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**THAKUR COLLEGE OF SCIENCE & COMMERCE** **ICSC**

UGC Recognized \* Affiliated to University of Mumbai  
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**A STUDY ON CONSUMER BUYING BEHAVIOR OF LG BRAND**

**SUBMITTED BY:**

**YASHVI ANJANIKUMAR LAHOTI**

**T.Y. BACHELOR OF COMMERCE IN ACCOUNTING AND FINANCE  
(SEMESTER VI)**

**SUBMITTED TO:**

University of Mumbai



**PROJECT GUIDE;**

**MR. MANOJ MISHRA**

**ACADEMIC YEAR: 2019-2020**



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## **DECLARATION**

I, Yashvi Anjanikumar Lahoti of Thakur College of Science and Commerce of TYBAF, Vith SEM hereby declare that, I have completed the project study on psychology of investors while investing in stock market in the year 2019-2020. This information submitted is true and original to the best of my knowledge.

YASHVI ANJANIKUMAR LAHOTI

Date:

Place:



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**CERTIFICATE**

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Coordinator

Project Guide

Principal

Date:

Place:

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Internal Examiner

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/ A STUDY ON CONSUMER BUYING BEHAVIOR OF LG BRAND SUBMITTED BY: YASHVI ANJANIKUMAR LAHOTI T.Y. BACHELOR OF COMMERCE IN ACCOUNTING AND FINANCE (SEMESTER VI) SUBMITTED TO: University of Mumbai / PROJECT GUIDE; MR. MANOJ MISHRA ACADEMIC YEAR: 2019-2020 / DECLARATION I, Yashvi Anjanikumar Lahoti of Thakur College of Science and Commerce of TYBAF, VIth SEM hereby declare that, I have completed the project study on psychology of investors while investing in stock market in the year 2019-2020. This information submitted is true and original to the best of my knowledge.

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Name of the Student : Ashwathi Nair TYBAF SEM VI project work (Gantt Chart) / Time line for project completion  
 class/div=TYBAF C Roll No.=8525 mob.no.=9820370318

Task ID	Task Description	Task Duration in days	Start Date	End Date	Students signature on No. of visits with date
1	Chapter No. 1: Introduction			03-Feb-20	
2	Chapter No. 2: Research Methodology			05-Feb-20	
3	Chapter No. 3: Literature Review			08-Feb-20	
4	Chapter No. 4: Data Analysis, Interpretation and Presentation			10-Feb-20	
5	Chapter No. 5: Conclusions and Suggestions			13-Feb-20	
6	Bibliography, Appendix			17-Feb-20	
7	First Draft			20-Feb-20	
8	Second Draft			24-Feb-20	
9	Final Draft			02-Mar-20	

important:

1. Referencing style APA 6th
2. The Project Report shall be bounded
3. The project report should be 80 to 100 pages
4. Gantt chart shall be filled by faculties only
5. The final draft shall be signed by guiding teacher
6. The faculties are allowed to link the tasks in gantt chart
7. Be sure to display start and end dates for each task
8. Account for time off, holidays and internal exams
9. To define the critical path, use lines to connect a task

Dr. Nishikant Jha  
 co-ordinator B.Com ( Accounting and Finance)

Project Guide=  
 Department =

## **ACKNOWLEDGEMENT**

First of all I would like to take this opportunity to thank the Mumbai University for having projects as a part of the BAF curriculum. Many people have influenced the shape and content of this project and many supported me through it.

With great pleasure I thank DR. Nishikant Jha, BAF coordinator at Thakur College of Science and Commerce for being an inspiration in the completion of this project. I thank him for the invaluable help provided during the completion of this project and for providing me guidance and numerous suggestions throughout the entire duration of the project.

I would also like to thank my friends and family for their invaluable support without which the project would not have materialized. Last but not the least I would like to thank the almighty for always helping me and getting me through the toughest of times.

## **PREFACE**

Humans are completely rational decision makers who carefully evaluate all facts and evidences before taking decisions that aim at maximizing outcomes. For decades, investors' complete rationality was the main assumption of most of the research work in finance. In fact, it was assumed that asset prices were entirely influenced by these rational investors' anticipations and reactions only, which consequently influenced demand and supply and thereafter, the price. Rationality refers to the comprehensive and objective treatment of all available as well as latent information to arrive at 'correct' decisions that maximize the pay-off to the decision maker. As all humans were considered equally rational, there was only one correct or best solution to every problem, in black-and-white and there was no question of any grey areas.

This basic assumption of rationality, however, stands challenged in the present times by the growing body of individuals as well as published knowledge, advocating the uniqueness of each individual in terms of his specific characteristics, his objectives, and his constraints.

Although this changed thought process casts an impact on all the areas in which any kind of decision making is required, the subject considered by the researcher is the investment behavior of individuals. Through this research, the researcher brings out the differences in the investment behaviors of individuals due to individual differences in the said individuals in terms of their demographic and psychographic characteristics. The key point which the researcher seeks to make is that even in a subject as scientific and quantifiable as investment, there is no one-size-fits-all approach for all individuals.

This research is one of the first of its kind in Indian settings, though similar studies have been conducted in western countries. The implication of this study for Indian investment marketplace is that given the plethora of investment products available and also the huge social, cultural, linguistic, demographic, geographic and psychographic diversity in a country like India, the marketers of financial products, in general, and the

financial advisors and distributors, in particular, need to recognize the undeniable fact that every investor is unique and therefore, his needs are unique and consequently, the entire package of investment services which have to be delivered to each individual have to be customized, to achieve true and long-term well-being of all parties involved.

The researcher proposes that based on an in-depth assessment of the psychographic and demographic traits / characteristics of the target customer, the financial service providers must devise customized financial services and processes for them in order to generate optimum satisfaction.

Accordingly, this thesis gives a framework to the financial advisory sector regarding client profiling based on demographics and psychographics, using the Big Five Personality Trait Inventory. Based on an in-depth study of related research, the researcher considered seven demographic and five psychographic factors and analyzed the association of these independent factors with various facets of the investment behavior, including Risk Capacity, Investment Strategy, Investment Attitude and Investment Priorities, after collecting structured responses from 1627 salaried individuals. Accordingly, the association or its lack thereof has been compiled for each factor. A cluster analysis has also been done, which classifies the entire heterogeneous sample into five distinct homogenous clusters, having distinctive psychological traits and investment behaviors. The names which the researcher has given to these five distinct clusters, based on the psychographic and unique investment behaviors of each cluster are Vigilant Extrovert, Cautious Recluse, Cynical Speculator, Irrational Dreamer and Meticulous Professor.

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# **Introduction**



Before the liberalization of the Indian economy, only a few Companies like Kelvinator, Godrej, Allwyn, and Voltas were the major players in the consumer durables market, accounting for no less than 90% of the market. Then, after the liberalization, foreign players like LG, Sony, Samsung, Whirlpool, Daewoo, and Aiwa came into the picture. Today, these players control the major share of the consumer durables market. It is growing very fast because of rise in living standards, easy access to consumer finance, and wide range of choice, as many foreign players are entering in the market

With the increase in income levels, easy availability of finance, increase in consumer awareness, and introduction of new models, the demand for consumer durables has increased significantly. Products like washing machines, air conditioners, microwave ovens, color televisions (CTVs) are no longer considered luxury items. However, there are still very few players in categories like vacuum cleaners, and dishwashers.

## **Classification of consumer durables sector**

1. Consumer electronic include Vcd/Dvd, home theatre, music player, color Television (CTVs), cameras, camcorders, portable audio, Hi-Fi, etc
2. White goods include dishwashers, air conditioners, heaters, washing Machines, refrigerators, vacuum cleaners, kitchen appliances, non-kitchen Appliances, microwaves, built-in appliances, Tumble dryer, personal care product etc.
3. Molded luggage include plastics
4. Clocks and watches
5. Mobile phones



# **HISTORY**

## **1958–1960s**

In 1958, LG Electronics was founded as *Goldstar*. It was established in the aftermath of the Korean War to provide the rebuilding nation with domestically-produced consumer electronics and home appliances. LG Electronics produced South Korea's first radios, TVs, refrigerators, washing machines, and air conditioners. Goldstar was one of the LG groups with a brethren company, Lak-Hui (pronounced "Lucky") Chemical Industrial Corp. which is now LG Chem and LG Households. Goldstar merged with Lucky Chemical and LS Cable on 28 February 1995, changing the corporate name to Lucky-Goldstar, and then finally to LG Electronics.

## **1970s–1990s**

LG Electronics earned US\$100 million in revenue from exports for the first time in its history. Rapid growth by globalization saw the company establish its first overseas production, based in the United States, in 1982. In 1994, Goldstar officially adopted the LG Electronics brand and a new corporate logo. In 1995, LG Electronics acquired the US-based TV manufacturer Zenith and absorbed it 4 years later. Also in that year, LG Electronics made the world's first CDMA digital mobile handsets and supplied Ameritech and GTE in the US. The company was also awarded UL certification in the US. In 1998, LG developed the world's first 60-inch plasma TV, and in 1999 established a joint venture with Philips – LG. Philips LCD – which now goes by the name LG Display. In 1999, LG Semiconductor merged with Hynix.

## **2000–present**

In order to create a holding company, the former LG Electronics was split off in 2002, with the "new" LG Electronics being spun off and the "old" LG Electronics changing its name to LG EI. It was then merged with and into LG CI in 2003 (the legal successor of the former LG Chem), so the company that started as Goldstar does not currently exist.

LG Electronics plays a large role in the global consumer electronics industry; it was the second-largest LCD TV manufacturer worldwide as of 2013. By 2005, LG was Top 100 global brand, and in 2006 LG recorded a brand growth of 14%. Its display manufacturing affiliate, LG Display, as of 2009 was the world's largest LCD panel manufacturer. In 2010, LG Electronics entered the smartphone industry. Since, LG Electronics continued to develop various electronic products, such as releasing the world's first 84-inch ultra-HD TV for retail sale.

On 5 December 2012, the antitrust regulators of the European Union fined LG Electronics and five other major companies (Samsung, Thomson since 2010 known as Technicolor, Matsushita which today is Panasonic Corp, Philips, and Toshiba) for fixing prices of TV cathode-ray tubes in two cartels lasting nearly a decade.

On 11 June 2015, LG Electronics found itself in the midst of a human rights controversy when *The Guardian* published an article by Rosa Moreno, a former employee of an LG television assembly factory.

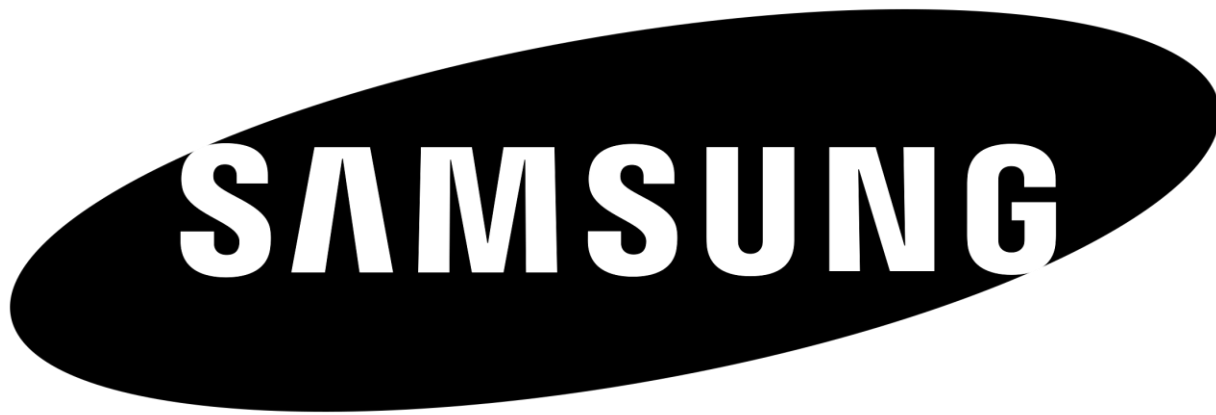
At the end of 2016, LG Electronics merged its German branch (situated in Ratingen) and European headquarter (situated in London) together in Eschborn a suburb of Frankfurt am Main.

