared between consumer sector and engineering goods companies listed in BSE with the objective to find out speed of adjustment of capital structure after deviation.

Determinants of capital in structure in consumer products sector and engineering goods sector companies

1st objectives of the study

To compare the determinants of capital structure of BSE listed engineering goods companies with consumer sector companies

Table no.02 provides the comparison of determinants of capital structure in consumer sector and engineering goods companies listed in BSE. The study found lagged debt to total capital, tangibility, sales, operating profit, GDP growth are found statistically determinants of capital structure. The study found lagged debt to capital, tangibility and depreciation as strong determinants of capital structure in engineering goods companies. The study found only lagged debt to capital and tangibility are common determinants in consumer sector and engineering goods sector companies.

| Sr.no. | Variable | Consumer Sector | Engg. Goods sector |
|--------|----------|-----------------|--------------------|
|--------|----------|-----------------|--------------------|

| | | Coefficient | P value | Coefficient | P value |
|---|------------------------------|-------------|---------|-------------|---------|
| 1 | Lagged Debt to total capital | 0.41 | 0.00 | 0.44 | 0.00 |
| 2 | Tangibility | 0.11 | 0.00 | 0.08 | 0.05 |
| 3 | Sales | -0.02 | 0.01 | -0.005 | 0.58 |
| 4 | Operating profit | 0.08 | 0.03 | 0.031 | 0.15 |
| 5 | Depreciation | 0.19 | 0.45 | 0.47 | 0.05 |
| 6 | Stock market development | -0.02 | 0.09 | -0.006 | 0.62 |
| 7 | Real interest rate | 0.007 | 0.48 | -0.001 | 0.19 |
| 8 | GDP growth | 0.007 | 0.00 | 0.001 | 0.39 |

Table no.2 – Determinants of capital structure in consumer sector and engineering goods sector companies

Note :- Level of significance 5%
2nd objective of the study

To find out capital structure adjustment after deviation from optimum level.

The key finding is that consumer sector and engineering goods sector companies have optimum capital structure have similar speed of adjustment towards the optimum level after the deviation. Table no.03 shows the speed of adjustment 0.41 and 0.44 for consumer sector and engineering goods sector companies respectively. It takes 1.69 and 1.78 years to close the gap between actual and optimum capital structure for consumer sector and engineering goods sector companies respectively.

The computation of speed adjustment is as follows: -

| Variable | Consumer Sector | Engineering goods |
|---|-----------------|-------------------|
| Coefficient of lagged debt to total capital | 0.41 | 0.44 |
| Speed of adjustment = 1 – Coefficient of lag debt to total capital | 0.59 | 0.56 |
| Time required to close the gap between actual and optimum capital structure | 1.69 years | 1.78 years |

Table no3 – Speed of adjustment calculation

Conclusion

The capital structure decision is highly debated subject in the empirical corporate finance, the subject remained indecisive to accept capital structure theory with universal acceptability. In this study capital structure of BSE listed consumer sector and engineering goods sector companies compared as per trade off theory which believe finance manager pursue optimum capital structure. The study adopted dynamic trade off theory model with debt to total capital as dependent variable and lagged debt to total capital, sales, tangibility, operating profit, depreciation, stock market development, real interest rate are used as independent variable respectively. The study found out of eight independent variables only lagged debt to total capital and tangibility are found statistically significant determinants of capital structure and this findings suggest that finance manager differs on various determinants of capital structure in both the industries. The speed of adjustment of capital structure found similar both the industries and consumer sector and engineering goods sector companies have 0.59 and 0.56 speed of adjustment respectively. The speed of adjustment is found high in both the industries and with this speed of adjustment consumer sector and engineering goods companies close the gap between actual and optimum capital structure in 1.69 years and 1.78 years respectively. The findings of the study conclude that finance manager in BSE listed companies from consumer sector and engineering goods companies set target or optimum capital structure and adjust capital structure quickly after deviation from optimum level.

