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### A Study on the Factors for Intermediary Dependence Among Decorative Paint Customers Exploring the Impact Significance

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**Abstract:** The decorative paint industry is in its evolution in terms of its marketing strategies. Reaching the customers has ever been a challenge and this get all the more complex in the modern business scenario. Customer behavioural changes, industry convergence, economic policies, competition, access and availability of information related to products and services, environmental changes, expectations of the customer, industry peers and the government has forced drastic transformation of the paint brands. Paint brands are trying to stay relevant to the customers thereby trying to create a standing relationship with the market. In the course of generating a relationship with the customers little progress was achieved. One of the major reasons is the dependency on intermediaries. It is observed in the market place that the intermediaries, specifically dealer of decorative paints, carry an important place in the supply chain of paint companies. The value chain is intertwined with the dealer value chains and the bargaining power with the dealer has tugged the companies to remain associated with the dealers in reaching to its customers. Dealer in most part of the country decides the fate of brands and the customer perception is controlled by the dealers to some extent. Obviously not evident but the matter of fact is that the customer makes a last mile decision making process at the dealer vicinity and this could be an opportunity for the dealer to alter, modify or completely change the decisions the customer has. Customers depend on dealer for gaining knowledge about paints and to select the paint. As a supplement to this painter selection is also influenced by dealers. Paint companies depend on the same dealer to extend the product to the customers and for market development. This study is focused towards examining the dependency of customers on dealers and to characterize the dependency. The study tends to identify the reasons that create this dependency on dealers.

**Index Terms:** Dealer, Intermediary, Decorative Paints, Depen- dency, Influence, Marketing, Heuristics

#### I. INTRODUCTION

According to Andris A. Zoltners *et al.*, among the sales executives who departed their organisation, 32% had to quit primarily because of their interrelation with their manager, 2 Paint dealers role in the paint

industry is sufficiently significant. In case of the decorative paint industry there is a high level of relevance for paint dealers. The paint companies compete in reaching the customers at the shortest span of time and economical and dealers are the available source of connection with the last mile market chain. Delivering value is of utmost importance for any company and for paint companies that makes a significant impact. It is necessary for the paint companies to reach the markets that are spread across the country and it is a very difficult task by itself to establish the reach. Moreover setting intermediary is selective and a cautious task as it may even cost the loss of a market. Dealerships are of importance in connecting with the customers for paint companies while customer connects to the paint company through their dealers.

Thus the role of paint dealers becomes evident. It can also be observed that the only way for a customer at present to buy paints is only through the paint dealers. These paint dealers may be exclusive or multi branded. The potential of the market is determined by the concentration of dealers. Asian Paints is one brand that has a significant market share in the decorative paint segment. Less than 10% of the portfolio of Asian Paints is only non-decorative paints and hence the brand holds the maximum share of the market. The dealer network of Asian Paints is the highest in India. Asian Paints have approximately 28,200 followed by Berger paints and Kansai Nerolac with approximately 16000 and 12000 dealers. This shows the proliferation of dealers in the country specifically in this [19][20][21] 7% made their exit essentially because of poor pay and 21% left mainly because of the lack of growth opportunities.

## **II. THE RESEARCH PROBLEM**

There is a high probability that exist in the market that for some matters dealers are the only approachable alternative. This applies well in the decorative paint industry as for many reasons dealers are approached by the customers. Some of the reasons may include gaining product knowledge which refers to the customers search for available new paint products that have been introduced into the market. This product knowledge extends to understanding the types of paints and its specialized usage especially interior and exterior use. There has been a variety of paints that got recently launched which has distinctive qualities that benefit customers in various ways. , brand selection, service support, knowledge of paint application, identifying suitable painters and identifying suitable colour combinations.

While the different products with wide variety of promises are available selecting a suitable product requires gaining sufficient knowledge about the products and the credibility of the brand that endorses each product under consideration. Hence the dealer has to be depended on. Painters are the primary source of such information for a customer. The painter derives information from their experiences as well from the dealers to which they are attached directly or indirectly. So for this study the major source of information related to paints has been identified as the paint dealer, through them the required information reaches the market.

Selecting the brand is also a major task for the customer. The paint market is composed of branded and unbranded paints while in the branded paint category there are popular brands and brands from small and medium enterprises which does not carry higher promotion or publicity thus remaining silent in the market. Hence selecting the brand is also difficult and requires consultation with the dealer. Customers have a tendency to connect with the popular brands and when they are introduced to similar promises from a non-popular brand then the evaluation becomes difficult. Most customers strike a challenge in selecting paints endorsed by popular brands at the end of the day where the product by itself cannot be

differentiated, the offers and promises being similar and cannot be differentiated the task is left to the dealer. Here the dealer dependency is in selecting a brand of paint that is perceived to match the customer requirements.