In March 2017, LG Electronics was sued for its handling of hardware failures with recent smartphones such as the LG G4.

In 2018, LG decided to stop Smartphone production in South Korea to move production to Vietnam, in order to stay competitive. LG said that "Vietnam provides an "abundant labor force", and that 750 workers at its South Korean handset factory would be relocated to its home appliance plant.

## COMPETITORS

### Samsung



Samsung Electronics Co., Ltd. is a South Korean multinational electronics company headquartered in Suwon, South Korea. Due to some circular ownership, it is the flagship company of the Samsung *chaebol*, accounting for 70% of the group's revenue in 2012. Samsung Electronics has assembly plants and sales networks in 80 countries and employs around 308,745 people. It is the world's largest manufacturer of consumer electronics and semiconductors by revenue. As of June 2018, Samsung Electronics' market capitalization stood at US\$325.9 billion.

Samsung is a major manufacturer of electronic components such as lithium-ion batteries, semiconductors, chips, image sensors, camera modules and flash memory devices for clients such as Apple, Sony, HTC and Nokia.

In 2009, Samsung sold around 31 million flat-panel televisions, enabling to it to maintain the world's largest market share for a fourth consecutive year. Samsung launched its first full HD 3D LED television in March 2010. Samsung had showcased the product at the 2010 International Consumer Electronics Show (CES 2010) held in Las Vegas. Samsung later developed "Smart LED TV" (now renamed to "Samsung Smart TV"), which additionally supports downloaded smart television apps.

# Xiomi



Xiaomi Corporation is a Chinese electronics company founded in April 2010 and headquartered in Beijing. Xiaomi makes and invests in smart phones, mobile apps, laptops, bags, earphones, shoes, fitness bands, and many other products. Xiaomi is also the fourth company after Apple, Samsung and Huawei to have self-developed mobile phone chip capabilities.

Xiaomi released its first smartphone in August 2011 and rapidly gained market share in China to become the country's largest smartphone company in 2014. At the start of second quarter of 2018, Xiaomi was the world's fourth-largest smartphone manufacturer, leading in both the largest market, China, and the second-largest market, India. As of May 2019, Xiaomi ranks among the top five smartphone market segments in 40 countries and regions. Xiaomi later developed a wider range of consumer electronics, including a smart home (IoT) device ecosystem, which has connected more than 100 million smart devices. Monthly active users (MAUs) of MIUI increased to 291.6 million in September 2019.

Xiaomi produces many products. Notably, it produces smart phones which run on their own version of Android MIUI firmware. Observers suggest that part of Xiaomi's rapid success rests on its ability to differentiate itself within the Android universe. The company has increased its range of products; its smart phones include: Mi Series, Mi Note Series (got a new update after 3 years, with the Mi Note 10 Pro), Mi Max Series, Mi Mix Series, Pocophone, Blackshark and the Redmi Series. As well as mobile phones, Xiaomi has started selling wearable's, mobile accessories, and appliances such as television and speakers. In 2018 it was selling tablets, laptops, and smart-home devices.

Hugo Barra, a former Google executive who served Xiaomi's vice president from 2014 to 2017, characterized the organization as "an Internet and a software company much more than a hardware company".

# Panasonic



**Panasonic**  
ideas for life

Panasonic Corporation, formerly known as Matsushita Electric Industrial Co., Ltd., is a Japanese multinational electronics corporation headquartered in Kadoma, Osaka, Japan.

The company was founded in 1918 as a producer of light bulb sockets and has grown to become one of the largest Japanese electronics producers alongside Sony, Hitachi, Toshiba, Pioneer and Canon Inc. In addition to electronics, it offers non-electronic products and services such as home renovation service. Panasonic was the world's fourth-largest television manufacturer by 2012 market share.

Mr. Daizo Ito serves as Group President for Panasonic Regional Headquarters India (situated in Haryana) at Panasonic India Pvt. Ltd. Panasonic India makes washing machines, refrigerators, electric rice cookers, electric irons, mixer-grinders/blenders and other home appliances for the Indian market.

Anchor Electricals Pvt. Ltd., an Indian company which makes electric lamps, switches, sockets and other electrical accessories, is a wholly owned subsidiary of Panasonic Corporation.

Panasonic offers a wide range of products and services, including air conditioners, refrigerators, washing machines, compressors, lighting, televisions, personal computers, mobile phones, audio equipment, cameras, broadcasting equipment, projectors, automotive electronics, aircraft in-flight entertainment systems, semiconductors, lithium batteries, electrical components, optical devices, bicycles, electronic materials and photovoltaic modules. Ventilation appliances such as electric fans are manufactured under KDK and rebranded as Panasonic.

## Haier



Haier Group Corporation is a multinational home appliances and consumer electronics company headquartered in Qingdao, China. It designs, develops, manufactures and sells products including refrigerators, air conditioners, washing machines, microwave ovens, mobile phones, computers, and televisions. The home appliances business, namely Haier Smart Home, has seven global brands – Haier, Casarte, Leader, GE Appliances, Fisher & Paykel, Aqua and Candy.

According to data released by Euromonitor, Haier is the number one brand globally in major appliances for 10 consecutive years from 2009–2018. The Haier brand was also recognized by BrandZ in 2019 as the most valuable IoT ecosystem brand in the world with a brand value of \$16.3 billion. In 2019, Haier Smart Home ranked 448 on Fortune's Global 500 list with revenue of \$27.7 billion.

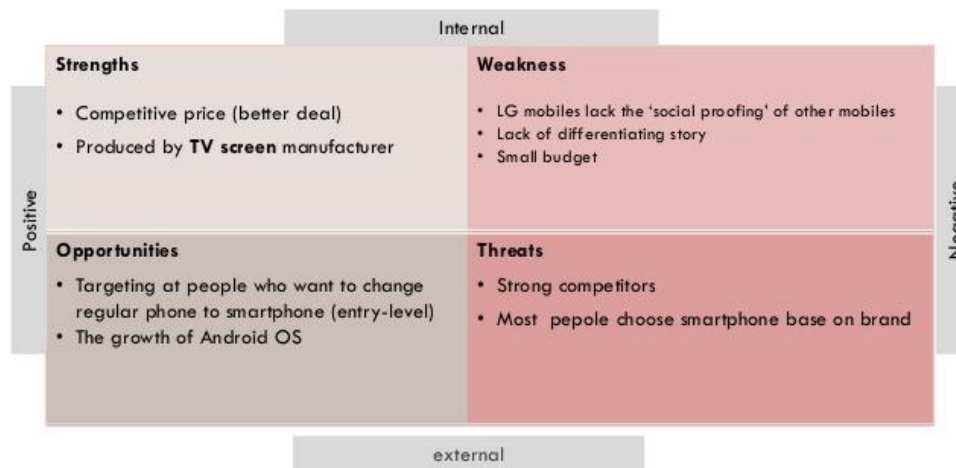
Haier Appliances (India) P. Ltd initiated its commercial operations in January 2004. Its headquarters is in New Delhi, and in 2015 it had 33 operations, including those in Mumbai, Bangalore, Chennai and Kolkata. It was listed among the top 20 most trusted brands in India by The Brand Trust Report, a study conducted by Trust Research Advisory.

In June 2005, Haier made a bid to acquire Maytag Corporation, backed by private equity funds Blackstone Group and Bain Capital. The bid was for US\$1.28 billion, or \$16 per share, topping a previous offer of \$14.26 per share made by Ripplewood Holdings. In the end, however, Maytag was bought by Michigan based Whirlpool Corporation which offered \$1.7 billion in cash and stock, or \$21 per share, plus assumed debt.

In 2009, Haier surpassed Whirlpool to become the fourth largest refrigerator producer in terms of sales with a global market share of 6.3%.

# SWOT ANALYSIS

## Brand and MC SWOT



## Strengths in the SWOT analysis of LG electronics

1. Global Giant: LG Electronics controls 114 local subsidiaries worldwide, with roughly 82,000 executives and employees. LG is an MNC and is a well-recognized brand which deals in white & brown goods. It has always been known for its simple design, easy to use, Innovative & reliable technology.
2. Extensive distribution system: LG being a fast moving consumer durable company makes its products available in the markets through its distribution partners. Because of its pull strategy, LG observes very fast stock rotation but also has to use dumping of stocks to the channel partners. It uses Glo-cal strategy (be global act local) to market its products.
3. Diversified products across the categories: LG has a huge product line and length across the product categories both in white & brown goods.
4. High TOMA: Through its continuous branding efforts, sponsoring sporting & lifestyle events like ICC cricket world cup, Formula one championship, soccer matches etc. LG has created high visibility and thus is successful in its branding efforts.
5. CSR activities: LG has always been involved in community work so as to involve the people in the co-creation of the wealth.
6. Brand equity – The long term presence of LG in the market, along with their amazing product strategies, and reliability on their products has ensured that LG

has strong brand equity, and hence is able to survive in a tough business environment.

### **Weaknesses in the SWOT analysis of LG electronics**

1. **Management:** Due to its extensive presence in the white & brown goods market they are not able to focus on every single product category properly due to which they are losing their market share in several products like T.V, Refrigerator etc.
2. **No Cash cows** – Samsung has amazing brand equity due to its smart phones and smart TV's. Similarly, most brands have a super hit product which is a cash cow. However, in LG, there is hardly any product which is a cash cow for them.

### **Opportunities in the SWOT analysis of LG electronics**

1. **Changing lifestyle:** Growing urban population, Rise in disposable income, shift towards technological products & migration from rural to urban areas are some of the factors that will be the driving force for the home appliances, electronics goods
2. **Competitors helping in the adaptation of the new technology:** Intense competition in the industry is helping LG in making their products acceptable to the society. So, LG can leverage out benefit of this & can increase their market share by considering competitors move.
3. **Market Expansion:** By further penetrating to the emerging markets will help the company in accelerating its growth rate.
4. **Strategic Partnership:** Till now LG has been involved in the collaborative partnership with many companies. It is making technology advances and identifying business opportunities through various partnerships relationships with some of the world's leading companies. Strategic alliance between corporations in which companies with different infrastructures cooperate in the fast-developing.

### **Threats in the SWOT analysis of LG electronics**

1. **Intense rivalry within the industry:** Every company in this industry is fighting hard to make their presence felt & hold their market share. Majority of the players in the industry follows red ocean strategy in order to kill the competition which is affecting the industry as a whole.
2. **Stagnant Urban demand dynamics:** Since more & more companies are venturing out in the over competitive urban market, there is little growth left in these markets, so over dependence on these market will be riskier for the company like LG.
3. **Government Regulations:** Government policies relating to use of innovative technology for energy & power conservations is by & large affecting the industry & forcing them to switch to renewable sources of energy.

4. Sluggish Economy: Macroeconomic uncertainty, Recession, un-employment etc. are the economic factors which will daunt the industry for a long period of time.
5. Rising Raw material cost: Due to rising raw material prices & labor cost, LG's margins are shrinking which is making the business operations less profitable.

**LG Electronics** is one of the leading companies in the field of electronics with Global presence in many countries. .

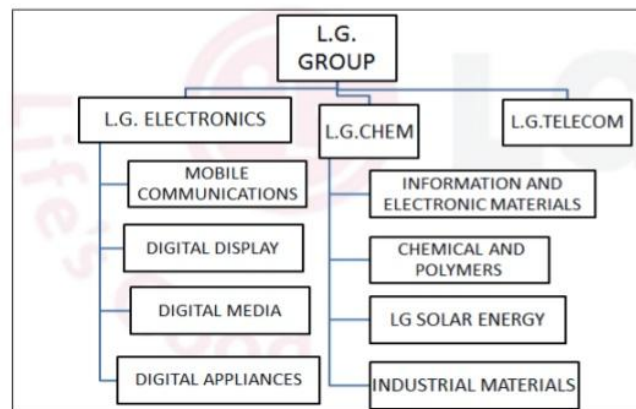
### **Global Operation**

LG Electronics is playing an active role in the world market with its assertive global business policy. As a result, LG Electronics controls 110 local subsidiaries in the world with around 82,000 executive and employees.

