THINK INDIA JOURNAL

ISSN:0971-1260

Vol-22- Issue-14-December-2019

An Empirical Study On Product Differentiation For Fast Moving Electronic Goods

Dr. R K Gopal[1] **G Mahesh**[2]

Abstract

Differentiation means making the product offer different from the rest. Differentiation is the route for adding value to the product offering. While differentiation can be achieved through several elements, the product lends maximum scope for it as it is a major carrier of customer value. There are different facets to value – tangible and intangible, material and aesthetic. The customer seeks and find value in different entities and the customer differ in their value expectations from a given offer. It is through the process of differentiation that the marketers build such value in their offers, cater to the differing value needs of customers and win them over.There are two basic routes to marketing strategy namely the price route and the differentiation route. In order to gain market leadership, companies take either of the two routes, they try to achieve either a low-cost position / low price advantage or a differentiated position. Though both routes can offer superior value to the customer, differentiation remains the more versatile route. The major attraction and benefit in restoring to differentiation strategy is that it takes the firm away from a total price-based competition. It allows the firm to fight on the non-price plank with all the benefits associated with it. Differentiation is a crucial decision for a firm in its search for an effective marketing strategy. Through differentiation the firm moves to a position wherein its offers can claim a premium in the market.

Key words: Differentiation, value, market leadership, competition

Introduction

The fight in the market place is between brand and brand. Continuous differentiation and value addition create strong brands. In the long term, these brands become major assets of companies. Differentiation is central to a brand and its equity. Brands are built and developed only through differentiation. A brand can be viewed as the sum of the various differentiation that are bundled into the offering. A strong differentiator is a real challenge to competition. When multiple differentiators are added to the product, the brand becomes unassailable. When such differentiators add value to the customer, the brand succeeds. Every improvement and innovation brought in the product and its accompanying features is a differentiation move. Differentiation has to be understood as a continuous journey of the product/brand to new levels, with the intention of becoming and remaining the preferred option for the customer. Carrying more value to customers in diverse ways is the central objective in differentiation.

Often it is the competing efforts of different firms in securing the best possible differentiators for their products/brands that result in the evolution and growth of a product category. When differentiation results in unlocking new benefits and value propositions, it can result in creation of a new product category. This kind of category creation happens only when the marketers and the organizations are geared to generating truly innovative differentiation. Companies can achieve differentiation using the product or distribution methods or promotion themes. The name and prestige of a collaborating partner or the specialty of the factory's location or the fame and credentials of the firm's founder – anything can be used to differentiate an offer and make it distinct.

Though differentiation can be achieved through varied ways, the product lends maximum scope for exploiting differentiation possibilities. Product differentiation is of vital importance in product management and has greater potential in forging marketing strategies. The product

[1]Professor, PES University, Bangalore.

[2]Research Scholar ,Bharathiar University, Coimbatore.

ISSN:0971-1260

Vol-22- Issue-14-December-2019

can be differentiated using tangible attributes and intangible attributes. The tangible attributes include product formula, functional features, design/styling, customer experience, product quality, service support and packaging. The intangible attributes include prestige, status, image and sentiments/beliefs.

Literature Review

Ramo Barrena (2009) observe that The high level of product substitution in most consumer markets often makes it difficult to match supply with demand, especially in sectors with mature, saturated markets with intense competition and a high degree of product differentiation. The difficulty of using technical characteristics such as quality and/or price to differentiate products suggests that marketers could profit from gaining more insight into the way in which consumers' purchase decisions are influenced by their perceived emotions. This paper investigates this issue in the wine market, a highly saturated market with homogeneous supply, obtaining results that appear to support the notion that emotions do indeed play a part in consumer choice structures, which show a higher degree of abstraction in those segments that report a greater number of perceived emotions. This considerably complicates the task of creating a differentiated marketing strategy, in the sense that suppliers need to give much greater consideration to consumers' self- awareness.

Morgan Swink Hegarty (2011) suggests that substantive relationships between dimensions of competition and supportive manufacturing strengths have not been clearly established.