Service support is yet another factor as service and painting support is available from the dealer and not directly endorsed by the paint company. Hence for after sales support and post purchase support in terms of painting, coating, and painter selection etc. the dealer is depended on by the paint customer.

Knowledge related to paint application is available to the customer from various sources, mostly from painters. But latest technology of application of coatings, the prevailing methods in other areas, the painting methods used by other painters and for different houses in the region is collected from the dealer. Dealer having access to information from company, peer dealers, several painters and a large variety of customers the information is deemed to be credible by most paint customers.

Most cases shows a dependency of customers to select painter for their house painting based on the suggestions and recommendation of dealers. As dealers get feedback from several sources the information carries more relevance for the customer in making a final choice.

Colour combinations are mostly experiment by customers and the tinting machines are available at the selected dealer outlets. This causes the customer to depend on the dealer for getting colour combinations and to familiarize with the options of colour mixing and tinting to create unique colours.

These factors are grouped together under the term familiarization. Familiarization represents the act of getting familiar with the paints and its application aspects.

Customers tend to collect information on new paint types available in the market and try to enhance their knowledge on innovations in the paint industry. For this, information is gathered from the paint dealer. The source of information could be other than dealers in gaining primary information but to know the actual benefit that could be derived from the said innovations is usually discussed and understood along with the dealer. Evaluating the possibilities of colour mixing, the dos and don'ts of colour mixing and colouring ideas is obtained from the dealer. There could be dependency in this regard. Further the dependency is extended to availing customer opinions. Dealers are source of customer opinions and the wide variety of customer feedback, responses are available with the dealers. Alongside there are obligatory learning process by the dealer to strategize in the local market as well to respond to the paint companies, credible information is regularly gathered by the dealer and hence the dependency is established for gaining customer opinions on paints and paint brands. These factors could be grouped under the term "enhancement".

There could be chance of dependency on dealers for discounts and offers as most of the paints that provide similar benefits are similarly priced. The cost-benefit analysis to generate perceived value could be achieved through discounts and offers. Dealers provide discounts and offers to capture new customers and to retain repeat customers. Every dealer may have their own strategies to accelerate the sales, hence the customer could avail this non-price differentials from the dealer only. Price bargain is not a custom in this industry in the area of study. Comparing new paints and paint types is possible at the dealer only as these products are physically available at the dealer and demonstrations can give added value to the evaluation process of the customer. Dealer is also consulted by the customers to add value to the cost reduction strategies during purchase, application and maintenance of the applied surface. These factors are grouped

under the term “Evaluation”. Evaluation refers to the customers evaluation of various alternatives of paints and painting methods available in the market comparing paints, painting types, discounts, offers, cost reduction strategies and colour mixing alternatives.

When all these exercise its own capabilities that may facilitate the dependency factor there could also arise a matter of redundancy of alternative information. When the willingness and ability to evaluate the various options and alternatives are reduced there arises the need to find optimum criteria for evaluation. This in the time when the dependency on dealers can be highlighted as there exist a desire in the customer mind to find a short cut to arrive at a suitable decision of the paint/ brand. This can be termed as Heuristics or mental shortcuts. Such mental shortcuts are mostly applied at the final purchase end which happens to be mostly a dealer premise. The dealer is consulted to ultimately select a paint brand and the rationality employed by the customer justifies the final selection.

### **III. RESEARCH OBJECTIVE**

The main focus and aim of this study is to identify the reasons for dependency on paint dealers by customers. For this purpose various factors that could lead to dependency on paint dealers has been identified and grouped. These are represented as Familiarization aspects, Enhancement aspects, Evaluation aspects and Heuristics.

### **IV. REVIEW OF LITERATURE**

From the fundamentals of humans to code, classify and evaluate there are other factors beyond this that generate experiences [1] can be seen as one literature that could mark the history of experience in marketing context. Further to these attitudes plays a significant influential role in evaluation in a marketing context [2] supported by the level of involvement exhibited by the customer towards the brand under consideration [3]. Brand associations and brand image significantly differs from the concept of experience [4] where the experiences related to brand need to be seen as behavioural responses to emotions, feelings, cognition and dynamic sensations [5]. The later literatures followed the emotional rational combinations to model experiences but not explicitly deriving a connect meanwhile glaring impressions of value creation through integration of relationship marketing became the focus for strategically modelling experiences related to brands [6] In this regard when the literatures are explored for further deepening the experience concept the relevance of touchpoints caught the attention. The different instances of contact a customer has with the company defines ”touchpoints” which has significant relevance in identifying the nature and scope of brand experiences . moreover there is an element of planned interactions often considered as staged events in describing these experiences [7]. One of the significant insight was in understanding the experience context may occur for both involved customers and uninvolved market. There are chances of brand experiences which are occurrences beyond the stages touch point of the marketer and these are also significant in explaining the brand experience [8] . Brand experiences could occur despite the stage at which the individual is when the customer development process is taken into consideration[9]. There are different types and forms of experiences derived from product [10] atmospherics [11], shopping [12], sensing, feeling, acting and relating [13], pleasure [14] social immersion [15] and various digital, online interactions with the [16]. From among various types and forms of experiences brand story and the experiences related to it are far more relevant and significant in defining the sustainability of the brand and