# LG Group

1. LG.Philips LCD
2. LG Chemical
3. LG Telecom
4. LG Powercom
5. LG Twins
6. LG Dacom

## BUSINESS DIVISIONS



## Business areas and main products

### Mobile communications

- (a) CDMA Handsets,
- (b) GSM Handsets,
- (c) 3G Handsets,
- (d) Cellular Phones

### Digital appliance

- a) Air Conditioners,
- b) Refrigerators,
- c) Microwave Ovens,
- d) Washing Machines,

- e) Vacuum Cleaners,
- f) Home Net,
- g) Compressors for Air Conditioners and Refrigerators



## **Digital display**

- a) Plasma TVs,
- b) LCD TVs,
- c) Micro Display Panel TVs,
- d) Monitors,
- e) PDP Modules,
- f) OLED Panels,
- g) USB Memory,
- h) Flat Panel Computer Monitors

## LG SIGNATURE



### **Digital media**

- a) Home Theater Systems,
- b) DVD Recorders,
- c) Super Multi DVD Rewriters,
- d) CD±RW,
- e) Notebook PCs,
- f) Desktop PCs,
- g) PDAs,
- h) PDA Phones,
- i) MP3 Players,
- j) New Karaoke Systems,
- k) Car Infotainment

# Marketing strategies

## **Innovative Marketing Strategies.**



To make itself a known brand in the consumer electronics sector, LG has taken innovative marketing and promotional initiatives:

- Launch of new technologies in consumer electronics and home appliances.
- LG was the first brand to enter cricket in a big way, by sponsoring the 1999 World Cup, and followed it up in 2003 as well.
- LG brought in four captains of the Indian cricket team to endorse its products. LG invested more than US\$ 8 million on advertising and marketing in this sport.

**LG Electronics** will do its best to create new products and services with an open mind, while developing new technologies and business fields through various associations with some of the world's most successful companies.

1. 3M
2. SUN
3. YAHOO
4. PHILLIPS
5. TOYOTA
6. MICROSOFT
7. HP
8. GOOGLE
9. GE
10. INTEL
11. NORTEL
12. HITACHI
13. PRADA
14. RENESAS

15. TOSHIBA

16. BESTBUY

**And the number follows many more.....**

In Feb. 2007 LG Electronics and Yahoo formed a strategic alliance. Yahoo mobile services will be available from LG mobile. This service is targeting 10 million LG mobile phones in over 70 countries. In Mar. 2007 LG Electronics and Google formed a strategic alliance.

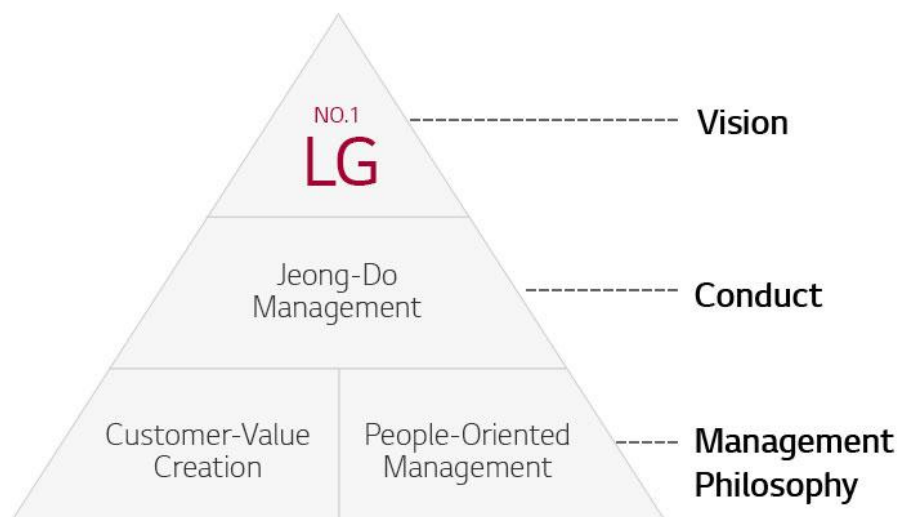
## **LG BRAND IDENTITY: -**

The brand of LG is delightfully smart. LG strives to enhance the customer's life and lifestyle with intelligent features, instinctive functionality and exceptional performance.

### **The brand platform:-**

The LG brand is composed of four basic elements –

1. Value
2. Promise
3. Benefits
4. Personality



## **The Brands core Value that never changes.**

- a. Trust,
- b. Innovation,
- c. People
- d. Passion

The benefits that are consistently delivered to the customer includes

Reliable products

Simple design

Ease of use

Extraordinary Experience

Personality describes the human characteristic that are expressed to the customer through

Trustworthy, Considerate

Practical, Friendly

## **The Internal Culture of LG:**

LG practices four cultures

1. Learning Culture
2. Boundary less Environment
3. A Carrier
4. Growth

According to LG, the Learning Culture continuously helps the employee to learn more and more to develop the habit of continuous learning boundary less Environment\_ means that there is no difference between the levels of employees. There is transparency between the work and mutual understanding between all the employees.

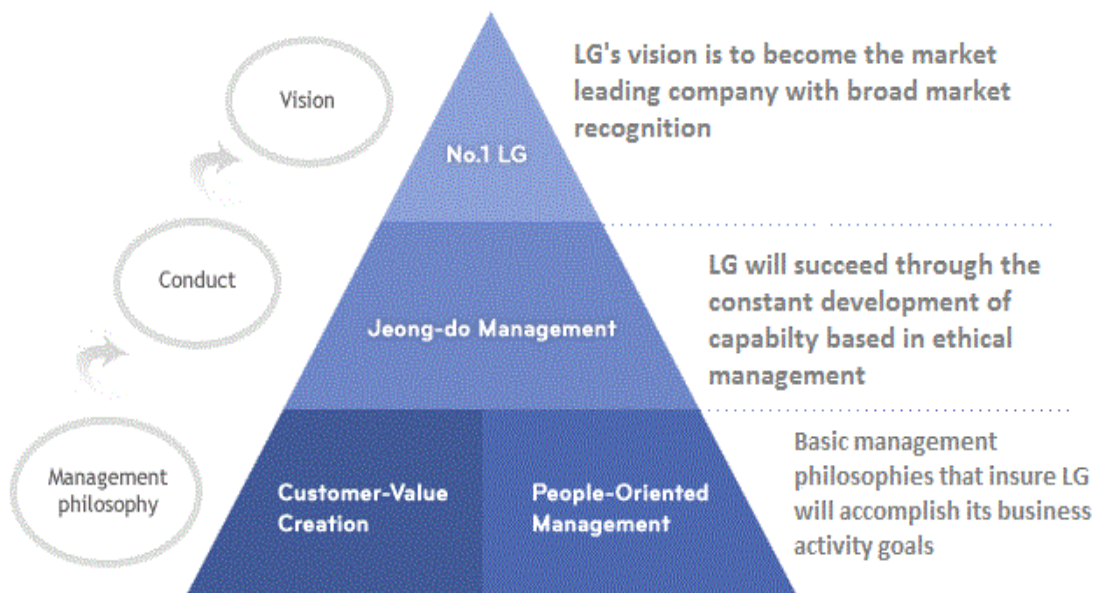
A carrier is highly growing in LG and one who is the employee can develop their Carrier largely. A new comer will feel fully comfortable in the company and for a new comer the company is very helpful in the overall growth of personality.

Growth in LG is very high for those who are in the company and for those who want to join in LG. The company is growing with fast innovation and the BLUE Ocean strategy is one of the examples of growth.

## Mission

The mission of LG is to provide the customers with utmost satisfaction through leadership.

The fundamental policy of development is to secure product leadership that the Customers may have the utmost satisfaction.



## Product Leadership

We are focusing on six development areas to become the product leader.

1. New Machine
2. Reliability
3. Conventional Installation
4. Environment Friendly Product
5. Low Noise & Vibration

## 6. Energy Saving

### **Quality Innovation:**

The policy of quality assurance is to provide customers with utmost satisfaction by supplying zero defects.

LG proceeds in a hierarchal manner. It is named as “**LG WAY**”.

From top to bottom:

No.1 LG – is the VISION

“**Jeong-DO**” *Management* is LG’s unique application to ethics. LG will succeed through fair management practices and constantly developing our business skill.

A) Honest with our customer

b) Providing great values to customer through constant innovation & and development.

c) Equal opportunities

d) Equal Treatment

Management Principle - Creating value for customer

### **Code of conduct of LG:**

1. Responsibility and obligations to customers:

- Respect for Customers
- Creating Value
- Providing Value

2 Fair competitions

- Pursuit of Free Competition
- Compliance with Laws and Regulations

3 Fair Transactions:

- Equal Opportunity
- Fair Transaction Procedure
- Support and Aid for Business Partners

4 Basic Ethics for Employees

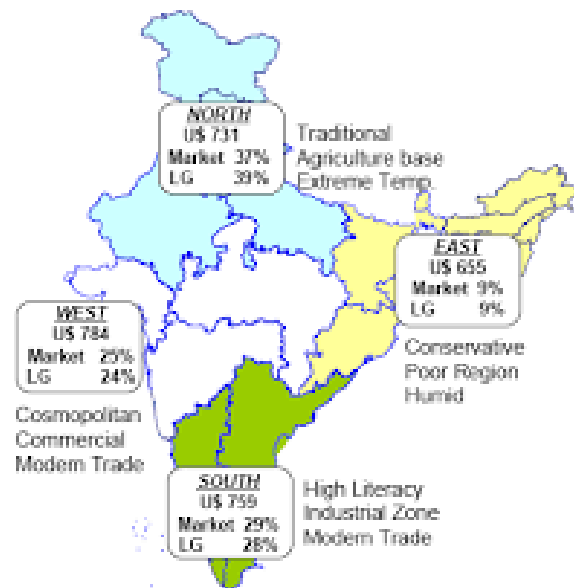
- Basic Ethics
- Completion of Duty
- Self Development
- Fairness in Performance
- Avoidance of conflict with company interest

#### 5 Corporate Responsibilities to employees

- Respect for human dignity
- Fair Treatment
- Promoting Creativity

#### 6 Responsibilities to society and country

- Rational Business Development
- Protection of stock holder interest
- Contribution to social development
- Environmental Conservation



Source : ORG GFK Indian Readership Survey

## **LG INDIA:**

LG Electronics India Pvt. Ltd., a wholly owned subsidiary of LG Electronics, South Korea was **established in January 1997** after clearance from the Foreign Investment Promotion Board (FIPB). LG set up a state-of-the art manufacturing facility at **Greater Noida, near Delhi, in 1998**, with an investment of Rs 500 Crs.

LG corporate office is located at Plot no.51, Udyog Vihar, Kasna Road, Greater Noida, India.

This facility manufactured Color Televisions, Washing Machines, Air-Conditioners and Microwave Ovens.

"Company is setting up a chain of exclusive premium showrooms. LG plans to launch 60 premium Brand Shoppes by the end of the first quarter of this year.

At present, LG has a total of 83 LG stores across the country, of which 45 are Shops and 38 are exclusive stores. Brand shops will be placed in the premium segment and the target audience will comprise buyers interested in premium and high-end products.

LG Brand Shoppe goes beyond the concept of a normal exclusive store by having a more interactive environment and additional lifestyle orientation on display so that the customer can actually experience the LG products in his or her own home settings.

LG Electronics India Ltd (LGEIL), consumer durables leader with 27% market share, is planning a brand-new image. To attract inspirational and young consumers across India, company will roll out a new marketing strategy. The exercise will cost the company Rs 360 Cr.

