



“Study on Customers’ Perception towards the Price of Chinese Electronic Products.”

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Abstract

Customer is a person who is the recipient of goods and services or sometimes ideas from the seller and one pays for them. Customer perception applies to the concept of sensory perception of marketing and advertising.

The importance of the customer is very huge when it comes to the success of any business. Hence, it become very necessary for every business organization to not only captures the business by new customer initially but also to retain them for a longer period of time. At the same time pricing decisions also have the strategic importance in the business it is the price which determines the revenues of the business.

Keywords: Customer, Perception, Price, Marketing, Business

Introduction

Customer perception applies to the concept of sensory perception of marketing and advertising. Just like humans perceive and process sensory stimuli through five senses. The retailers apply consumer perception theory to develop marketing to attract new consumers and retain the old customers.

The customer perception theory involves

1. Self perception
2. Price perception and
3. Benefit perception

1. Self Perception

This theory is developed by psychologist Daryl Bem. Which states that people develop their attitudes by observing their own behaviour and conclude what attitudes must have caused it. The person interprets their own overt behaviours rationally in the same way they attempt to explain others

2. Price Perception

Theory which states that price perception is directly related to the success of the company. Although in the end what customer pays is the reality but how it reaches at his decision is what is dependent on the perception. When it comes to consumers buying process and buying decision price is the driving force.

3. Benefit perception

Perceived benefit is the customers' evaluation of the merits of a product or service and its ability to meet their needs and expectations, especially in comparison with its peers. In short, perceived benefit refers to the perception of the positive consequences that are caused by a specific action.

Price

Price is the agreement between seller and buyer concerning as to what each is to receive to a customer. It is also considered as a means for translating into quantitative terms the perceived value of a product to the customer at a given point of time. In other words, the price is the only factor available for a customer to compare the available alternatives.

In fact, pricing is always equivalent to the various attributes of the product which includes a product benefits, brand name, packaging, after sales service, credit facility available, delivery etc.

Importance of pricing

Pricing plays a very important role in the organisational development. It is always the pricing policies which enable the overall well being of the organisation. Price represent the worth of a product or service articulated in money.

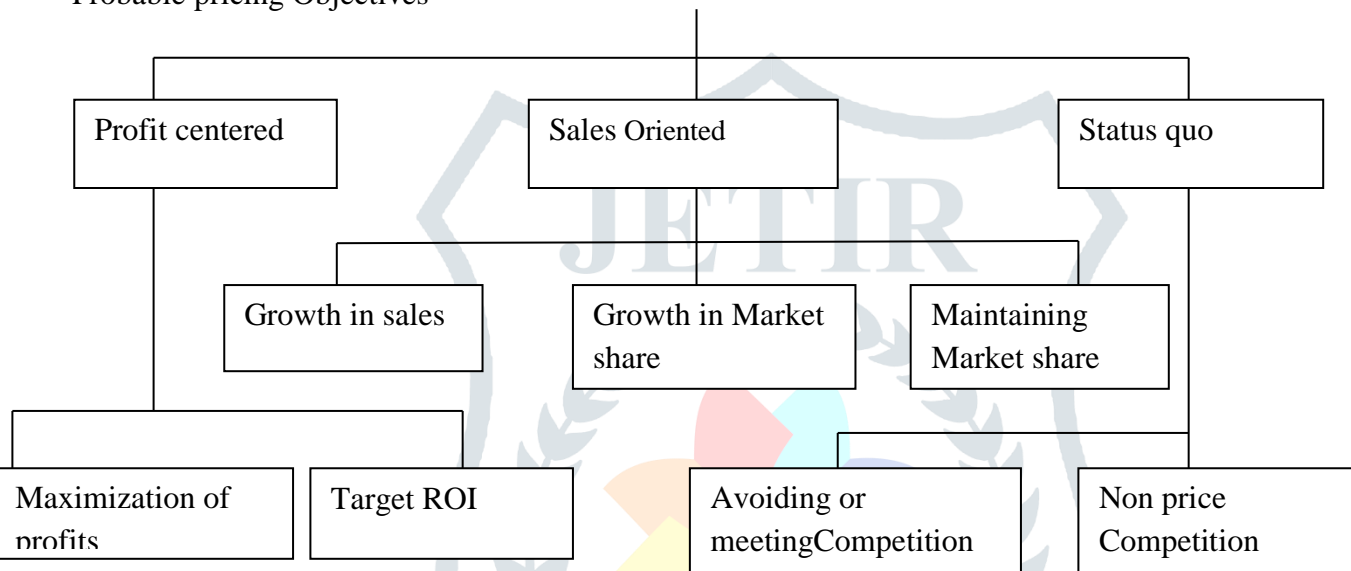
All the financial objectives of the enterprise directly or indirectly depend on the pricing policies. The very important marketing variables which are inclined by pricing decisions are:

1. Sales
2. Profit
3. Market share
3. Trade margins
4. ROI
5. Advertising and sales promotion
6. Product image
7. New product development.