Existing priorities- based models of strategy ignore the dynamics of manufacturing capabilities. Furthermore, these models employ highly aggregated concepts which mix together operational priorities, outcomes, and capabilities, making hierarchical relationships in strategy difficult to define. Develops and proposes a new framework which modifies existing models of business strategy and manufacturing strategy in order to clarify and define core dimensions of competitive differentiation and manufacturing capabilities. Discusses relationships among these dimensions that are apparent in previous research and case studies. These relationships are summarized by a comprehensive model with propositions regarding supportive links between manufacturing capabilities, manufacturing outcomes, and product differentiation.

Alfred M Pelham (2012) Poses the question is the influence of market orientation stronger in specialty markets with high levels of differences in product features and customer needs/applications, compared to commodity markets? Reports that regression results indicate that the only significant interaction is between customer differentiation and market orientation as an influence on new product success, relative product quality and customer retention. However, examination of partial correlations in the quadrants formed by customer and product differentiation indicates that market orientation seems to be a more important determinant of all aspects of performance in markets characterized by low levels of customer differentiation but high levels of product differentiation. Examination of these quadrants suggests that market orientation may be a more important determinant of performance in the high product differentiation/low customer differentiation quadrant, because of high levels of change in technology and customer needs.

Byron Sharp & John Dawes are of the opinion (2013) Differentiation is when a firm/brand outperforms rival brands in the provision of a feature(s) such that it faces reduced sensitivity for other features (or one feature). Through not having to provide these other features the firm has an avenue to save costs. The firm benefits from the reduced sensitivity in terms of reduced directness of competition allowing it to capture a greater proportion of the value created by exchange.

ISSN:0971-1260

Vol-22- Issue-14-December-2019

We observe that real world differentiation is a pervasive feature of modern markets, but seems to be largely due differences in distribution and awareness, and occasionally design. Brand level differentiation on functional features is less common due to competitive matching.

Hui Ling Chug(2015) paper in addition takes into account competition in the second product market and then re-examines how intra-brand and inter-brand product differentiations affect the incentive to bundle. In order to formally examine the above conjectures, this research builds up a two-firm, two-product model in which product 1 (monopoly product) is produced only by the bundling firm and product 2 (competing product) is produced by both firms. The analysis shows that under both Bertrand and Cournot competitions the incentive to bundle does not necessarily increase with the degree of intra-brand differentiation, while it strictly decreases with the degree of inter-brand differentiation. Moreover, under Bertrand competition bundling always decreases consumer surplus, but may increase the competitor's profit and social surplus. Under Cournot competition bundling always reduces the opponent's profit and social welfare, but may increase consumer surplus.

Research Methodology

Type of Research: Descriptive research is used for the study.

Method of Sampling: Sampling technique followed is convenience sampling.

Sample Size: The study has a sample size of 480 respondents using fast moving electronic goods in Bangalore city.

Objectives of study:

1. To analyze the relationship between demographic variables and Fast moving electronic goods.
2. To understand the importance of differentiation strategy.

Analysis and Discussion of Results

1. Education Vs Smart Phone owned

HYPOTHESIS

Null Hypothesis (H_0): There is no significant association between education and smart phone owned by the respondents.

Alternative Hypothesis (H_1): There is significant association between education and smart phone owned by the respondents.

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	52.304[a]	36	.039
Likelihood Ratio	50.975	36	.050
Linear-by-Linear Association	3.090	1	.079
N of Valid Cases	480		

ISSN:0971-1260

Vol-22- Issue-14-December-2019

The p value for the above is 0.039. Since the p value is less than 0.05 the Null Hypothesis is rejected and hence it signifies that there is significant association between education and smart TV owned by the respondents.
The respondents who are educated prefer branded phones like Samsung and Apple.

2. **Gender Vs Fast Moving Electronic Goods owned**
   HYPOTHESIS
   Null Hypothesis (H_0): There is no significant association between Gender and fast moving electronic goods owned by the respondents.
   Alternative Hypothesis (H_1): There is significant association between Gender and fast moving electronic goods owned by the respondents.

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.645[a]	2	.162
Likelihood Ratio	4.269	2	.118
Linear-by-Linear Association	3.278	1	.070
N of Valid Cases	480		

In the above table p value is 0.162. Since the p value is greater than 0.05 the Null Hypothesis is accepted. Hence it signifies that there is no significant association between gender and goods owned by the respondents.
Age is not a factor that will determine the Fast Moving Electronic goods owned by the respondents.