**LG Electronics** India is the fastest growing company in the consumer electronics, home appliances, and computer peripherals industry today.

LG Electronics is continually providing, superior technology products & value for money to more than 50 lakh households in India. LGEIL is celebrating the 22nd anniversary this year.

**LG Soft India** the innovation wing of LG Electronics in Bangalore is LG Electronics' largest R&D centre outside Korea. We at LGSi focus on niche technology areas such as mobile application development, digital video broadcast and biometrics software and support LG Electronics with our expertise. Motivated by a passion for technology, a strong work culture and loyalty to the organization, we are determined to see LG become one of the top three brands globally.

Prominent consumer electronic company, LG Electronics Inc. has said that it expects the sale of its products in India to up by 15 per cent in 2008. Moon Bum Shin, managing director of LG Electronics India has said that the company has earmarked 4.8 billion rupees for investment purpose in India this year. The said money will be used to market as well as manufacture new products.

LG Electronics, which is originally a South Korean Company with branch in India, informed that its sales of GSM mobile phones, color televisions, air conditioners and other household goods in the Indian market was to the tune of 95 billion rupees (\$2.4 billion) in 2007. As per Shin's estimate, the sales in 2008 would be around 110 billion rupees.

In order to achieve its target, Shin said LG Electronics will concentrate on catering to the high-end consumer market which will help boost sales this year.

India churns out six (6) per cent of LG Electronics global revenues of \$42 billion. The Indian branch of LG exports to 40 countries.

## LG SWOT ANALYSIS

<b>S</b>	I.	Strong presence in LED segment (24.2%)	<b>O</b>	I.	Growing FPT market in India (21.7%)
	II.	Strong Distribution network (20,000 retail points)		II.	Increasing HNI households (3X times)
	III.	Price Advantage over rivals		III.	Growing rural market (39.8%)
	IV.	High Advertising Budget (550-600 Cr.)		IV.	Upgrade shift (from CRT-LED; LED-LCD)
<b>W</b>	I.	Low EPS (366 KRW)	<b>T</b>	I.	Emerging domestic players in the market
	II.	Low profit margins within the category		II.	Declining LCD Market in India (-46.2% CAGR)
	III.	Late entrant into audio market (17.3% MS)		III.	Substitutes (Laptops & Mobiles)
	IV.	R&D challenges from Korean counterparts		IV.	Increasing labor costs

## Challenges in India

### The challenges faced by LG when entered in Indian market

1. Low brand awareness about LG in India.
2. One of the last MNCs entered in India (Samsung, Panasonic entered in 1995 in India).
3. High import duty
4. Competition from local market players and other MNCs in consumer durable segment.
5. Price sensitiveness of the Indian consumer

### LG EI over comes these challenges to emerge as

#### **Innovative marketing strategy**

1. Launch new technologies in consumer electronic and home appliances.
2. LG was the first brand to enter in cricket in big way a way, by sponsoring the 1999 world cup followed it up in 2003 as well.
3. LG brought in four captains of the Indian cricket team to endorse its products. LG invested more than US\$ 8 million on advertising and marketing in this sport.

**4.** LG has differentiated its product using technology and health benefits.

CTV has “**Golden eye technology**” Air conditioner has “**Health air system**” and microwave ovens have the “**Health wave system**”.

### **Local and efficient manufacturing to reduce the cost**

To overcome high import duties LG manufactures TV refrigerator in India at manufacturing facility at Noida and Pune. LGEI had already commissioned contract manufacturing at Mohali, Kolkata and Bhopal for CTVs. This has helped LGEI to reduce cost.

LGEI implementing the “Digital manufacturing system” (DMS) as the cost cutting innovation this system is follow-up to the six sigma exercise LGEI had initiate earlier.

### **R&D potential**

LG has the research and development facilities in Bangalore and Pune. Both the unit carry out R&D department for the domestic as well as the parent company it also dose customize R&D for the specific countries to which it export product.

### **Regional channel and wide distribution network**

1. LG has adopted the regional distribution channel in India. All the distributors work directly with the company. This has resulted in quicker rotation of the stock and better penetration into B, C, D, class market.

2. LG also follows the stock rotation policy rather then dumping stock on channel partners.

### **Product localization: -**

1. Product localization is the key strategy used by the LG

2. LG came out with Hindi and regional language menus on its TVs.

3. Introduced the low-priced “Cineplus” and “sampoona” for the rural market.

4. LG was the first brand to introduce gaming in TVs in continuations of its association with cricket LG introduce cricket game in CTVs

### **MAJOR KEY SUCCESS FACTORS**

1. Innovative marketing - LG was the first brand to enter cricket in a big way, by sponsoring the 1999 World Cup and followed it up in 2003 as well.
2. Local and efficient manufacturing to reduce cost - To overcome high import duties, LG manufactures PC monitors and refrigerators in India at its manufacturing facility at Noida, Delhi.
3. Commissioned contract manufacturing at Mohali, Kolkata and Bhopal for CTVs.
4. Product localization - Product localization is a key strategy used by LG. It came out with Hindi and regional language menus on its TV.
5. Regional distribution model - This has resulted in quicker rotation of stocks and better penetration into the B, C and D class markets.
6. Leveraging India's IT advantage - LG Electronics has awarded a contract to develop IT solutions to LG Soft India (LGSi). The project involves development and support for ERP, SCM, CRM and IT-enabled services for LG.

### **Strategies adopted by the organization**

LG follows 10 commandments which are as follows.

1. Foster working environment-5S Environment
2. Fast execution is key to success
3. Transparent and fast communication-open communication
4. Update market -knowledge –Demographics
5. Win –Win relationship with the trade partners
6. Customer is the king
7. Even Billing –Road to ach supplier A

8. Be in touch with the market (70% Market, 30% Office).
9. Plan and Execute annual marketing Calendar-Time to market
10. Display share of 50% -to get 50% consumer share.

## Marketing mix of LG – LG marketing mix



LG electronics is a multinational company of South Korea that deals in electronic goods. This Global Company has spread its network all over the world with its headquarters in Seoul. It was founded in the year 1958 with the aim of rebuilding its nation with domestic consumer goods. From a national company to an international company it has come a long way. Currently LG electronics has become the second largest manufacturer of television in the world. It also comes under the top hundred brand names in the world. Some of its chief competitors in the world market are as follows –

- Samsung
- Sony
- Videocon

### **Product in the Marketing mix of LG**

The wide ranges of offerings which are available for the LG company are discussed in the products of LG marketing mix. The company caters to almost all the segments a consumer can think of the electronic products. The range of LG products starts from mobile phones, refrigerators, television, air conditioners, vacuum cleaner, mineral booster, etc. These segments have further sub segments where different kinds of products are available which are catering to the various segments of the customers. Consider the mobile phones, where there are a lot of varieties which are catering to the needs of the people of various segments depending on the choice of the technology and

the purse strength of the customers. The same thing applies to LG refrigerators and televisions. The new venture into the mineral booster is a thing that they are looking into. The market is an untapped one for LG. The LG company is also trying to make its product eco-friendly which allows it to stand out among the competitors.

LG electronics deals in various electronic industries like vehicle components, mobile devices, consumer goods and home appliances. The company holds the distinction of being the first to make the CDMA mobile digital handsets and the first to develop the plasma TV of 60-inch. LG electronics is also the largest manufacturer of LCD panel in the world. In the year 2010, the company took initial steps in the smart phone industry. Its products include-

### **Television –**

1. 55-inch OLED TV
2. 65-inch and 77-inch OLED TV
3. LG Smart TV
4. Plasma TV

### **Smart Devices and mobile phones – A varied range of tablet devices and smart phones like**

1. G3,
2. G Flex
3. G2
4. A smart watch that is based on Android wear

### **Home Entertainment**

1. Music Systems
2. Home Theatre Systems
3. BLU Ray Players
4. DVD Players

### **Computer products like monitors**

### **Home appliances**

1. Refrigerators
2. Dishwashers
3. Microwave Ovens
4. Vacuum Cleaners
5. Washing machines

6. Water Purifiers
7. Air conditioners

LG gives tough competition to Samsung and other top brand companies due to its ability to have a complete chain of products. If you look at the product range of LG, it is second to none. Thus, in the marketing mix of LG, you will find that product is the topmost advantage of the brand.



## **Place in the Marketing mix of LG**

LG electronics serves a worldwide market with five business units in nearly a hundred and ten locations. Its aim is rapid and fast growth and as it can only be achieved through globalization. It started its overseas operation with USA. In order to sell its products LG has tied up with a number of distributors who are given the responsibility of distributing the products efficiently and timely with minimum of fuss. In India, the company realized that it had to be innovative in order to capture the market. Therefore, it sent vans with company logos to every part of the country, sometimes covering a distance of 5000km in a month, in order to increase the awareness about its brand.

Next, it opened its own manufacturing units in places like Noida, Bhopal etc. The company tied up with retailers for the direct sales of its products and distributors for the channel sales. LG has 46 branch offices that work directly with every field of distribution. A policy of regional distribution is maintained and they follow the policy of stock rotation. LG products are available very easily at all the malls and supermarkets. The company has its own well-maintained showrooms to provide every service to its customers. Online shopping for LG products is also possible at every shopping site. The LG exclusive showrooms are known to be the most profitable for retailers because of the product depth that LG has. Excellent distributors and the

companies focus on supply chain are the two reasons for the success of the place element in the marketing mix of LG.

The places of distribution for LG are through the local stores. This was the main strategy of the company. But with the passage of time the advent of ecommerce we find that the LG goods are sold through their own site and also other ecommerce platforms. They are available all throughout the market and are a great way to showcase their products. We find that the LG Company has tied with other companies outlets also. Sometimes we find their products also on display in the outlets of other shops. Like the case of Reliance outlets for the gadgets, we find that the LG products are on display. The mobile stores outlets also have LG phones. The way they place their products shows that they make sure that all the products are available to the customers. Either through the finger tips in the form of ecommerce or through the outlets where they have the opportunity to check the products first hand.

## **Price in the Marketing mix of LG**

LG Company aims to target a lot of segments of people. They thus have a wide variety of product which cater to the needs of the people. The products by LG are priced from low to high ends. They are based keeping in mind the pocket size of the customers. For mobiles there are products which are priced low and these LG phones subsequently have low features. The refrigerators are priced at various prices also. The various features of the refrigerators also decide the price which they charge. The same is the case with LG air conditioners. The cooling tons justify the amount one needs to pay for the same. The Television is also a landmark for the LG Company. It ventured into a lot of types of variety and the price of the following was fixed according to the features and the demand of the customers. Thus, from the pricing strategy in the marketing mix of LG, we see that more prices are set by the company based on their global competition.

The pricing policy of LG consists of “cost plus fixed markup”. It means that the policy for pricing consists of cost of the product and a reasonable profit. A special team has been appointed to research the market in a detailed manner. Here the prices of its competitors are collected along with the consumer’s thoughts through extensive research. Every factor is thoroughly analyzed and after evaluating its own costing and the market research the actual price of a product is determined. When the company launched its products in India for the first time, they were all of high range but later as the company opened its own manufacturing units; it has been able to lower the prices of the products.

LG electronics has decided to follow a policy of price competitiveness for the rural areas. In order to reach out to the rural base in every nook and corner it has decided to reduce the prices as increase in volume will result in huge revenues and profits.

## **Promotion in the Marketing mix of LG**

LG electronics has always believed in the concept of promotional advertisement. It feels that a direct communication with the consumer is necessary to sell its products and hence its advertisements can be seen throughout the year in televisions, magazines, newspapers and internet. The brand also gives special discounts to retailers and distributors who advertise regularly and who open exclusive shops for LG. The advertisement is the maximum for newly introduced products and for products which give high turnover like panels and refrigerators.