Objectives of pricing

The objectives of pricing depend on various factors mentioned in the pictorial representation

Probable pricing Objectives



(Source: Marketing management S.A.Sherlekar thirteenth edition 2005)

Chinese electronic products

Chinese electronic products are excessively imported from China as there is demand for such products in India, more demand leads to more supply from China. Chinese large scale production exploiting the economies of scale, their early opening up of economy to the world markets and China creating more and more special economic zones and port development may have led the Chinese to become the global giant in the production of electronics. Electronic goods being the top import from China dig up maximum from the India's exchequer. And strong questions arise as to what drives the Indian customer to get attracted towards Chinese electronic products.

China is the largest trading partner of India, where in it stands in number one position when it comes to import followed by USA and Saudi Arabia . The top 5 major commodities imported from China are: (Source:OEC,India)

1. Electronics and machines

2. Chemical products
3. Metals
4. Textiles
5. Plastics and rubber

Indian customers' perception and attitude towards purchasing electronic goods 'Made in China' is a factor which is deriving demand, which means, more demand leads to more supply and more production for China, burdening the India's exchequer with Import.

Review of literature

Laiq and Rizwan(2012) the study focuses on comparative analysis between Chinese and Non-Chinese brands stating that there are three major factors which steers the consumers to purchase any product whether Chinese or non-Chinese. The factors are perceived quality perceived price and perceived value. In this article they concluded that there is no significant difference between average perceived life and average perceived value between Chinese and non-Chinese products. Every consumer is driven by the motive to purchase any product based on price, value, quality and usability be it goods indigenously produced or foreign make, but ultimately the purpose need to be gratified.

Abdullah Sarwaret.al(2013) asserts that the price and quality are the two major factors which influence the Malaysian customers while buying the china products the findings also confirm that, price and product quality have positive significant influences on buying the Chinese product. The cheap image of the china products also moot the customers to go for purchase of china products. Malaysia is a country where the country of origin effect does not much bother the customers as discussed earlier they concentrate much about the price at which the products are available. Innovative products based on the technological advancement tempt and moots the Malaysian customers to go for products 'Made in China'.

Abdul Baji.et.al (2013) this study focuses on consumer behavior towards various electronic goods and the conclusion of the study states that the consumers are well aware about the products available in the market with reference to features, quality etc. But at the same time they are very particular about system of distribution. Hence it is necessary for the producers to not only focus on the quality and features of the product alone but much attention has to be diverted and special attention has to delivered towards price of the products and distribution system in order to cover the large heterogeneous customer base.

Statement of the problem

The “cheap” image of Chinese products and the product quality have raised the issue to investigate further as to why the demand for Chinese electronic products is increasing year by year and what do they perceive before buying?

Apart from country name ‘China’ another question whether price is the only major thing to the customer at the time of purchase of the products? Do demographic variables have any say in purchase of Chinese electronic products?

Objectives of the study

1. To study the customers’ perception towards the price of Chinese electronic products with respect to demographic variables.

Hypothesis of the study

Main hypothesis

H₀: There is no significant relationship between customers’ perception and price of the Chinese electronic products.

H₁: There is a significant relationship between customers’ perception and price of the Chinese electronic products.

Scope of the study

The scope of the study is confined to customers’ perception towards the price of Chinese electronic products. For the purpose of this study only one electronic product is selected i.e., mobile phones ‘Made in China’.

Research methodology

The type of the research carried on is Descriptive research. Both primary and secondary data is collected for the purpose of the research. In order to accomplish the research objectives a well framed questionnaire was constructed for the data collection from respondents to extract opinions pertaining to the perception of customers’ towards the price of Chinese electronic products. Every question in the questionnaire was stated in five point Likert scale starting from strongly agree as 1, agree as 2, neither agree or disagree as 3, disagree as 4 and finally strongly disagree as 5. A sample of 750 respondents were selected in Mysore district and were requested to fill the questionnaires, but were successful in collecting 730 completely filled questionnaires hence the sample size is 730.

