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**STUDY ON THE FACTORS INFLUENCING THE BUYING BEHAVIOR OF CEMENT**

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**ABSTRACT**

The role of the cementing materials has been vital so far. The use of these items can be traced back to ancient times. During the Egyptian era, the calcined gypsum was used as a substitute for cement. The Romans and the Greeks made use of lime, which they obtained through limestone heating, for construction. To this, they added sand to obtain mortar. To lime, they also added coarse stones to get concrete. The Indian cement industry saw its beginning from 1889. This was when a Kolkata based Company made cement from Argillaceous. However, it was only the early 1990s, that the Indian Cement Industry began to attain a proper shape. It was in the year 1914 the first authorized cement plant was established by Indian Cement Company Ltd, at Porbandar in Gujarat. It had a total capacity of 10,000 Metric Tons Per Annum, production capacity.

Brand awareness is the extent of knowledge amongst the buyers regarding the availability and acceptability and the life of any given product. It is often measured as the ratio of the niche market that has knowledge of the brand from the earlier times. Likewise, brand recognition is the customers' ability to recognize a certain brand whereas brand recall is the ability of the customer to get information of the brand from his or her own memory, based on previous experience.

Keywords: Brand Preference, Consumer, cement etc.

**I. INTRODUCTION**

India has turned out to be one of the favored destinations when it comes to foreign investments, especially in the segment of manufacturing. Manufacturing is considered to be one of the sectors with a high potential for growth. It is estimated that by the end of 2020 India will turn out to be



the fifth-biggest manufacturing nation of the world [1]. Experts think that the Indian manufacturing segment has the potential to reach a level of US\$1 trillion by the end of 2025. It should be able to contribute a minimum of 25% of the GDP by this time. It is estimated that this segment will give rise to at least 90 million jobs [2]. In the year 2018- 19 the Indian cement manufacturing industry reached a mark of 337.32 million tones and dropped to 278.79 million tones from 2019 April to 2020 January. The Indian industry of cement manufacturing has attracted a huge amount of investments and has seen a huge influx and many developments in recent times. This can be explained through the higher demand for cement. This high demand is again explicable from the fillip in the infrastructural activities and the construction industry. The profit margins are again surely soaring . This segment has attracted a good number of foreign investors and players. This is all the more encouraged due to 100% FDI offered to the industry. The decisions of investment are taken based on the potential of the market. This is ascertained based on the business environment. Hence in this perspective, it can be said that the business environment is a rather important aspect that develops the sector through attracting foreign investments.

The Indian cement industry makes use of some of the most ace and latest technology, which are world-class in their own right. The huge volume of quality limestone deposits throughout the nation is a bonus, that provides much support to the cement industry and promises a rosy future for it. The overall development of the nation has made the Indian government rather ambitious for the cement industry. The government has made some major investments so that the production of cement can be increased. The Department of Industrial Policy and promotion under the able leadership of the central Ministry of Commerce and Industry happens to be the main driving force behind the growth of the Indian cement industry.

It was from 2016 that the Indian cement industry, which had experienced a past century of boom and development slowly started to taste hostile and unfavorable business environments. This was possibly due to an overbuilt capacity and also decline rates of consumption. The industry that had experienced a cumulative rate of annual growth of 7.8% for the last twenty years began to see its first slump form 2016 [3]. From 2016 – 17 the industry witnessed a steep fall of 4 to 5% annually. This could be due to the general slump in the national economy. There was a dip in



monthly sales of about 20 to 50%. The demonetization again came as a major blow. It was in 2016 November that the Indian government canceled the ongoing 500 and 1000 rupee notes. They made a major contribution of 86% of the national cash that was being circulated at that point of time. This was one of the main reasons why the demand for cement declined from the various major segments. The national economy faced a major decline during the time of demonetization and the cement industry also faced the effects of this phenomenon. A lesser circulation of the currency notes brought the construction activities to a condition of the status quo. It seemed the rural housebuilders did happen to be worse affected. This reduced, the dispatch of cement by 10% [4]. In the year the Indian cement industry witnessed it's first-ever decline since the last decade when there was a fall of 13% in January in 2017 [5]. The sector of individual housing did generate a total demand volume of 60 to 65%. This saw a decline that the figure dipped to 55% in the next coming three to four years. Nevertheless, infrastructure development and the industrial sectors, did not exhibit any form of a dip, in demand for cement. It has been observed that the government created a demand for cement in both segments. The government decided to increase the funds that were being allocated to the housing industry by a margin of 38% and by a margin of 23% in the development of highways. These two allocations increased the demand of cement by a margin of 10% in the coming financial year. Nevertheless, on a general basis, it is believed that the cement industry had to face a 30 to 40% reduction or fall throughout the industry [4]. This happened to be an added trouble for an industry that was already facing numerous challenges like the advent of new technology, new regulations, a sure dearth of raw materials, challenges of logistics, excess capacity, etc.