In order to maintain its brand name the company is accustomed to invite famous personalities from the field of entertainment and sports. For example, In China Kim Tae-Hee, a famous actor is its brand ambassador, whereas in India, Akshay Kumar, the famous Bollywood actor has acted in the LG commercials. LG became the first brand to sponsor the 1999 and 2003 world cup of cricket. LG has also sponsored the ICC Awards and the Formula-One for five years from 2009-2013.

The main belief of the LG Company is that they should communicate directly with the customers, and therefore we find that a lot of advertisements all throughout the year through the various sources like television, radio, internet, newspaper and magazine. The promotional strategy in the marketing mix focuses on strong brand awareness through all possible channels. LG mainly advertise the products which are a high turnover material and they make sure that more number of customers is aware of the products and thus their sales are increased. They pick up the famous faces of the country and they in due course make them the brand ambassador. This is the reason because people will directly relate to the products available to them. LG also promotes their products through the various sporting events where they become the sponsors of the team or the tournament. The LG company makes sure that the product is always in the mind of the probable customers and that they will consider their company when they want to buy the product. Hence, this covers the entire LG marketing mix.

## LG REFRIGERATORS

LG refrigerators are packed with latest innovations and come in a variety of styles, including:

**French-Door Refrigerators:** The line of elegant fridges offer the latest advances in food freshness combines with impressive storage capacity.

**Side-by-Side Refrigerators:** One of the most popular styles, these fridges feature LG's latest cooling and freshness technology, convenient storage throughout and styling that enhances every kitchen.

**Top-Freezer Refrigerators:** Boasting advanced freshness features and stylish flair. Expansive storage and convenience, plus timeless styling that enhances every kitchen setting.

**Bottom-Freezer Refrigerators:** the fridge stays at eye level, exactly where you want

**Door-in-Door Refrigerators:** LG storage innovation provides instant access to your favorite food and reduces cold air loss up to 41.0%. Easy door-in door access to beverages and snacks.



## LG TELEVISION

LG has been a pioneer in the Television industry for quite a long time and no wonder it has some of the best smart TV options in the market. As LG stands as an established brand for so many decades, the company has done everything to bring the best & latest of the technology to its consumers. As the market is shifting to smart technology, we see emergence of smart TVs & Android TVs in the current market.

LG is also a front runner, when it comes to bringing the latest features to its lineup of smart TVs. Depending upon your requirement, you can choose your preferred screen size. The range is available from 24 inch and you can go for a large 65 inch TV for making the most of entertainment. LG has options in 4K TV, OLED TVs, 3D TVs and Ultra HD TVs for the enthusiasts.

Some of the prominent features include; 60 Hz Refresh rate, Wide Angle Viewing, 20 Watt Speaker output, Bluetooth support, wifi support, and many more. You can also connect your smartphone to the TV and cast your favorite media content like YouTube & Netflix.

LG smart TV has support for Android OS and you can get Android play apps in your smart TV for better Android experience.



# Consumer Buying Behavior

Consumer Buying Behavior refers to the buying behavior of the ultimate consumer. A firm needs to analyze buying behavior for:

- Buyer's reactions to a firm's marketing strategy has a great impact on the firm's success.
- The marketing concept stresses that a firm should create a *Marketing Mix* (MM) that satisfies (gives utility to) customers, therefore need to analyze the what, where, when and how consumers buy.
- Marketers can better predict how consumers will respond to marketing strategies.

## Types of Consumer Buying Behavior

Types of consumer buying behavior are determined by:

- Level of Involvement in purchase decision. Importance and intensity of interest in a product in a particular situation.
- Buyer's level of involvement determines why he/she is motivated to seek information about a certain product and brands but virtually ignores others.

High involvement purchases--Honda Motorbike, high priced goods, products visible to others, and the higher the risk the higher the involvement. Types of risk:

- Personal risk
- Social risk
- Economic risk

### INFLUENCES ON AND OF CONSUMER BEHAVIOR



The four type of consumer buying behavior are:

- Routine Response/Programmed Behavior--buying low involvement frequently purchased low cost items; need very little search and decision effort; purchased almost automatically. Examples include soft drinks, snack foods, milk etc.
- Limited Decision Making--buying product occasionally. When you need to obtain information about unfamiliar brand in a familiar product category, perhaps. Requires a moderate amount of time for information gathering. Examples include Clothes--know product class but not the brand.
- Extensive Decision Making/Complex high involvement, unfamiliar, expensive and/or infrequently bought products. High degree of economic/performance/psychological risk. Examples include cars, homes, computers, education. Spend alot of time seeking information and deciding. Information from the companies MM; friends and relatives, store personnel etc. Go through all six stages of the buying process.
- Impulse buying, no conscious planning.

The purchase of the same product does not always elicit the same Buying Behavior.

Product can shift from one category to the next.

# **Review of Literature**

**According to “An impact of consumer buying behavior in decision making process in purchase of electronic home appliances in Chennai (India): an empirical study”**

**S.Vijayalakshmi<sup>1</sup>, V.Mahalakshmi, Mother Teresa Women’s University, Kodaikanal, Tamilnadu, India.**

This research contributes to the perceptiveness of consumer buying behavior in the electronic home appliances market. The key findings of the study designate that the overall set of independent variables was weakly associated with the dependent variable. On the other hand, the profound analysis found that social factors, physical factors, and marketing mix elements were strongly associated with the buying behaviors of Indian consumers. These analyses compose its potential to determine consumer decision-making rules. Furthermore, our analysis facilitated us to recognize numerous noteworthy directions for future research. The principal goal of this future research will be to expand methodological bases for consumer behavior analysis using MATLAB simulation tests using the developed methodology. As an outcome of our research, we focus to build up a computer simulation model that will allow us to examine the consumer behavior process. The simulation model of the electronic home appliances market will be elaborated with a Data mining tool approach.

**According to “A STUDY ON CUSTOMER SATISFACTION TOWARDS SELECTIVE LG PRODUCTS”**

**Dr. A. Dharmaraj Assistant Professor, Department of Management Studies & Research, Karpagam University, Coimbatore, India**

Marketing starts before production and continues after sales. Marketing is the process of creating customers. LG products are liked by one and all. The study shows that most of the sale is done on basis of sales promotion activities and TV advertisement etc. The important attribute of the product is quality and prices should be taken care. Product attributes like permanence and after sales service has been appreciated. It is certified that the customer satisfaction concept is an unpredictable one in any kind of marketing but this study has attempted its best to reveal the same.

## **According to “STUDY ON CONSUMER BUYING BEHAVIOUR TOWARDS SELECTIVE ELECTRONIC HOME APPLIANCES IN HYDERABAD CITY”**

**S. Vijayalakshmi<sup>1</sup> V. Mahalakshmi<sup>2</sup> S. Magesh**

Based on this study, the researchers concluded that, people in Hyderabad city has pertinent knowledge about diverse brands of the Electronic Home Appliances. Knowledge about Electronic Home appliances differ based on the age level. The demographic factors like age, gender, marital status, qualification, occupation, income and family type discriminating the buying behavior of home appliances is based on this study the awareness level of home Electronic Home appliances are moderate in Hyderabad City. Most of the respondents have the relevant knowledge on the renowned brands like Godrej, Whirlpool, LG, Samsung and other company brands. Based on grades and rankings given by respondents, the main factors involved in selecting home appliances are price then brand name, then quality, then service and the last are the other offers given by the retailer. Respondents are not much prejudiced by retailer's information. The media and advertising furnishes more requisite information when compare to other medium of dissemination of information to the public. In the case of TV, respondents are influenced by picture quality first, then sound, then screen quality, then size and color. In the case of refrigerator, respondents are influenced by efficiency first, then capacity, then sturdy, then storage space, and then aesthetic of the refrigerator. In the case of washing machine, respondents are influenced by efficiency first, then capacity, then sturdy, then storage space, and then aesthetic of the Washing Machine.

## **According to “The Impact of Advertisement on Consumer Buying Behavior in Electronic Industry [Consumer Electronic Products]”**

**Maithili Deshpande<sup>1</sup>, Yash Rokade<sup>2</sup>, Pooja Singh Darda**

**Faculty of Management, Department of Finance Management, MIT World Peace University, Pune**

The present era has witnessed a revolutionary change in the trend of advertising. The role of advertisements is important and influences the buying behavior of consumers. This research was a study on impact of advertisements on consumer buying behavior with respect to consumer electronic Based on the analysis it can be concluded that advertisements have a significant impact on the consumer buying behavior. This study can be helpful for advertisers in the consumer electronics sector to understand what

triggers a consumer's intention to purchase. It can also determine which element in advertising is most affecting and which has a comparatively lower impact.

**According to “Buying Behavior of Electronic Products in Andhra Pradesh – A Study of Selected Electronic Consumer Product”**

**M. Ravikanth, Prof. P.Venkat Rao**

**PhD Research Scholar, Department of Commerce, Sri Venkateswara University  
P.G. Centre, Kavali, Nellore District, Andhra Pradesh State**

From the study, it is to conclude that buying behavior and post purchase satisfaction vary among the consumers for select brands and factors influencing them is also found differ in the urban and rural areas. Since electronic industry in India is more vibrant, and also the present marketing mix practices of the companies are well directed to satisfy the consumers, finally, it is recommended to the companies of 3 select brands is that there is a tremendous scope of development in rural India. From the observation, it is clearly understood that companies have not formulated differentiated strategies for urban and rural areas in India. Differentiating and matching the expectations of the urban and rural people will help the companies to gain wider reach and helps to increase the productivity.

**According to “Consumer Buying Behavior for Electronic Products A Study of select items”**

**S.VijayaLaxmi, Research Scholar, KakatiyaUniversity, Warangal, India**

Despite the basic characteristics of consumers the behavior pattern of consumers are more or less similar to each other, particularly in the aspects like quality, preference and decision making. However it is evident that the present approaches to draw the attention of customers are not adequate. The consumers are particular about the appropriate system of distribution and hence there is a great need for change in the electronics buying system. It may not be always correct to say that consumers behave in the same way as it much depends on type of products, quality of the products and price of the products. Consumer attitude towards electronics based on age group , income group ,and price leads major role while purchasing the electronic goods.

## **According to “BRAND LOYALTY – INFLUENCING CONSUMER BUYING BEHAVIOUR”**

**SONALI P. BANERJEE Amity Business School, Amity University**

Brand loyalty has certain components through which it is affected. They are:- • Experience • Learning • Motivation • Brand Preference After doing the analysis from the data collected it can be concluded that buying behavior of customers is strongly affected by the past experience with a certain brand and that helps them to decide whether to go for that brand again or not. i.e. if the experience is good with the existing brand then they are will to buy a L.E.D TV of the same brand and vice versa. Thus the Brand loyalty is very much affected by good or bad experience of the consumer with the brand of TV they have already used. The consumers having good experience get motivated to buy other Television of the same brand and thus it make them Loyal to that brand. In the above case Samsung is the most preferred Brand as majority of the customers who have used Samsung are satisfied with the product and are willing to purchase product of same brand. Those who are loyal to a certain brand also impact their circle through word of mouth as they recommend the same brand to others based on their experience. The consumer buying behavior towards a L.E.D is depended on few major factors Like:- • Performance • Design • Picture Quality • Sound Quality These are the factors/attributes about which the customers are more concerned and they want most in a L.E.D Television. And as per the survey majority of respondents with 62% do not mind in paying extra price for the Brand they prefer till it gives the features they expect from that Brand. Thus price is not a strong factor which affects the Brand Loyalty of the consumer in case of A L.E.D Television. The Customer Preference is also not much affected by the advertisement or the celebrity who is endorsing the brand as most of the respondents believed in their experience with the brand and the Image of the Brand which would help them decide to buy L.E.D TV of which Brand.

# **Research Methodology**

### **3.1 OBJECTIVES OF THE STUDY:**

The objectives are designed to have a particular direction to the study like what aspect of the topic is going to be studied. A topic can be studied from various parameter, the objectives designed for a project gives an idea that in what manner the topic is studied, what is the flow of project, what are the variables selected for the project, etc.

