

# **A CONSUMER BUYING BEHAVIOUR TOWARDS PAINTS- WITH REFERENCE TO ASIAN PAINTS.**

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## ***ABSTRACT***

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Earlier when houses were built or renovated, consumers did not give much attention to the paints used. Painting was never given as much importance when decisions were made regarding a house construction, but over the years due to the increase in competition, growth in infrastructure, consumer awareness about beauty, ambience and upkeep of their building, the consumer has become aware about the importance of buying best paints. People have started given a lot of importance to make their homes look beautiful and aesthetic. Initially the decision to buy paints depended up on the contractor or the construction firm but now it has slowly become part of the final user's decision. With government assistance for the building and infrastructure sector, the industry is expected to grow at a rapid pace over the next five years, with enormous growth potential.

This study talks about various paint brands with a focus on customers preferences, needs, wants and the factors that affects their decision while buying paints. This study also proves an already proven fact that Asian paint is the largest and most trusted paint brand in India.

The study aims to determine how a company's efforts should be channeled and how they should formulate their future strategies according to the consumer preferences. The study also shows the impact of how a company's branding exercise and marketing strategies affects a consumer's purchasing decisions towards paints.

### **KEY WORDS-**

- Consumer buying behaviors.
- Factors affecting it.
- Indian paints industry.
- About Asian paints.
- Research conducted and it's analysis.

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## *INTRODUCTION*

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The study of consumers, groups, or organizations, as well as all behaviors involved with the buying, usage, and disposal of goods and services, is known as consumer behavior. Consumer behavior refers to how a person's thoughts, opinions, and interests influence their purchasing decisions. The amount of participation a customer does in a purchase decision determines their purchasing behavior. The degree of risk involved in a purchase, influences purchasing behavior as well. Higher-priced goods carry a higher risk, requiring more participation in purchasing decisions.

Personal and group emotions manifested in the form of buying patterns determine a company's marketing successes or failures.

Because the consumer is the basis for any company's existence, it's critical to get to know them and analyze their purchasing habits.

Those psychological, social, and physical behavior of prospective consumers when they become aware, analyze, purchase, consume, and tell other people about goods and services" is defined as consumer buying behavior.

One of the components that must be studied in order to have a better picture of the consumer market is their purchasing habit. In today's competitive environment, this is especially the case. It also helps when clients purchase more from the company. Identifying consumer buying behavior is among the components that contributes in the achievement of marketing objectives; without which, obtaining new customers and retaining the old ones becomes more challenging.

Basically, there are 4 forms of consumer buying behavior, which are as follows-

1. Complex
2. Dissonance reducing
3. Habitual
4. Variety seeking

The various factors Influencing consumer buying behavior are:

1. Personal factors,
2. Social factors,
3. Cultural factors,
4. Psychological Factors.

There are some steps involved in consumer buying process which are mentioned below-

1. Problem recognition
2. Information search
3. Evaluation of alternatives
4. Purchase decisions
5. Post purchase behavior

## INDIAN PAINT INDUSTRY



The Indian Paint Industry has a long history, almost as long as the Indian people themselves. Cave paintings dated 10,000 BC are indeed the earliest instances of Indian paintings. Over time, the Indian subcontinent's painting history flourished and evolved, resulted in a fully grown and refined style, combining the region's and religion's culture and beliefs. Rich colour and clear symbolism are always used in Indian paintings, with special symbolism used to make religious figures easily recognizable.

India's robust economic growth has propelled the paint sector to double-digit growth in recent years, making it the fastest-growing paint market in Asia Pacific. Despite its rapid expansion, India's per capita paint consumption remains abysmally low at 2 kg per year. Demand for paints in both the industrial and ornamental segments is expected to expand as a result of increased government expenditure for infrastructure, positioning the Indian paint sector for further expansion.

The paint market is organized in over 65 percent of cases. The organized market is a classic example of an oligopoly, with high entry barriers and the 'top-5' firms capturing the majority of the market, whereas the unorganized market is highly fragmented, with over 2,000 participants.

The unorganized sector controls around 35% of the paint market, with the organized sector accounting for the balance. In the unorganized segment, there are about 2,000 units having small and medium sized paint manufacturing plants. Top organized players include Asian Paints, Kansai Nerolac, Berger Paints and ICI

The history of Indian paint has captivated culture for centuries. For more than 20,000 years, colour has been a primary draw. With sustained double-digit growth over the last two decades, the Indian Paint Industry is now valued over INR 62,000 crores (USD 8 billion) which is the world's fastest-growing significant paint industry. It boasts approximately 3,000 paint manufacturers, including almost all of the world's main brands.