## II. THE OBJECTIVE OF THE STUDY

The current study, through its discourse, makes an effort to assess the factors, that influence the purchasing behavior of the customers to buy cement.

## III. CEMENT INDUSTRY PROFILE

Cement is one of the elemental raw materials that are required to construct strong infrastructure. This is why cement happens to play a very significant role in the development of a nation's economy. The beginning of the Indian cement industry can be traced back to the year 1889 when a Kolkata based company began its trading with cement made from Argillaceous [6]. In the early



1900s, the industry soon started to take an organized shape and this was the time when India cements Company Ltd was established for the very first time. It was a public sector undertaking and had a capacity of producing 10,000 Metrics Tons Per Annum , in the year 1914. This unit was based at Porbandar in Gujarat. The industry witnessed a better growth only after the establishment of partial decontrol in the year 1982. In the year 1989 there was complete decontrol and the year 1991 saw delicensing. All of this was done in the initiative of the Indian Government who wanted to give a healthy thrust on the development of the national infrastructure. The industry has thrived in those parts of the country where limestone reserves are abundant. This happens to be the main raw material for making cement. It is on the strength of this industry, that more than a million of people have attained direct or indirect employment [7]. The Indian cement industry happens to be only the second to China in terms of its productive capacity. The Indian cement industry caters to more than seven percent of the global cement demand.

#### IV. BRAND PREFERENCE IN CEMENT INDUSTRY

Sharma S. ( 2017) have pointed out the significance of branding in the industry of cement. The presence of clusters was the main reason that sparked off the various efforts of branding. The brands invest quite heavily in media presence which enhances the brand's visibility in the market. Traditionally cement has made use of the door to door media, the hoardings, and the walls. The author in his work has pointed out at the various reasons why branding has become so very important in the cement industry. It has been observed essentially that the cement manufacturers often sell their products to places, that are in the nearby vicinity. The author has further purported that branding is one of the best ways through which a brand can stand out of a cluster [8].

Mohan, Safeer and Bhanu (2009) have investigated the marketing strategies of Madras Cement Ltd. The Mann-Whitney U Test was applied, so that a comparative analysis could be done between the production level of Madras Cement Ltd. and the other cement units in the country. The findings revealed that the production performance of all the units and that of Madras Cement Ltd., happened to be similar [9].



Shahzad et. al. (2008), in their research, has tried to compare the marketing gimmicks of the three Cement companies in India – Ramco, Sankar, and Chettinad. The investigation revealed that the multinational corporations were much more effective in making optimal use of their assets, so that maximum profits could be generated. Nevertheless, it was seen that the Indian companies have a marketing facility that was ten times of that of the MNCs. This indicated at the fact that as compared to the MNCs the Indian companies made a much lesser use of marketing strategies [10].

Lin and Tan (2003), in their research on marketing management which was carried out in Tamil Nadu Cement Corporation Ltd, Alangulam, has pointed out that the marketing strategy of the company did not happen to be, all that effective and hence was unsatisfactory. They concluded that certain measurements of reforms must be undertaken, so that the marketing strategy of the company could be improved and enhanced in the future [11].

#### V. FACTORS INFLUENCING CONSUMER PERCEPTIONS OF A BRAND

Kotler has explained that perception is a process through which information is received, then chosen, arranged, and next interpreted by a person. The following are, a few of the factors that, often influence the perceptions of the buyers regarding a brand:

- **Quality:** This is a primary element that is often considered by consumers, when they make their brand selections. Uggla (17) has opined that quality is an integral element in the frame of brand identity.
- **Price:** McDonald and Sharp (18) have purported that price is a factor that can play an important role in the task of making a selection of the brand. This can be done in a couple of ways. Buyers can either go for the lowest price brackets, so that high financial risk can be avoided. Otherwise, they can also go for the highest price brackets in order to ensure that they are getting the best possible quality.
- **Influence by others:** Kotler et al (19) have stated that the influence of the people around a buyer can play a dominant role in the buying decisions of the customer. It has been seen that buyers often consult amongst themselves regarding any particular product before they buy them. They take each other's advice and opinion regarding the quality of the product and its price range. The advice is given by people around a buyer often has a strong impact on his buying



choices. However, this is an impact that can vary from person to person. The early adopters are lesser influenced as compared to the late adopters. Culture is an element that can yet again influence the decisions of a buyer. The attitude of people around a buyer can yet again influence his buying choices and decisions.