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A COMPARATIVE ANALYSIS OF CAPITAL STRUCTURE ADJUSTMENT WITH RESPECT TO PARTIAL CAPITAL STRUCTURE ADJUSTMENT IN THE SELECTED BSE LISTED INDIAN MANUFACTURING COMPANIES

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ABSTRACT

The dynamic capital structure adjustment phenomenon is drawing the academic researchers' attention to develop the innovative statistical and mathematical model. The partial capital structure adjustment model is the dynamic in nature and the finance manager sets the optimum capital structure to achieve in challenging business environment. The question is really the finance manager sets the optimum capital structure to enhance the shareholder's equity. The modern financial management is more complex to understand and execute as function in the globally connected business environment. The capital structure is influenced by the firm specific and macroeconomic factors and the researchers develop the financial model to understand the capital structure behaviour. Apart from firm specific and macroeconomic factors, the qualitative variables like management opinion, business history has considerable influence on the capital structure choice. In this study, the findings of the selected BSE listed auto industry and engineering industry companies compared with the partial capital structure adjustment. The significance of the study is it captures the capital structure adjustment post the Global Financial Crisis of 2008.

Keywords:- Trade off theory, partial capital structure adjustment, dynamic capital structure, BSE

I. INTRODUCTION

The capital structure is the combination of long-term sources of finance that raised to finance the business operations considering the future prospectus. Today the finance manager executes the managerial functions under challenging and complex business environment to achieve the sustainable business. The modern financial management considers to enhance the shareholder's equity as a key role to play for the finance manager. The debt equity combination presents the opportunity to create the shareholder's wealth and the finance manager select the optimum financing mix that enhances

residual earnings. The debt is double edge weapon that build and destroy the business value, the interest payment is fixed expense with tax deduction that results in effective tax rate reduction. However, the debt obligation increases with the debt amount and financial distress cost, the financial distress cost is linearly related with the debt. The interest debt tax shield saves the tax outlays and transfer the saved tax amount to the business owners and enhances the business value by creating the shareholder's equity. The Stewart C. Myers (1984) proposed two contesting theories trade off theory and pecking order theory where both

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theories debate on the relevance and irrelevance of the capital structure. Trade off theory accepts claim that the finance manager sets the optimum capital structure to pursue it and pecking order hypothesis states the capital structure is outcome of investment and dividend decision. In this study, the capital structure decision is analysed to examine the capital structure adjustment in the selected Indian manufacturing companies. The findings of the study can accept or reject the claim that Indian companies select the optimum capital structure to build the shareholder's wealth.

The first section of the study introduces to the topic, second part discusses the literature review, third part presents the research methodology, followed by data analysis and interpretation and last section concludes the study.

II. LITERATURE REVIEW

Modigliani and Miller (1958) :- The Modigliani and Miller's proposed that capital structure decision affects business market value under predefined propositions. The assumptions of the study criticized by the academic researchers due to its non-validity in the real world and over the period relaxed the assumptions to develop and explore the various aspects of the capital structure.

Modigliani and Miller (1963): - Modigliani and Miller's (1963) claims that the capital structure decision is relevant to decide the market value of the business and company's financing decision affect the business valuation. Modigliani and Miller's proposed that the value of the leveraged company is greater than the unleveraged company by the interest tax shield and the saved tax amount that the shareholders enjoy.

Miller's Neutral mutation: - Miller's neutral mutation idea suggests that the company follows in a capital structure mix and stick to it, the finance manager is not interested to change the financing combination. The capital structure

mix remain constant and suitable capital structure changes are easy to anticipate whenever required by the outsiders.

Pecking order hypothesis: - The pecking order hypothesis is based on the information asymmetry problem and the theory states that the information asymmetry problem between insiders and outsiders design the capital structure. The theory proposes that the finance managers consume internal earnings, then the debt is used to finance the operations once the internal earnings get exhausted and equity capital is raised as the last resort.

Trade-off theory: - The trade-off theory accepts the concept the optimum capital structure and the finance manager set the optimum capital structure to enhance the shareholder's equity. The adjustment cost for capital structure changes resulted in the time lag to cover the gap between actual and optimum capital structure. The adjustment speed varies and inversely related to the adjustment cost, the adjustment speed varies industries and among the companies within the industries.

III. RESEARCH METHODOLOGY

This section of the paper presents the research methodology adopted in the study and the details for the same as given below.