- To understand the market share of LG
- To identify the features and preferences of people about LG's refrigerators
- To identify the features and preferences of people about LG's television

## **3.2 HYPOTHESIS OF THE STUDY :**

Hypothesis is referred as the presumptions made by an individual to study the research project. These presumptions are made in a way to satisfy the objectives framed for the project. Framing of hypothesis is an important part of the research as in this step the research problem or the problem statement is designed on which the entire research is based.

The hypothesis or the research problem of the study is designed in such manner to find out the relationship between the variables, i.e. does the effect on has any impact on the other. We can also say that the following hypothesis will let us know how closely they are correlated with each other.

### **HYPOTHESIS 1:**

**H0** - People do not prefer LG for electronic consumer products

**H1** - People prefer LG for electronic consumer products

### **HYPOTHESIS 2:**

**H0** - LG's quality of products does not influence people to buy its products

**H1** - LG's quality of products influences people to buy its products

### **HYPOTHESIS 3:**

**H0** - Family members do not influence buying decisions

**H1** - Family members influence buying decisions

### **HYPOTHESIS 4:**

**H0** – Buying branded refrigerators does not make a difference

**H1** - Buying branded refrigerators makes a difference

### **HYPOTHESIS 5:**

**H0** – Style and looks of the television do not matter to the customer

**H1**- Style and looks of the television matter to the customer

### **3.3 TYPE OF STUDY**

There are various types of study for doing a research, to name some descriptive study, exploratory study, historical study, empirical study, qualitative study, quantitative study, etc. For the purpose of this research, the research has used Descriptive study. Descriptive study is a method usually used to describe the characteristics of the population that is being studied. The descriptive study is mostly used to get the answer for the question „what“ rather than answer for „why“. The reason for selecting Descriptive research is because it gives special focus on specific type of questions, methods, and outcomes of the data. The best part about Descriptive study is that it can study the qualitative and quantitative aspects i.e. there is no need to study the qualitative or quantitative aspects separately. Therefore, it can involve the tables and graphs and numbers or the physical qualities in the study. Descriptive study is usually used by the anthropologists, psychologists and social scientists.

This research is based on descriptive study because this project studies the qualitative and quantitative aspects of the attendance of commerce students of Mumbai University. However, this is not only descriptive research but also pure research; we can say that this research is a mixture of descriptive and pure research. As the project work is completely first hand, descriptive study is used only to understand the topic. However, my research does involve review of literature which is the base of descriptive study. The significance level used to test the credibility of my research used is 5% as descriptive study is tested at the same level.

## **3.4 COLLECTION OF DATA**

Primary data: The data which is collected first time or a fresh data is called the Primary Data.

Primary data collection methods

1. Questionnaire method
2. Observation method, etc.

Secondary Data: Various research studies conducted on the topic in the past were reviewed to gain further insight into the topic. These were collected from internet sources, authentic research papers and journals.

Data collection Instrument (Questionnaire):- A key part of creating excellent online surveys involves using open-ended and closed-ended questions effectively A **closed-ended question** is made up of pre-populated answer choices for the respondent to choose from; while an **open-ended question** asks the respondent to provide feedback in their own words

### **Closed-ended questions**

Closed-ended questions come in a multitude of forms, including: multiple choice, drop down, checkboxes, and ranking questions. Each question type doesn't allow the respondent to provide unique or unanticipated answers, but rather, choose from a list of pre-selected options.

### **Open-ended questions**

Open-ended questions are exploratory in nature, and offer the researchers rich, qualitative data. In essence, they provide the researcher with an opportunity to gain insight on all the opinions on a topic they are not familiar with. However, being qualitative in nature makes these types of questions lack the statistical significance needed for conclusive research

### **3.5 LIMITATIONS OF THE STUDY:**

Limitations of a research project arise when there are uncontrollable variables which are harder to be brought in control. This reduces the accuracy and credibility of results. However, for this study only 140 responses were taken into consideration from the undergraduate commerce students of Mumbai University.

-The period of research was very short and hence more the researcher was unable to gather more responses.

-The research sample size was limited.

-The scope of discussion was limited as a very in depth study was needed in every field of science. This helps in finding an accurate solution.

## **3.5 RESEARCH GAP**

### Gap 1: Customer's Expectations (knowing what customers expect)

The difference between management's perception of what customers expect and what customers really want.

For e.g. when a customer asked for a particular product of Lg and management fails to understand what customers really expect from Lg

### Gap 2: Management perception of customer's expectation (not selecting the right service design standards)

The difference between management perception and service quality specification

For e.g. when management has a good idea of a product but fails to develop them into appropriate product specification

### Gap 3: Product Delivery (not delivering to product standards)

The difference between product quality specification and actual product delivery

For e.g. the management delivered a product to the customer, hoping they would find it interesting and the customer rejects the products

### Gap 4: External Marketing Communication (not matching performances to promises)

The difference between product delivery and what is communicated externally

For e.g. the management promised the customer's expectations would be fulfilled

### Gap 5: Actual product performance (the customer gap)

The difference between the customer expectations of a product and what they actually receive

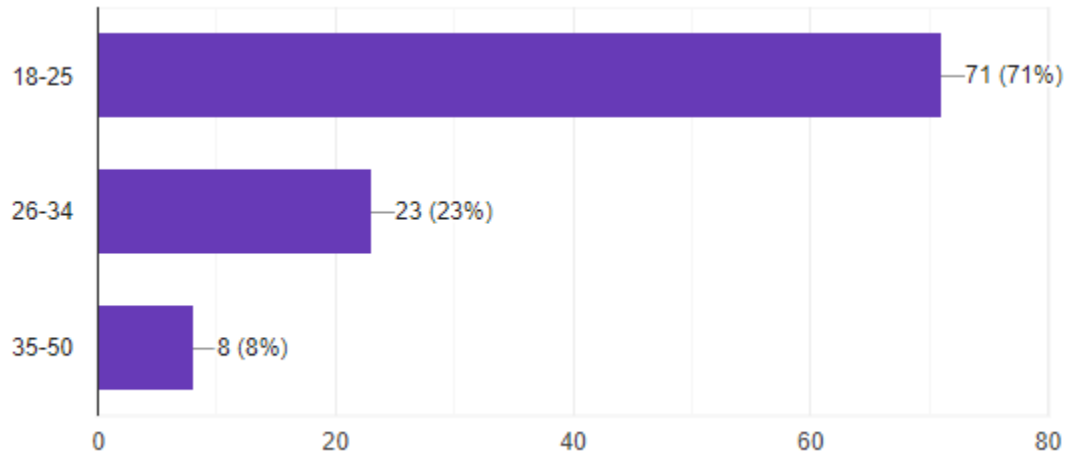
For e.g. the customer expect the product to be excellent and it doesn't happen

# **Data Analysis**

The data collection method means the various sources from where the data has been collected by the researcher. There are several methods for collection of data, especially in surveys and descriptive researches. As during data collection for descriptive research the primary data is collected from the respondents through direct communication or through personal interviews.

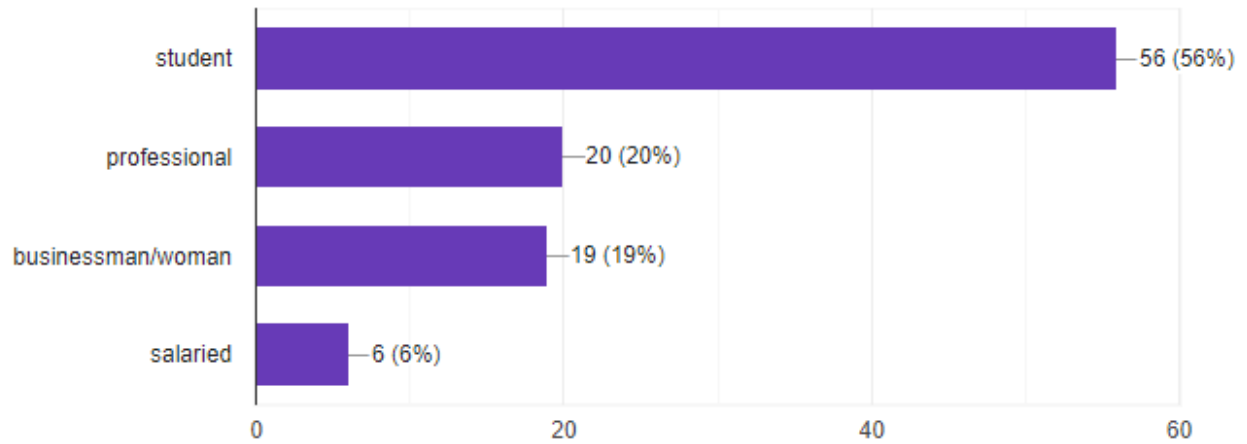
For the purpose of the research, the primary data was collected through a close ended structured questionnaire which was designed pre hand and an online survey was done using Google forms. Online survey was the most feasible form as the data was to be collected from varied population in short period of time. The data collected was a scaled data i.e. like scale of value 10 each. Survey was answered by undergraduate commerce students of various colleges under Mumbai University. Close ended questionnaire method is the most feasible method of data collection as a fixed set of questions is prepared and surveyed. Therefore, uniform observations were obtained through the survey.

## Q.1 Age



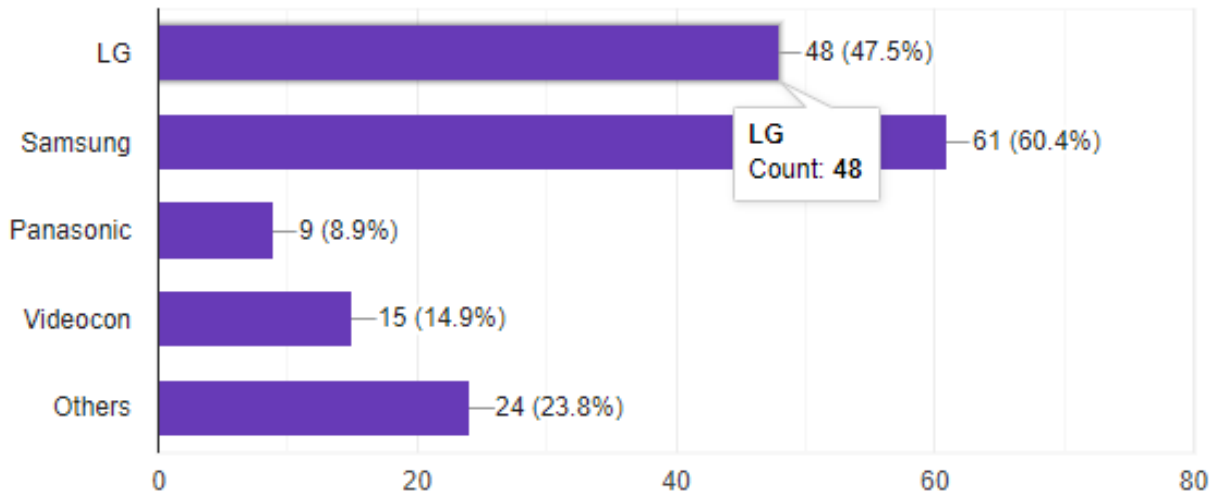
The maximum responses were from the age group 18 to 25 years of age. I tried to get majority of the responses from the working population.