- Advertising – Advertisement is a strategic move on the part of the brand to enhance its awareness amongst the buyers in the market. The experts are of the opinion that if a brand can invest regularly in advertising, packaging, and promoting its brand image, will become stronger with time. Some of the popular methods of advertising are on TV, radio, cinema, billboards, etc.
- Packaging – This is a process that designs the cover of a product. Kotler has claimed that packaging is a form of advertising that tells more about the brand and its products and helps to attract more customers.
- Convenience – Lin, and Chang (20) have pointed out that products that are easily available in the stores and shops, often have a broader portfolio of patrons with them.

#### VI. BUYERS' ATTITUDE TOWARDS VARIOUS BRANDS OF CEMENT

Philip Kotler (2003) has pointed out that most of the commodities that were unbranded earlier are branding themselves, real fast. Branding has been reckoned as one of the strongest forces of the modern market. The brand equity of popular branded companies, are often taken to be a real asset that must be put to use carefully and strategically [12]. The most pertinent reasons that call for branding is that it helps in the identification of the brand and its products. This helps in the process of repeat sales and also brings about new product sales under the umbrella of the same brand.

Aaker (2011) has purported that consumers often have a brand preference which means that they tend to go back to a brand time and again. The extent to which consumers often select one brand over the other in the market [13].

#### VII. CONSUMER INFLUENCING FATOR IN DECISION MAKING FOR SELECTING CEMENT BRANDS

McKinsey (2019) have pointed out the fact that cement is, one of the major raw materials, issued in construction and civil engineering projects. This is the reason that can account for its high demand. However, selecting a cement brand is a really difficult job. The investigation through its



discourse discusses the various factors that impact the decision of selecting a cement brand. The research has been carried out against the backdrop of Madhyapur Thimi Municipality. Different types of consumers have been chosen for the research. The sample consists of supplier, house owners, mason, contractor, and also engineers. There were a total of 871 constructions that were under permit during 2016 – 17, 30 suppliers, 89 end buyers were chosen for the survey. Informal interviews were conducted so that detailed information could be attained. Additionally, focused group discussions were also conducted so that the brand and buyer behavior could be determined. In order to understand the significance of advertisements and promotional programs, hypothetical tests were conducted [14].

Shehzad et al (2014) in his research has pointed out the fact that brand image can be beneficial for the business volume of any organization. Brand image is one of the crucial aspects that can influence and can change the buying behavior of a person. The main aim of this study is to assess the effect, that a brand name can have on the buying decisions of a consumer, in University students in Faisalabad, Gujranwala, and Lahore. A questionnaire survey has been used, for the collection of data with the help of the non-probability convenient sampling method. 300 questioners were sent to the students of various universities in the mentioned cities. Over a period of one month, 250 responses were collected. The revelations of the study have exhibited the factor that brand image can have a positive impact on the buying decisions and choices of a buyer. The investigation that was conducted in Lahore, Faisalabad, and Gujranwala has revealed that those who are brand conscious, will always like to go for branded items [10].

McDonald, Sharp and Rickoll (2016) in their research work, have tried to analyze, understand and then point out at the various aspects, elements and attributes, that contribute to the shopping behavior and also the selection process and decision-making process of some of the most prudent shoppers, from the cement industry, in the district of Durg. While doing this, the sample that was collected, was the nonrewarding type, that was one in a limited sample of 50 contractors, engineers, builders, and mason. The paper is concentrated mainly on the knowledge of the supply handiest. The main aim of the current paper is to find out the various explanations that influence the buyer's choice of buying decision making particularly in the cement industry. This



paper can serve to be the basis for further future research in the domain of the cement industry [15].

Kotler (2014) has opined that the Indian market has many brands of cement. This is a fact which further complicates the task of making a selection amongst the cement brands. The study in its course has tried to determine the factors that a retailer keeps in mind, while they are making a choice of a cement brand for their retail outlets. This is a course, that determines, the features, characteristics, and services that are valued by the retailers amongst the cement companies. Exploratory research was done, initially with sample size of 10, which include individual home builder, masons, engineer/architect, contractors, builders, and dealer to get an insight into the product features and services, they are aware off and the variables that influence the selection of cement. The questionnaire listing various factors affecting their selection process was further modified and administered with a sample of 100 retailers. Further, the author applied factor analysis to summarize the major factors, that influenced the decision making process, using SPSS software [16].

#### VIII. CONCLUSION

Consumer, personality, is influenced by the risk aversion factor, where the consumer seeks to be certain and sure of what they are purchasing. For this, the consumer is influenced by other characteristics, which are consultant, friends and relatives, where the consultant is considered as the expert and friends/relatives are the prior users of the specific brand. In this way, the consumer's decision process is motivated and comes to the point of purchase. Today there are several brands of cements, available in the market, but Customers prefer to purchase their favorable brands due to various reasons. It is oblivious that, the Quality, Advertisement, Brand Name, etc. are the major preference factors.

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