OBJECTIVES OF THE STUDY

1. To find the determinants of capital structure in BSE selected Indian manufacturing companies
2. To calculate the time required to cover the gap between actual and optimum capital structure

Empirical model equation

Debt to total capital $i,t = \beta_0 + \phi$ Lagged debt to total capital $i,t-1 + \beta_1$ Tangibility $t + \beta_2$ Operating profit $t + \beta_3$ Size of company $t + \beta_4$ Depreciation $t + \beta_5$ GDP Growth $+ \beta_6$ Interest Rate $+ \gamma + \epsilon_{i,t}$

Period of the study: - 2007 to 2017

Variable definitions

| Sr. No. | Financial variable | Measurement of the variable |
|---------|---------------------------------|--|
| 1 | Long term debt to total capital | Long term debt / long term debt + equity capital |
| 2 | Size of the business | Natural log of total asset |
| 3 | Tangibility | Net fixed asset to total asset |
| 4 | Profitability | EBIDTA to total asset |
| 5 | Depreciation provision | Depreciation to total asset |
| 6 | GDP growth | Growth in GDP % |
| 7 | Interest Rate | Lending rate |

Table no.01- Operational definitions used in the study

Data source: - Capitaline database

Population of the study

The population of the study is collected as per the given steps below :-

Step1) :- The actively traded manufacturing companies data is collected from the BSE website

Step2):- The BSE companies data compared with the Captialine data

Step3):- Companies with debt to total capital between 0.10 and 2.50 are included in the study

| Sr.No. | Name of Industry | Actively traded manufacturing companies (dtd. 31.03.2017) |
|--------|------------------|---|
| 1 | Auto industry | 101 |
| 2 | Cement industry | 31 |
| | | 132 |

Table no. 02: - Population of the study

IV. DATA ANALYSIS AND INTERPRETATION

Table no.03 presents the summary findings of the empirical model that includes the firm specific and company specific variables, the auto industry findings suggest that the lagged debt to total capital, tangibility, size of the company, operating profit and interest rate are statistically significant determinants of the capital structure. The study found speed of adjustment towards the optimum capital structure is 0.37 (1-0.63) and it takes 2.70 years ($1/0.37=2.70$) to close the gap between actual and optimum capital structure. The cement industry findings suggests that the lagged debt to total capital, tangibility and operating profit of the company are statistically significant determinants of the capital structure. The study found speed of adjustment towards the optimum capital structure is 0.76 (1-0.24) and it takes 1.31 years ($1/0.76=1.31$) to close the gap between actual and optimum capital structure. The study found that the speed of adjustment is high in auto industry than cement industry companies listed on BSE.

| Variables | Auto industry | | Cement industry | |
|------------------------------|---------------|---------|-----------------|---------|
| | Coefficient | P-value | Coefficient | P-value |
| Lagged debt to total capital | 0.63 | 0.00 | 0.24 | 0.00 |

| | | | | |
|------------------|----------------------------------|------|----------------------------------|------|
| Tangibility | 0.13 | 0.01 | 0.16 | 0.00 |
| Size of company | -0.05 | 0.00 | 0.003 | 0.77 |
| Depreciation | 0.01 | 0.95 | -0.19 | 0.67 |
| Operating profit | 0.17 | 0.00 | 0.33 | 0.00 |
| Interest rate | -0.002 | 0.04 | -0.01 | 0.66 |
| GDP Growth | -0.00 | 0.75 | -0.009 | 0.08 |
| Constant | 0.38 | 0.00 | 16.69 | 0.49 |
| | Wald Test=242.80 Pvalue =0.00 | | Wald Test=69.90 Pvalue =0.00 | |
| | Sargan test=75.43 Pvalue=0.00 | | Sargan test=97.49 Pvalue=0.00 | |

Table no. 03: - Results of multiple regression model

V. CONCLUSION

The debate of trade off theory against the pecking order theory is not yet resolved and issue of speed of adjustment varies with the changes in economic, political and institutional differences. The partial adjustment phenomenon of dynamic trade off theory is less researched aspect of capital structure in Indian context. This study examined the partial adjustment model in the auto and cement industry companies listed on the BSE during 2007 and 2017. The study examines the capital structure adjustment phenomenon post Global Financial Crisis of 2008 and the study found differences in capital structure determinants in the auto and cement industry companies. The study found higher adjustment in the selected cement companies as compare to the auto industry and it is concluded that the auto industry companies experience higher adjustment cost of capital structure compared to the cement companies.

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