hence the literature provides an unrelenting fact that brand experience tops the list of consumer experiences and is explained through models that integrates different types of experiences the individual has with the brand at different touchpoint interactions at a given period of time in a given context [17]. Thus based on the literature review the brand experience model can be explained by using the significant impact of physical experiences, sensory experiences, affective experiences, creative experiences, cognitive experiences and social identity constructs that make the model.

## V. ANALYSIS AND FINDINGS

The main objective of this study is to explain brand experience based on the initial conceptual model generated. The survey was conducted among 450 respondents in the selected area by systematic sampling procedure. The demo- graphic characteristics of the respondents are presented in the following table.

The respondents are equally distributed among the three districts of Kerala State namely Kozhikode, Ernakulam and Trivandrum each representing the north, centre and south regions of the State. Most of the respondents reside in a municipal region and earns a monthly income of 20,000INR to 60,000 INR. Majority of the respondents have a house aged between 6-15 years that means there is a chance for the respondent to have painted the house a minimum of two times as the perceived gap between paintings for a house is estimated to be between 3-5 years. Moreover this indicates the knowledge level of the respondent in relation to paint and painting as they have two painting experience in general, atleast, to evaluate and compare. The respondents are repainting also validates this.

**Table 1**  
**Respondents Demography**

<i>Demographic Characteristics of the Respondents</i>		<i>Frequency</i>	<i>Percent</i>
District	Emakulam	150	33.3
	Trivandrum	150	33.3
	Kozhikode	150	33.3
	Corporation	90	20
Resident locality	Municipality	272	60.4
	Panchayath	88	19.6
Income (INR)	20,001-40,000	204	45.3
	40,001-60,000	199	44.2
	60,001-80,000	32	7.1
	80,001-100,000	7	1.6
	Above 100,000	8	1.8
Age of the house	1-5 years	27	6
	6-10 years	114	25.3
	10-15 years	250	55.6
	> 15 years	59	13.1
	First time painting	16	3.6
Recent painting	Repainting	434	96.4

*Source:* Compiled from primary data collected for the study.

Further, it is required to test the normality and reliability of the data for analysis and hence the normality is tested for which Kolmogorov-Smirnov test was employed.

Since the questionnaire being adopted from the past studies it is essential to test whether the factors stated under each of the variable endogenous (dependent) variables measures the exogenous (independent) variable correctly. That is first we wanted to test the convergent validity of the endogenous (dependent) variables using measurement model of the CFA. We further tests the following hypothesis:-

- H1 : Enhancement has positive impact on Dependency
- H2 : Evaluation has positive impact on Dependency
- H3 : Familiarization has positive impact on Dependency
- H4 : Heuristics has positive impact on Dependency

**Table 2**  
**Model Fit Indices for CFA- Dependency**

<i>Dependency CFA</i>	<i>Model Fit Indices</i>
X <sup>2</sup>	193.664
DF	89
P	0
Normed X <sup>2</sup>	2.176
GFI	0.87
AGFI	0.775
NFI	0.912
TLI	0.889
CFI	0.927
RMR	0.121
RMSEA	0.112

*Source:* Primary data.

The results exhibited in Table 3 revealed that the regulatory construct Enhancement had a significant influence on Dependency as the standardised direct effect of this construct on Dependency was 0.434, (p value was significant). So the hypothesis H1 is accepted and concludes that Enhancement has positive impact on Dependency.

Enhancement aspects having a significant impact on dependency refer to the customers intention to upgrade or enhance their knowledge on paints and painting methods. This is necessary for paint customer to evaluate better alternatives and make appropriate decisions.

The analysis shows the regulatory construct Evaluation had a significant influence on Dependency as the standardised direct effect of this construct on Dependency was 0.712, (p value was significant). So the hypothesis H2 is accepted and concludes that Evaluation has positive impact on Dependency.