## Q.2 Occupation



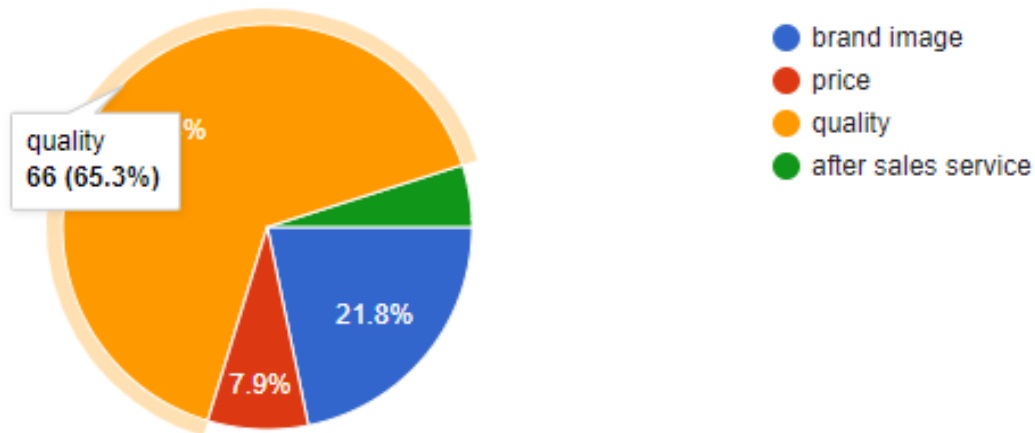
There are different categories of working individuals. The maximum reviews are from the student category since it is a college based project. Next, professionals, entrepreneurs and salaried individuals.

### Q.3 which brand do you prefer for electronic products?



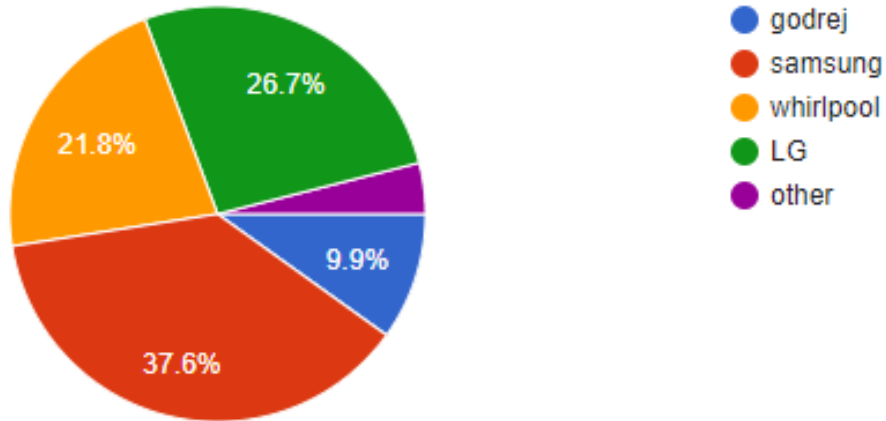
These are the best brands in the electronic industry. The top two brands are Samsung and LG, followed by Panasonic, Videocon and others.

Q.4 which factor influences you more for choosing a brand?



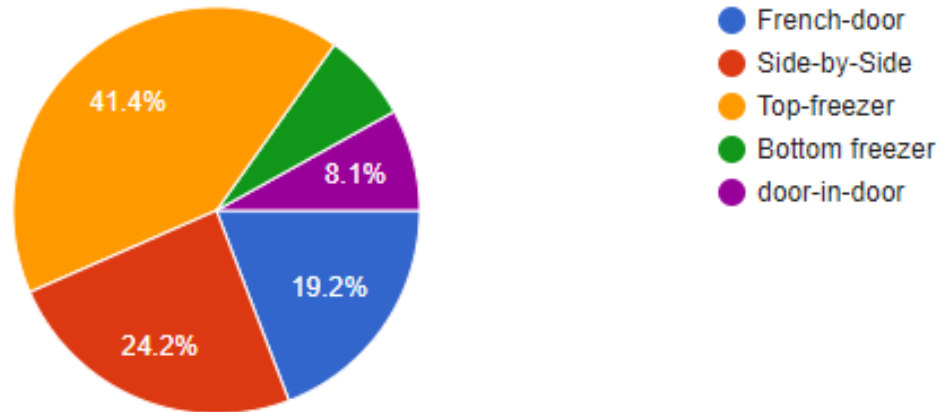
There are different qualities that influence the customer to buy the product. Maximum number of responses agree with quality being the most important factor for buying a product, followed by brand image, price and after sales service.

Q.5 what brand of refrigerator do you own?



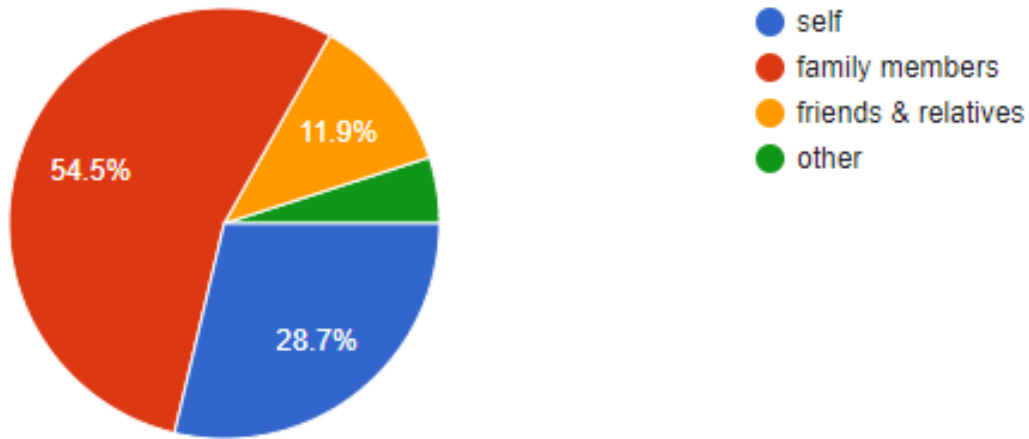
The above chart shows that the maximum market share of refrigerators sold is held by Samsung, followed by LG, whirlpool and godrej.

Q.6 what type of refrigerator do you prefer?



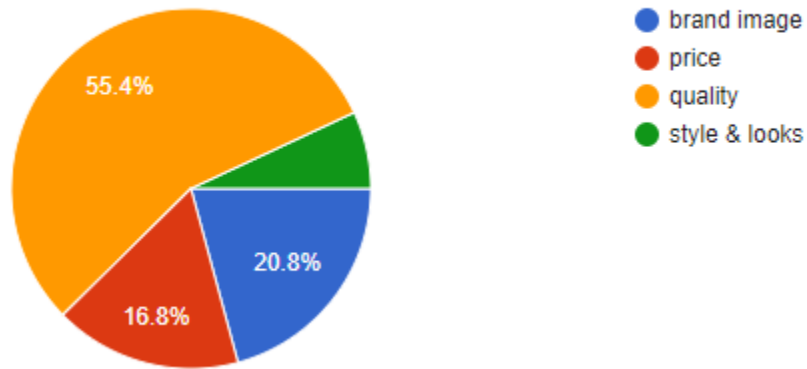
There are different types of refrigerators available in the market. The above chart shows that people mostly prefer the normal type i.e. top freezer. Next side-by-side, French door, door in door and bottom freezer.

Q.7 who influenced you more with you buying decision?



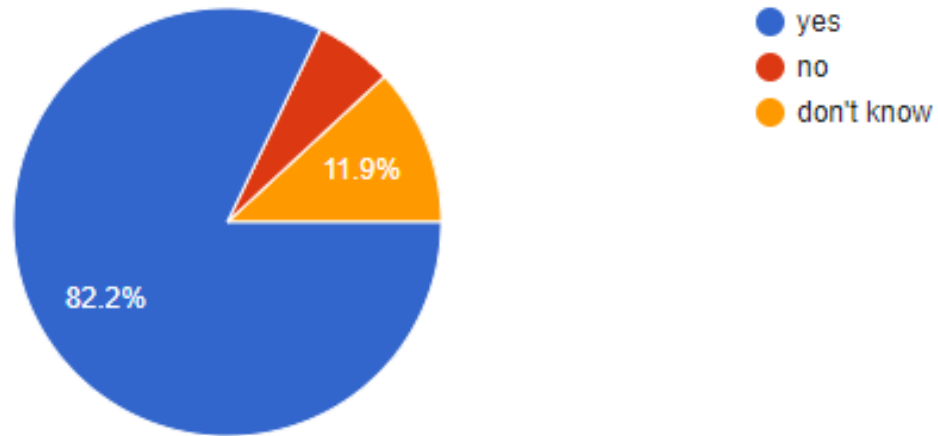
Any person buying any product is always influenced by someone to buy that product. The piechart given shows that most of them are influenced by family member, followed by people who take buying decisions themselves. Next are friends and relatives.

Q.8 what attracted you the most while buying the refrigerator?



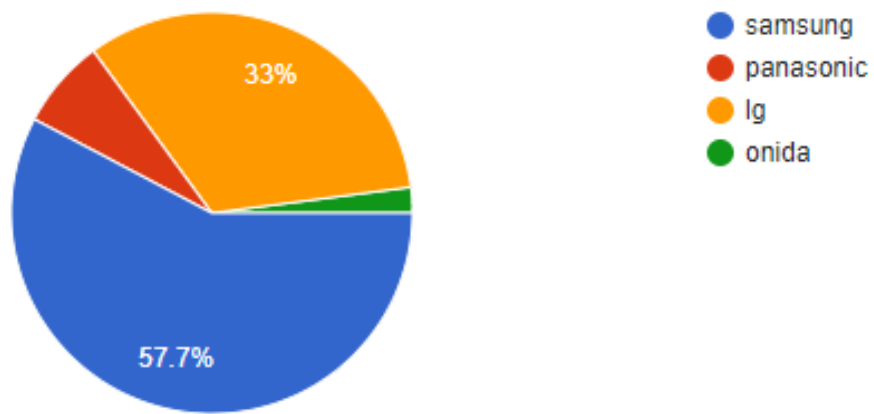
There are different qualities which lead the buyers to buy the refrigerator. According to the chart, quality is the most important attribute for buying a refrigerator. Brand image and price being the next attributes.

Q.9 does buying a branded refrigerator make any difference?



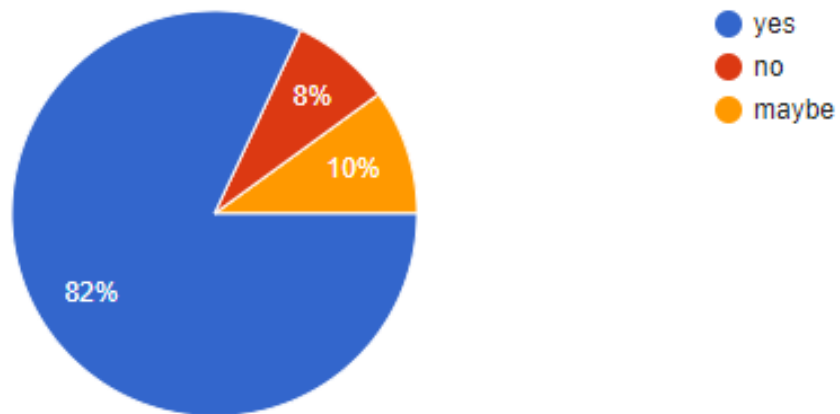
The chart shows that people prefer to buy branded refrigerators over non-branded refrigerators.

### Q.10 What brand of Television you own?



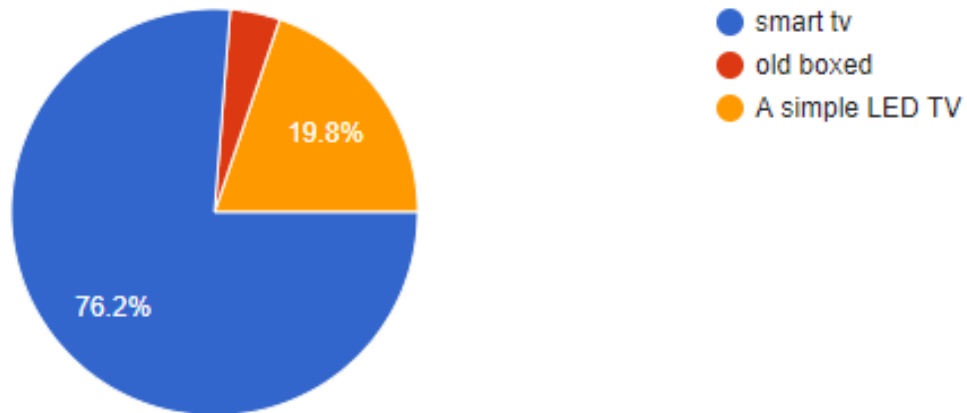
According to the above chart, Samsung is the topmost brand in the sales of televisions. Next we have LG, followed by Panasonic and onida.