Chinese brand mobile phone market in India- An overview

Mobile phone which is also called as cell phones or hand phones is a portable telephone which uses radio frequency. The radio frequency link establishes a connection to the switching systems of a mobile phone operator, which provides access to the public switched telephone network (PSTN), during old times. Off late, Modern mobile telephone services use cellular network architecture, and, therefore, mobile telephones are called cellular telephones or cell phones.

The chart below mentions the market share of Chinese mobile phones in India.



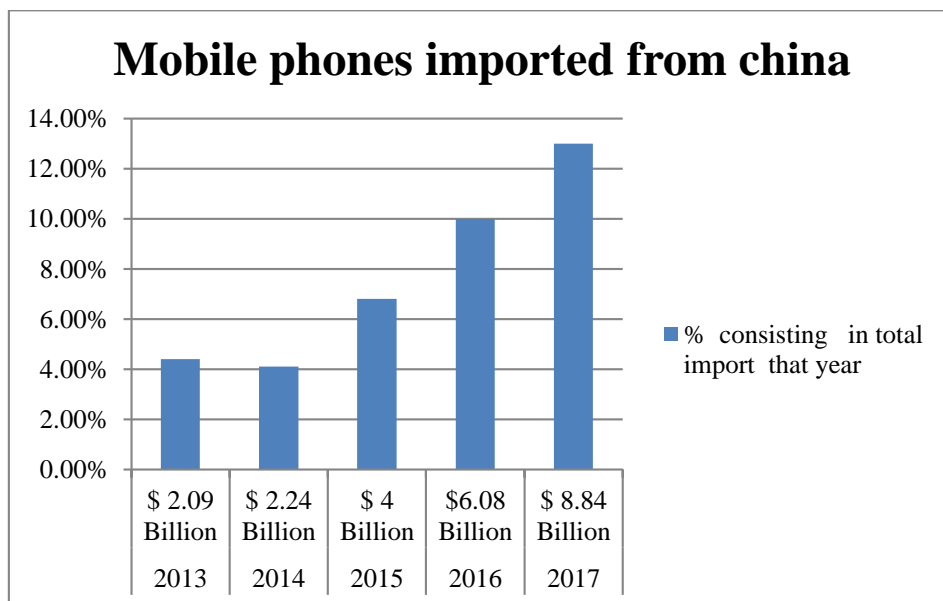
Source: Google

India's Import of mobile phones from China from 2013-2017

Table no: 1.1 Mobile phone import from China from 2013-2017

Mobile phones imported from China					
year	2013	2014	2015	2016	2017
Amount in \$	\$ 2.09 Billion	\$ 2.24 Billion	\$ 4 Billion	\$6.08 Billion	\$ 8.84 Billion
% consisting in total import that year	4.40%	4.10%	6.80%	10%	13%

Source: oec.world



Graph no :1.1 Mobile phones import from China

Analysis and interpretation

Table no :1.2 Central tendencies of construct: Customer perception towards Price of Chinese electronic products

Descriptive Statistics			
	N	Mean	Std. Deviation
The price of Chinese electronic products is always affordable.	730	2.3877	0.8212
The price of Chinese electronic products is always value for money.	730	2.3661	0.84993
The price of Chinese electronic products is highly competitive.	730	2.3655	0.85058
The determination of price fixation is specific and appropriate for Chinese electronics.	730	1.9289	0.65029
More discounts are available for Chinese electronic products.	730	1.9061	0.65905
There are plenty of offers and gifts available for the purchase of Chinese electronic products.	730	1.8985	0.6423
Pricing policy of Chinese electronic goods gives it the competitive edge.	730	1.8788	0.65604
Valid N (listwise)	730		

Objective 1

To study the customers' perception towards the price of Chinese electronic products with respect to demographic variables.

Main hypothesis

H₀: There is no significant relationship between customers' perception and price of the Chinese electronic products.

H₁: There is a significant relationship between customers' perception and price of the Chinese electronic products.

Table no :1.3 Descriptive statistics of Customers' perception on Price of Chinese electronic products

Descriptive Statistics			
	N	Mean	Std. Deviation
Customers perception	730	1.7547	.18927
Price	730	2.0334	.32024
Valid N (listwise)	730		

(Source: Primary data)

Table no 1.4: Correlation between Customers' perception and Price of the Chinese electronic products

Correlations			
		Customers perception	Price
Customers perception	Pearson Correlation	1	.856**
	Sig. (2-tailed)		.001
	N	730	730
Price	Pearson Correlation	.856**	1
	Sig. (2-tailed)	.001	
	N	730	730

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

(Source: Primary data)

Interpretation:

Table represents the relationship between Customers' perception and price of the Chinese electronic products. The above analysis shows that there is positive correlation 0.856 between Customers' perception and price of the Chinese electronic products. The p value 0.001 which is less than 0.05 which shows a significant relationship. Hence, the null hypothesis rejected and alternative hypothesis is accepted.