The Indian paint industry was not included in the Indian government's list of "protected priority" industries. As a result, international players were welcome in this industry. Cost profiles were used to form strategic groups inside the sector. The organised sectors, or large players, were primarily concerned with conformity and performance quality at a fair price.

The paint industry was divided into two Customer segments: Industrial (such as automotive) and Decorative (such as housing).

## Segmentation of Paint Industry



**DECORATIVE-** Exterior wall paints, interior wall paints, wood finishes, enamel, and ancillary items such as primers, putties, and so on are the major categories in ornamental. Decorative paints account for more than 77.3 percent of India's total paint market. In this industry, Asian Paints is the market leader. Household painting, architectural, and other exhibition uses drive demand for decorative paints. When compared to other times of the year, the festive season (September to December) has a high demand. In comparison to the industrial industry, this segment is price sensitive and has a higher profit margin.

**INDUSTRIAL-** Automotive coatings, powder coatings, and protective coatings are the three primary segments of the industrial sector. In this segment, Kansai Nerolac is the market leader. Automobile engineering and consumer durables are two businesses that use industrial paints.

User industries for industrial paints include automobiles engineering and consumer durables. The industrial paints segment is far more technology intensive than the decorative segment.

## **COMPANY PROFILE**

### **ASIAN PAINTS**



Since its humble origins in 1942, the company has come a long way. It was founded as a partnership by four friends who wanted to compete with the world's largest and most well-known paint businesses operating in India at the time. Asian Paints grew into a corporate force and India's biggest paints firm over the course of 25 years. Since 1967, the company has been the global leader in paints, thanks to its strong consumer focus and innovative attitude. It is now twice as big as any other paint firm in India. Asian Paints produces a comprehensive selection of paints for ornamental and industrial applications, as well as Wall Coverings, adhesives, and services. The company also sells bath and kitchen products in the Home Improvement and Decor area. Lighting, furnishings, and furniture were also added to the company's inventory. Asian Paints offers a variety of Sanitizers and Surface Disinfectants in the Health & Hygiene category.

Asian Paints Ltd is a global Indian paint manufacturer headquartered in Mumbai, Maharashtra. The company is in the business of producing, selling, and distributing paints, coatings, home decorating items, and bath fixtures, as well as offering related services. Asian Paints Ltd is India's largest paint firm, Asia's third largest, and the world's ninth largest. Berger International, SCIB Paints, Apco Coatings, and Taubmans are among the company's affiliates with activities in 22 countries and 27 paint manufacturing plants serving customers in 65 countries. Asian Paints produces a wide range of artistic and commercial

paints. Auxiliaries, automotive, decorative paints, and commercial paints are among the company's offerings. Maharashtra, Gujarat, Andhra Pradesh, Uttar Pradesh, Tamil Nadu, and Haryana all have manufacturing plants. The company operates in all four divisions of decorative paints, namely Interior Wall Finishes, Exterior Wall Finishes, Enamels, and Wood Finishes.

Asian paints are the largest player in India, and also the market leader in decorative paint, with a 41% market share. It has a domestic installed capacity of 1,62,700 tpa for paint. With the government planning thrust in the housing sector, players like Asian paints stand for the benefit, as the demand for decorative paints will grow.

## **BACKGROUND**

APIL was founded in 1942 by Champaklal H Choksey, Chimanlal Choksi, SC Dani, and A Vakil as a partnership corporation. In 1945, it was renamed Asian Oil and Paint Co Pvt. Ltd. and became a private limited corporation. The company's name was changed to Asian Paints (India) Pvt. Ltd. in 1965. It was transformed to a public limited corporation in 1973.

Since its humble origins in 1942, the company has come a long way. It was founded as a partnership venture by four friends who were eager to take on the world's largest and most well-known paint companies operating in India at the time. Asian Paints grew into a corporate force and India's biggest paints firm over the course of 25 years. Since 1968, the company has been the industry leader in paints, thanks to its strong consumer focus and innovative attitude. It is now larger than any other paint firm in India. Asian Paints produces a wide range of ornamental and industrial paints.

In 1957, APIL opened its first factory in Bhandup. Ankeleshwar (1981), Patancheru (1985), and Kasna (1990) are the locations of the company's additional plants.

All of the plants have their own resin manufacturing facilities and can produce a wide range of paints. APIL's Ankleshwar plant also produces a critical raw material, Phthalic Anhydride, of which 30% is expensively used. Previously, APIL produced another raw material, vinyl pyridine latex, which was later hived off into a new firm known as Apcotex Lattices Ltd.

Capacity expansions have occurred in stages. The Bhandup plant's productivity has been low. APIL was able to reduce its personnel by implementing an AVS plan in 1993. APIL has improved its operational



efficiency by investing in information technology, particularly in the areas of manufacturing and distribution logistics. Pentasia Chemicals Ltd., an ailing subsidiary of APIL, was merged with APIL in FY96.