Q.11 Do style and looks of the television matter to you?



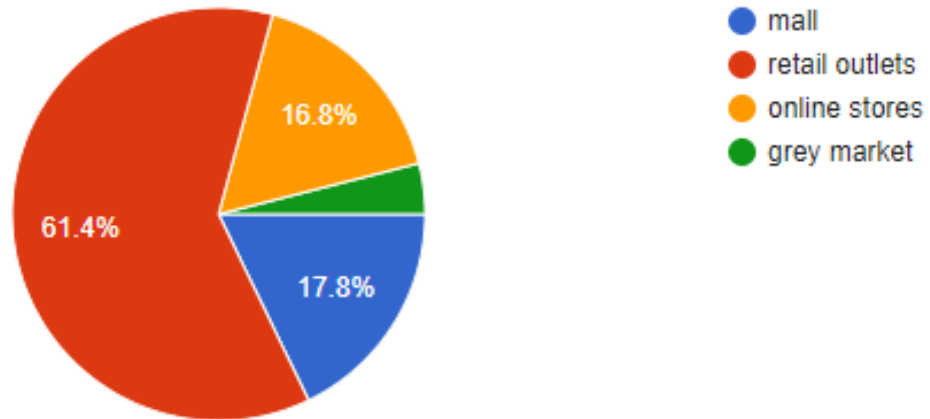
According to the pie chart 82% of the responses agree that looks of the television matter to them.

Q.12 which type of television you prefer to buy?



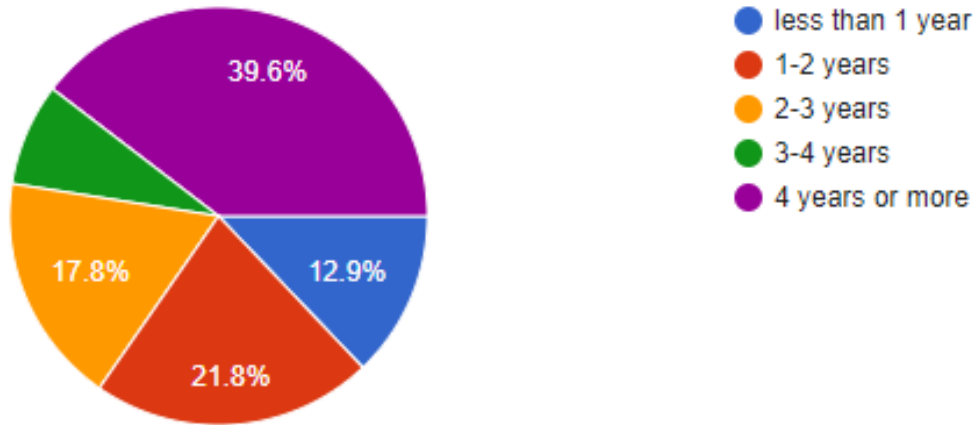
The above chart shows most people prefer to buy a smart TV, followed by a simple LED TV.

Q.13 from where did you buy the television?



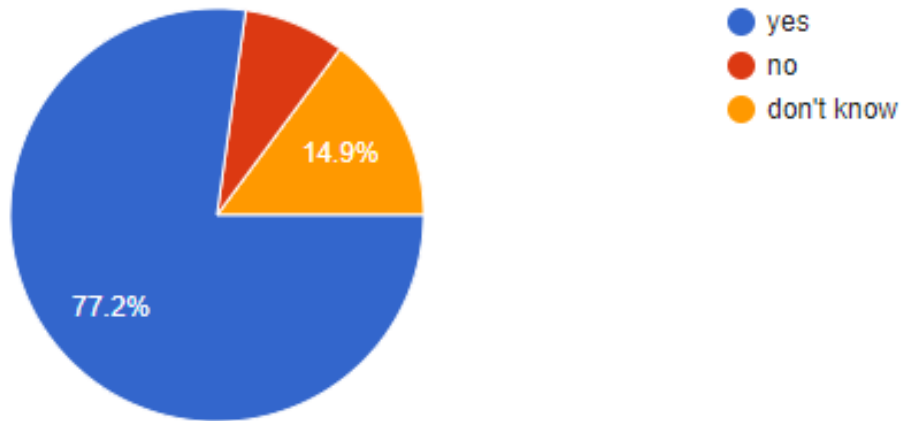
According to the pie chart, most of the people buy the televisions from retail outlets, malls and online stores.

Q.14 since when are you using the television



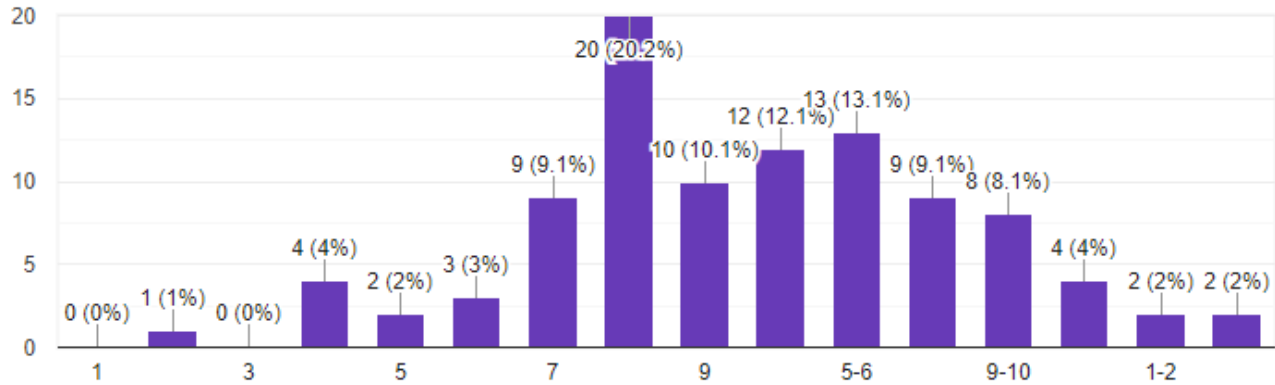
According to the chart, most of the televisions in the households are older than 4 or more years.

Q.15 Are you satisfied with your LG products?



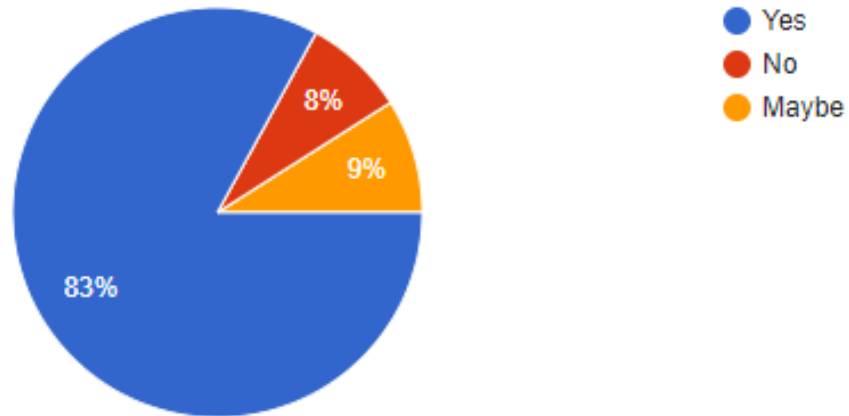
According to the pie chart most of the customers are satisfied with their LG products.

## Q.16 Rate the After sales Services provided by LG Electronics



According to the graph given, people have rated the after sales service of LG products between 7 to 8.

Q.17 if any other brand provides with better services will you go for that brand?



According to pie chart given almost everyone would shift to a different brand if better services are provided

# **Findings and Conclusion**

## **Findings:**

The data was collected was collected from primary and secondary sources. For the only primary a survey was done online and 100 responses were collected by the researchers whereas secondary data was collected from multiple websites and journals.

The findings of primary data were as follows:

- There are many brands in the market like Samsung, LG, Panasonic, Videocon and many others. The top most market holders are Samsung, and LG.
- Quality of the product is the most important attribute for most of the respondents, followed by brand image and price.
- According to the respondents Samsung and LG have the biggest market for refrigerators, to be specific the French-door and top freezer refrigerators.
- According to our respondents, quality and brand image of the refrigerator matters the most. Family members influence the buying decisions of the buyer.
- Branded refrigerators have a greater market compared to non-branded refrigerators.
- According to the respondents, the most popular television brands are Samsung, LG, Panasonic and Onida followed by others, the style and looks matter to the customers.
- A smart TV is the most trending right now, mostly brought from malls and retail outlets. Online stores are rising with their sales. The maximum life of a television is around 6-7 years.
- LG customers majorly are satisfied with their products and have rated the after sales service provided by LG 7-8 points on 10
- Maximum customers have a mentality to shift towards a brand providing better products and services.

## **Conclusion:**

Electronic products are vital part of our daily lives today. We need an electronic device in almost every job we do. Televisions, refrigerators, washing machine, mobile phones and many other products. We need the best quality products for ourselves, which makes the buying decisions of these products are very difficult.

My study says, LG started off as a topmost company dealing in electronic products, with the entry of new companies with better technologies, LG lagged behind due to outdated technology.

According to survey conducted by me, LG has a good reputation in the market. LG may try to improve the qualities and after sales services provided by them.

In current market scenario, the competition in the electronic sector is highest, so as to remain in competition all companies have to develop in terms of customer satisfaction and others features. LG is good at what it provides to its customers but it needs improvements in some areas.

According to the survey, the topmost brand for both refrigerators and televisions is Samsung, hence becoming its biggest competitor, it needs to improve in the innovations and launch the best quality products in market to compete with Samsung.

Consumer satisfaction is really important field in today's market. It is very important for companies to satisfy their customers with all their wants and demands. It is really necessary for them to understand their customer's desires and provide them with the same.

LG has a great internal structure with a long term serving mission and code of conduct. LG being a Japanese company follows Japanese methods of management although LG India has a different policy and code of conduct.

LG has spread its feet in almost all categories of electronic products, whether it is mobile phones, washing machines, televisions or sound systems. It has a tie up with many companies like yahoo.com etc...

Thus, any brand if needs a good market share it has to focus on customer satisfaction in the first place then there are other aspects as well. LG as a brand needs improvement in qualities of its products, its style and looks and the services provided by them to their customers.

# **Recommendations & Suggestions**

1. Secondary supports play an important role in the customers mind and create awareness among the customers. The secondary support includes Demonstration, Exhibition & Even Sponsors.
2. From the survey it was found out that the majority of customer's don't buy consumer durables from exhibitions. They just visit the exhibitions to see the co. latest model.
3. They want to buy from the showrooms or from co. showrooms. For them service is important .Beside convenience and other factors service is key factor.
4. Also majority of customers do not want any financing scheme for purchasing the durables.
5. There was heavy rush on weekends so large numbers of ISD"s were appointed that day. Also the live demo calls helps in selling. Exchange offers also generate sale.
6. Customers are also now very choosy in buying the product and it is important for the company to make loyal customer of their brand.
7. In survey we found that LG has captured maximum market share in every category. LG dominates CTV, LCD, and Refrigerator, and Washing machine, category.
8. LG and Samsung have bottle neck competition in TV and REF. category.
9. The product is well aware and it is on top of mind of customer.
10. Customers are also now very choosy in buying the product and it is important for the company to make loyal customer of their brand.
11. Company should make advertisement of LG products aggressively in the way of hoardings which increase the more visualizes customer.

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