Table no 1.5: Regression model summary of Customer perception and Price of the Chinese electronic products

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.856 ^a	.707	.707	.18866
a. Predictors: (Constant), Price				

(Source: Primary data)

Table no 1.6: Analysis of variance of Customer perception and Price of Chinese electronic products

ANOVA ^a						
Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.403	1	.403	11.336	.001 ^b
	Residual	56.021	729	.036		
	Total	56.424	730			
a. Dependent Variable: Customers perception						
b. Predictors: (Constant), Price						

(Source: Primary data)

Table no 1.7: Regression coefficient of Customer perception and Price of Chinese electronic products

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	1.653	.031		54.099	.000
	Price	.050	.015	.856	3.367	.001
a. Dependent Variable: Customers perception						

(Source: Primary data)

Interpretation:

The analysis is carried out by using linear regression model test and it is found that the beta value is 0.856 which shows a highly significant influence of price of the Chinese electronic products on customers' perception. The R value is 0.856 and R square reached to 0.707, this represents there is a significant relationship between customers' perception and price of the Chinese electronic products with p-value (.001). Hence, the null hypothesis is rejected and alternative hypothesis accepted.

Sub hypothesis 1

H₀: There is no significant difference in customers' perception on price of the Chinese electronic products with respect to age.

H₁: There is a significant difference in customers' perception on price of the Chinese electronic products with respect to age.

Table no 1.8: Descriptive statistics of Customers' perception on Price of Chinese electronic products with respect to age

	N	Mean	Std. Deviation
Below 20	150	2.1091	.32290
20-30	400	2.0078	.33258
30-40	100	2.6976	.31322
40-50	80	2.3272	.28201
Total	730	2.0334	.32024

(Source: Primary data)

Table no 1.9: One –way ANOVA result of Customers' perception and Price of Chinese electronic products with respect to Age

ANOVA					
Price					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1.893	3	.631	6.213	.000
Within Groups	159.630	727	.102		
Total	161.523	730			

(Source: Primary data)

Interpretation:

The one – way ANOVA test indicates that the mean score of age of the respondents and perception on price of Chinese electronic products significantly vary among different age groups ($f=6.213$; $p<0.05$).

Table no1.10: Homogeneous subset of Customers' Perception and Price of Chinese electronic products with respect to Age

Price			
Student-Newman-Keuls ^{a,b}			
Age	N	Subset for alpha = 0.05	
		1	2
20-30	400	2.0078	
Below 20	150	2.1091	
40-50	80	2.3272	
30-40	100		2.6976

(Source: Primary data)

Interpretation:

The above table depicts that there is a difference in the mean value of customers' perception towards the price of the Chinese electronic products with respect to age of the respondents. The mean value of all the respondents belonging to the age group of below 20 years, 20-30 years, 30-40 years and 40-50 years stood at 2.1091 ,2.0078, 2.6976 and 2.3272 respectively. The results reveal that the respondents who are in the age group of 20-30, below 20 years and 40-50 years feel that the price of Chinese electronic products are affordable when compared to the respondents who are in the age group of 30-40 years.

Sub hypothesis 2

H₀: There is no significant difference in customers' perception on price of the Chinese electronic products with respect to education qualification

H₁: There is a significant difference in customers' perception on price of the Chinese electronic products with respect to education qualification

Table no 1.11: Descriptive statistics of Customers' perception on Price of Chinese electronic products with respect to education qualification

	N	Mean	Std. Deviation
Under graduate	90	2.2342	.30440
Graduate	460	2.2126	.30556
Post graduate	180	2.6581	.34318
Total	730	2.0334	.32024

(Source: Primary data)

Table no 1.12 : One –way ANOVA result of Customers' perception and Price of Chinese electronic products with respect to Education qualification

ANOVA					
Price					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.657	2	.329	3.214	.040
Within Groups	160.865	728	.102		
Total	161.523	730			

(Source: Primary data)

Interpretation:

The one – way ANOVA test indicates that the mean score of education qualification of the respondents and perception on price of Chinese electronic products significantly vary among different education qualification group ($f=3.214$; $p<0.05$).