## **LOCATIONS**

Asian Paints is likewise well-known on a global scale. The company is active in a number of nations throughout the world. Asian Paints optimizes its location strategy through a network of five regions: the Caribbean, South Pacific, Middle East, South East Asia, and South Asia. Asian Paints has a solid market position and a large distribution network.

Asian Paints offers dealers an open door and flexible policy for entering the retail industry and working on marketing and distribution across the country. The firm is India's largest paint producer, with manufacturing facilities across the globe.

APIL has 4paints manufacturing plants. The oldest plant is at Bhandup in Mumbai. The other plants are at Ankleshwar in Gujarat, Patancheru in Andhra Pradesh and Kasna in Uttar Pradesh. The Phthalic anhydride plant is located at Ankleshwar in Gujarat. Penta plant (result of PCL merger) is located at Cuddalore in Tamil Nadu. The installed Capacity of each manufacturing facilities are:

<b>Manufacturing facilities</b>	<b>Installed capacity (TAP)</b>
Bhandaup, Mumbai	20,000
Ankleshwar	50,000
Patancheru Andhra Pradesh	50,000



Kasna ,Uttar Pradesh	42,700
Total	162,700

APIL, India's largest Paints Company, is the market leader in decorative paints. It has remained focused on core business and has consistently improved operating efficiencies.

Paints sector can be segmented application wise, as decorative paints and industrial paints. While both are characterized by low capital costs and high working capital intensive, the latter requires special technology. Capacities are normally set up close to markets, so as to be able to offer multitude of shades and colors to customers. Brand building and dealer network act as effective entry barriers. Demand is seasonal in nature—low during monsoon, high during festivals.

Domestic paints sector, dominated by decorative paints (70%) is expected to undergo a structural shift towards industrial paints, as cross-border tie-ups in industrial paints are becoming order of the day. Most organized sector players are established with well-entrenched distribution network and established brands. Threat of global competition is minimal. The underdeveloped industrial paints market holds maximum growth potential, albeit competition, product innovations and a fight for superior distribution network.

Focused on decorative paints segment, APIL is set to gain the maximum amongst the peer members from the uptrend in the housing sector. The company is restructuring its operations into three SBUs and has set target to be amongst the top ten decorative manufacturers in the world by 2003. APIL is investing heavily in dealer tinting machine—Color World and IT technologies to keep ahead of competition. APIL has set target of Gross sales of Rs21bn by 2003 and earning growth of above 20%. It also has set a vision to be among the top five paint companies worldwide by 2005. On export front, the company is looking out for alliances/ takeover in the emerging markets of Asia.

## **MARKETING STRATEGIES OF ASIAN PAINTS**

- Asian Paints' features and services have been completely tuned for market promotion. To sell its products to a certain section of customers, the corporation employs cutting-edge strategies and taglines. It uses taglines to capture the attention and ears of its target audience, prompting them to contact it right away.
- Asian Paints enjoys excellent customer service and sales as a result of this technique. In addition, the corporation promotes its products through a variety of platforms in order to reach out to customers.
- Since its inception, the company's advertising department has grown in size and importance, with a primary focus on brand awareness. Asian Paints has signed several renowned Indian celebrities as brand ambassadors, including Deepika Padukone, Ranbir Kapoor, and Rahul Dravid.
- Unlike its competitors, who focus solely on metropolitan areas, Asian Paints offers nationwide distribution through a network of 13,000 dealers. To help dealers across India, the corporation maintains a broad network of regional offices, company depots, and sales employees.
- Asian Paints focuses on its communication and brand strategy in addition to activities to establish client trust. Asian Paints hired Bangalore-based "Momentum" as advisors for a new advertising campaign aimed at cultivating a positive public image in 2000.
- Asian Paints lowered the price of its paints by lowering the cost of raw materials. It devised a new marketing technique that elicited an emotional response from customers.
- Asian Paints excels at coordinating production and marketing. Its philosophy of providing custom-made products to meet customer requirements has resulted in an ever-expanding product line.
- Asian Paints' corporate reputation has been a big asset. The image is one of a prosperous, well-managed, and reliable business. Asian Paints has received numerous honors and awards.
- In its projects, Asian Paints placed a strong emphasis on technology and marketing. For process rationalization, it implemented Enterprise Resource Planning (ERP) and Supply Chain Management (SCM) technologies.
- Asian Paints hopes to address India's expanding demand for automotive coating, industrial powder, protective coating, industrial light coating, and industrial container coating by working with PPG INC, a prominent maker of automotive coatings.