3. **Income Vs Brand of Laptop owned**
   HYPOTHESIS
   Null Hypothesis (H_0): There is no significant association between Income and brand of Laptop owned by the respondents.

   Alternative Hypothesis (H_1): There is significant association between Income and brand of Laptop owned by the respondents.

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	47.280[a]	40	.200
Likelihood Ratio	56.238	40	.046
Linear-by-Linear Association	.808	1	.369
N of Valid Cases	472		

ISSN:0971-1260

Vol-22- Issue-14-December-2019

The above table shows p value is 0.200. Since p value is greater than 0.05 the Null Hypothesis is accepted and hence it signifies that there is no significant association between Income and brand of Laptop owned by the respondents.

This shows that Income level of the respondents does not determine the brand of Laptop owned by them.

4. Occupation Vs Smart TV owned

HYPOTHESIS

Null Hypothesis (H_0): There is no significant association between Occupation and brand of Smart TV owned by the respondents.

Alternative Hypothesis (H_1): There is significant association between Occupation and brand of Smart TV owned by the respondents.

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	23.904[a]	24	.467
Likelihood Ratio	24.731	24	.421
Linear-by-Linear Association	.275	1	.600
N of Valid Cases	466		

In the above table p value is 0.467. Since the p value is greater than 0.05, the Null Hypothesis is accepted and hence it signifies that there is no significant association between occupation and brand of smart tv owned by the respondents.
Thus occupation does not play a significant role in the brand of smart tv owned by the respondents.

5. Age Vs Smart TV owned

HYPOTHESIS

Null Hypothesis (H_0): There is no significant association between Occupation and brand of Smart TV owned by the respondents.

Alternative Hypothesis (H_1): There is significant association between Occupation and brand of Smart TV owned by the respondents.

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	53.270[a]	48	.279
Likelihood Ratio	51.903	48	.324
Linear-by-Linear	.158	1	.691

ISSN:0971-1260

Vol-22- Issue-14-December-2019

Association			
N of Valid Cases	466		

In the above table p value is 0.279. Since the p value is greater than 0.05 the Null Hypothesis is accepted and hence it signifies that there is no significant association between age and smart tv owned by the respondents.
Thus age does not play a significant role in deciding the brand of smart tv owned by the respondents.

Findings

- # The study shows that there is significant association between education and smart tv owned by the respondents.
- # It is found that there is no significant association between gender and goods owned by the respondents.
- # The study shows that there is no significant association between Income and brand of Laptop owned by the respondents.
- # The study showsthat there is no significant association between occupation and brand of smart tv owned by the respondents.
- # The study shows that there is no significant association between age and smart tv owned by the respondents.

Conclusion

The results of the hypothesis tests provide insights for the Fast moving electronics goods manufacturer, to effectively formulate its Differentiation strategies to get long-term commitments from the customer and expand the current level of business. Further research can build on this study and others to provide a more complete understanding and eventually an integrated theory that provides better insights into differentiation strategy as a competitive tool to gain market leadership.

References

- Ramaswamy, Namakumari, 5th Edition, “Marketing Management”, McGraw Hill Education(India) Pvt. Ltd. Pp 365-380.
- Carol H Anderson, (2006), 2nd Edition, “Strategic Marketing”, Biztantra, pp.45-76.
- Tapan K Panda, (2007), 2nd Edition, “Marketing Management – Text and Cases”, Excel Books, pp.336-446.
- Richard M S, Wilson, Colin Gilligan, (2010), “Strategic Marketing Management” – Planning, Implementation and Control”,pp.502-530.
- Rajan Saxena, (2007), 5th Edition, “Marketing Management”, Tata McGraw-Hill Publishing Company Limited, pp.508-510.
- Philip Kotler, (2002), Low Price Edition, “Marketing Management”, Pearson Education, pp.40-44
- Heinz Weihrich, Herold Koontz, (1994), International Edition, “Management – A global Perspective”, McGraw – Hill, Inc., pp.168-174.