Table no 1.13: Homogeneous subset of Customers' Perception and Price of Chinese electronic products with respect Education Qualification

Price			
Student-Newman-Keuls ^{a,b}			
Qualification	N	Subset for alpha = 0.05	
		1	2
Graduate	460	2.2126	
Under graduate	90	2.2342	
Post graduate	180		2.6581

(Source: Primary data)

Interpretation:

The above table depicts that there is a difference in the mean value of customers' perception towards price of Chinese electronic products with respect to the education qualification of the respondents. The mean value of under graduates is 2.2342, graduates are 2.2126 and post graduates customers' mean value is 2.6581 respectively. The result reveals that the respondents who are undergraduates and graduates feels that the price of the Chinese electronic products is affordable and value for money when compared to post graduate respondents.

Sub hypothesis 3

H_0 : There is no significant difference in customers' perception on price of the Chinese electronic products with respect to monthly income.

H_1 : There is a significant difference in customers' perception on price of the Chinese electronic products with respect to monthly income.

Table no 1.14: Descriptive statistics of Customers' perception on Price of Chinese electronic products with respect to monthly income

	N	Mean	Std. Deviation
less than 25000	140	2.0443	.33631
25000-35000	410	2.0342	.29645
35000-45000	130	2.0286	.34247
Above 45000	50	2.0531	.34697
Total	730	2.0334	.32024

(Source: Primary data)

Table no 1.15: One –way ANOVA result of Customers' perception and Price of Chinese electronic products with respect to Monthly income

ANOVA					
Price					
	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.056	3	.019	.182	.909
Within Groups	161.466	727	.103		
Total	161.523	730			

(Source: Primary data)

Interpretation:

The one – way ANOVA test indicates that the mean score of monthly income of the respondents and perception on price of Chinese electronic products does not significantly vary among different income groups ($f=0.182$; $p>0.05$)

Table no 1.16: Homogeneous subset of Customers' Perception and Price of Chinese electronic products with respect to Monthly income

Price		
Student-Newman-Keuls ^{a,b}		
Income	N	Subset for alpha = 0.05
		1
35000-45000	130	2.0286
25000-35000	410	2.0342
less than 25000	140	2.0443
Above 45000	50	2.0531

(Source: Primary data)

Interpretation:

The above table depicts that there is no difference in the mean value of customers' perception towards price of Chinese electronic products with respect to the monthly income of the respondents. The mean value of respondents belonging to the income group of less than 25000 is 2.0443, 25000-35000 is 2.0342, 35000-45000 is 2.0286 and above 45000 2.0531 respectively. The result reveals that all the respondents from different income group feel that the Chinese electronic products are affordable.

Results

The study found that there is a positive relationship between customer perception and price of Chinese electronic products with a correlation of 0.856, and p value is 0.001 which is less than 0.05. The price of Chinese electronic products influence (Beta=85.6%) the customers' perception which means there is a positive relationship and influence of price factor on the customer perception towards Chinese electronic products.

1. Customer perception towards price of Chinese electronic products with respect to age shows that there is significant difference in perception as the p value is 0.000 which is less than 0.05. The mean value of all the respondents belonging to the age group of below 20 years, 20-30 years, 30-40 years and 40-50 years stood at 2.1091, 2.0078, 2.6976 and 2.3272 respectively. The results reveal that the respondents who are in the age group of 20-30, below 20 years and 40-50 years feel that the price of Chinese electronic products are affordable when compared to the respondents who are in the age group of 30-40 years.
2. The results disclose that there is significant difference in the perception of customers towards price of Chinese electronic products with respect to education qualification as the p value is 0.040 which less than 0.05. The mean value of under graduates is 2.2342, graduates are 2.2126 and post graduates customers' mean value is 2.6581 respectively. The result reveals that the respondents who are under graduates and graduates feels that the price of the Chinese electronic products is affordable and value for money when compared to post graduate respondents.
3. The results reveal that p value is 0.909 which is more than 0.05, shows there is no significant difference in customer perception towards the price of Chinese electronic products based on monthly income. The mean value of respondents belonging to the income group of less than 25000 is 2.0443, 25000-35000 is 2.0342, 35000-45000 is 2.0286 and above 45000 2.0531 respectively. The result reveals that all the respondents from different income group feel that the Chinese electronic products are affordable.

Conclusion

The perception of customers towards the price of Chinese electronic products is a sincere attempt made to know as to what drives Indian customers to opt Chinese electronic products to such large quantities, because if there is demand only then the supply is enabled and imports are done.

The study reveals that the price factor plays a lead role for Indian customers to opt for Chinese electronic products.

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