**Revenue history for Asian Paints from 2013 to 2021**

Year	Revenue	Change
2021 (TTM)	\$3.72 B	41.59%
2020	\$2.63 B	-9.81%
2019	\$2.92 B	7.09%
2018	\$2.72 B	8.24%
2017	\$2.51 B	13.79%
2016	\$2.21 B	-4.23%
2015	\$2.31 B	2.3%
2014	\$2.25 B	11.56%
2013	\$2.02 B	0.7%

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## *LITERATURE REVIEW*

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A thorough evaluation of the literature was conducted to determine the research gap and to identify the study's pertinent researchable concerns. In order to draw the scope of the study, a researcher must evaluate the associated literature study to gain a thorough understanding of the issue and the research gap.

According to Rowley (1997), the consumer buying process offers two valuable perspectives: the decision-making process connected with consumer buying and the elements that influence the buying process. According to the author, the buying process of customers can be split into personal, psychological, social, and cultural components.

Customers feel humiliated and abused by banks, hotels, and other businesses, according to surveys performed by the University of Michigan Business School (2001). According to related polls, clients are being treated with less respect, and despite the fact that company is rising, quality is deteriorating. Not only did this reality have a direct influence on consumer satisfaction, but it also had a direct impact on company profitability and performance.

There has been a fundamental shift in how corporations serve their customers, according to Reis et al. (2003). According to Anderson et al. (1994), higher customer satisfaction leads to higher and more stable profitability, increased consumer willingness to pay price premiums, new potential customer recommendations, increased product usage, higher repurchase intentions (Reitchheld 1996), and higher levels of customer retention and loyalty (Fornell 1992; Anderson & Sullivan 1993)

In his e-article "Consumer Behavior and Buying Decision Making," Anurag (2007) points out that marketing in India is undergoing an indefinable phase, as is the shifting role of the consumer in decision-making and the manner in which the new generation of Indian consumers behaves. External influences such as liberalisation and the proliferation of media are changing the dynamics of Indian families.

In his analysis, Sundaram Rajagopalan (2013) predicts that the urban middle class would continue to grow in the future years. Because of their sheer size, urban affluent customers have more spending power.

Product proliferation will occur, and consumers will grumble about having too many options, even if they would like to have too many options.

The rise of the domestic paint business is related to the boom in the housing sector and the significant growth in the vehicle sector, according to the Indian Paint Industry Report (2010). The ornamental category accounts for over 70% of the domestic paint industry's sales, while the industrial segment accounts for about 30%. The manufacturing sector was active in 2005, with new projects in the road, port, and industrial sectors. The Indian paint business has enormous potential, as per capita paint usage in India is 800-900 grammes versus 15-25 kg in wealthy countries.

According to the Indian Paint Association, demand for decorative paint will be led by the household construction industry, which is expected to grow nearly 8% over the next five years due to the severe housing shortage and the government's push to encourage housing activity, which is likely to shift more to rural areas. Because of the lower base and rapid development in important users such as consumer durables and automobiles, the industrial segment will rise faster.

Paint demand is integrally tied to economic progress, according to Sunanda K. Chavan's (2010) empirical findings. The market for decorative paint in India is primarily driven by two segments: new construction and retail demand for renovation. While industrial paint is used in industries such as automobiles, consumer durables, and shipping engineering, demand for paint has increased by 10% in the last five years.

After a period of sluggish growth in the late 1980s and early 1990s, the industry increased at a high rate of more than 12% from 1992 to 1996. Between 1987 and 1992, low growth of 2-4 percent was caused by high excise taxes and sluggish industrial growth. Following 1992, the sector began to recover, thanks to improved economic conditions and the streamlining of the excise structure.

Indian clients, according to Mishra (2002), are looking for new answers to their problems as well as better value for their money. This persuades the paint industry to introduce value-added products at a cheaper cost. Washable odorless interior paints, water-based enamels, and anti-bacterial paints are some of the new types of paints introduced by corporations to attract more clients. Aside from these, firms have also released paints that have a long-term warranty.

In his empirical research, Pandey (2009) stated that paint firms are working at their best at this time and are gradually approaching the horizon of success. Asian Paint is the best paint company in India, according to the

survey, followed by Nerolac Paints and Berger Paints. Paint producers are in a fierce battle for market share. Asian Paints and Berger Paints have the most dealers, followed by Nerolac Paints, ICI Paints, and Shalimar Paints, with Asian Paints having the strongest perception among consumers and dealers. However, when it comes to choosing paint, performance and quality are the most important criteria for the buyer.

### **RESEARCH GAP**

- There was no research focused on consumer preference while choosing paint products.
- There is no clarity of factors that affect people while buying paints.
- There was no clarity about the influences on people while buying paints.
- There were no clear insights on which method of promotion affects people the most.
- Many researches done earlier were contradicting each other. Some researchers say service was most important to consumers, some said brand name was important and so on.