Evaluation refers to the need for comparing the alternatives available including the paints and various panting methods. As many new paints are introduced in the market which differentiates one other on various benefits, a detailed comparison is desired by the customer. This comparison and evaluating the various offers of various brands is a time consuming and difficult task. For this the customers has to collect information,



**Table 3**  
**Dependency Constructs Explained and Grouped**

<i>Construct</i>	<i>Explained</i>	<i>Grouped</i>
EN1	Information on paint types	Enhancement
EN2	Innovations	Enhancement
EN3	Painting ideas	Enhancement
EN4	Colour mixing	Enhancement
EN5	Customer opinions	Enhancement
E1	Discounts and offers	Evaluation
E2	Complaint redress	Evaluation
E3	Knowing about new paints/types	Evaluation
E4	Cost reduction strategies	Evaluation
F1	Product knowledge	Familiarization
F2	Brand selection	Familiarization
F3	Service support	Familiarization
F4	Knowledge of paint application	Familiarization
F5	Identify suitable painters	Familiarization
F6	Suitable colour combination	Familiarization
	Heuristics (Mental shortcuts)	Heuristics

*Source:* Compiled from the pilot study using primary data interpretation.

**Table 4**  
**The Regression Coefficients Dependency**

<i>Path</i>	<i>Estimate</i>	<i>Variance</i>	<i>CR</i>	<i>P</i>
Enhancement → Dependency	0.4	14.4	6.52	<0.001
Evaluation → Dependency	0.7	38.7	12.5	<0.001
Familiarization → Dependency	0.6	23.3	8.74	<0.001
Heuristics → Dependency	1.4	189	12.9	<0.001
EN1 → Enhancement	0.4	17.3	9.36	<0.001
EN2 → Enhancement	0.8	59.5	21.6	<0.001
EN3 → Enhancement	0.6	38.4	15.3	<0.001
EN4 → Enhancement	0.6	31.4	13.4	<0.001
EN5 → Enhancement	0.6	36	14.7	<0.001
E1 → Evaluation	1.1	114	36.6	<0.001
E2 → Evaluation	0.8	59.1	21.5	<0.001
E3 → Evaluation	1.1	117	34.1	<0.001
E4 → Evaluation	0.7	55.1	20.2	<0.001
F1 → Familiarization	0.7	48.3	18.1	<0.001
F2 → Familiarization	0.7	48.2	18.1	<0.001
F3 → Familiarization	0.5	25.8	11.8	<0.001
F4 → Familiarization	0.5	24.9	11.6	<0.001
F5 → Familiarization	0.5	29.3	12.8	<0.001
F6 → Familiarization	0.5	27.3	12.2	<0.001

*Source:* Primary data analysis.

compare and evaluate and decide on the brand of paint to be bought. The information is available from various sources but the preference is mostly leading to paint dealers. Thus there is a dependency on paint dealers by customers for evaluation of alternatives.

The results (Table 3) revealed that the regulatory construct Familiarization had a significant influence on Dependency as the standardised direct effect of this construct on Dependency was 0.553, (p value was significant). So the hypothesis H3 is accepted and concludes that Familiarization has positive impact on Dependency.

A basic awareness of paints becomes invalid by the time a decision on paint has to be made. The gap between the previous painting and the current painting has made the level of awareness on paints and painting less significant and hence familiarizing with newer and better products and its application becomes a necessity. This is possible by depending on information sources that are plenty available. But the real familiarization happens with the dealer where the familiarized elements can be physically substantiated based on the variety of paints and demonstrations available. Thus dependency is relatively significant in the case of familiarizing purpose also along with other factors.

The data (table 3) exhibits that the regulatory construct Heuristics had a significant influence on Dependency as the standardised direct effect of this construct on Dependency was 1.376, (p value was significant). So the hypothesis H4 is accepted and concludes that Heuristics has positive impact on Dependency. Heuristics refers to mental shortcuts employed by the customer while evaluating several alternatives and when the comparison and evaluation extends beyond the personal capabilities. The customer depends on dealers to arrive at a right decision by applying recommendations, suggestions or cues provided by a paint dealer. Thus dependency on paint dealers is exercised for mental shortcuts by paint customers.

## **VI. CONCLUSION**

The study was intended to identify various factors that significantly contribute to the dependency of decorative paint customers on paint dealers. The major factors are identified as the customers intention to arrive at a final choice of paint or paint brand by employing mental shortcuts which is referred to as Heuristics in this study. The need for applying mental shortcuts is because of the wide variety of information available to the customer to evaluate. This depends mostly on the capabilities of the customer and their willingness to evaluate all the available alternatives. When this becomes unbearable and the time is factored in the heuristics is employed which is made possible by depending on dealer for the shortcut. Heuristics aspects contribute significantly to the dealer dependency. Alternative evaluation and familiarization also significantly contribute to the dependency of customers on dealers. Customers depend on dealers to evaluate all the alternatives available and to familiarize on the alternatives available in paints, painting, support, offers and discounts and finally customer opinions. Enhancement of knowledge on paints and painting contributes to the dependency of customers on paint dealers.

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