

# **CONSUMER BEHAVIOR IN NEPALESE MARKET**

**By**

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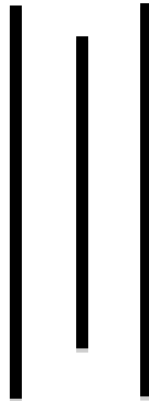
**T.U. Regd. No. : 7-2-52-427-2000**

**A Thesis Submitted to:**

**Office of the Dean**

**Faculty of Management**

**Tribhuvan University**



***In partial fulfillment of the requirement for the degree of  
Master on Business Studies (MBS)***

**Kathmandu, Nepal  
January 2013**

# RECOMMENDATION

This is to certify that the thesis  
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Entitled:

CONSUMER BEHAVIOR IN NEPALESE MARKET

has been prepared as approved by this Department in the prescribed format of  
Faculty of Management.

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## VIVA-VOCE SHEET

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### **CONSUMER BEHAVIOR IN NEPALESE MARKET**

And found the thesis to be the original work of the student written accordance with the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirements for Master of Business Studies (M.B.S.)

Viva-Voce Committee

Chairperson, Research Committee .....

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# DECLARATION

I hereby declare that the work reported in this thesis entitled “Consumer Behavior in Nepalese Market” submitted to Office of the Dean, Faculty of Management, Tribhuvan University, is my original work done in the form of partial fulfillment of the requirement for the degree of Master of Business Studies (MBS) under the supervision of Dr. Satish Kumar Ojha of Saraswati Multiple Campus, T.U.

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## ACKNOWLEDGEMENTS

I have a deep sense of gratitude to my respected teacher Associate Prof. Dr. Satish Kumar Ojha of Saraswati Multiple Campus, whose consistent guidance and kind inspirations have brought me to make the present thesis in this shape. This Thesis paper would not have been completed without his valuable suggestions and kind supports. Though any attempts to honor him would be incomplete, I would like to express my heartfelt respect to him in this regard.

I would like to express my sincere gratitude to the Department of Management, Saraswati Multiple Campus for providing me an opportunity to carry out the Research and prepare this Thesis.

I am also grateful to my husband Mr. Laxman Kafle for encouraging and supporting me to conduct this research. His active supports in collecting the research materials enabled me to complete this study properly and successfully.

Finally, I am thankful to my younger brother Ashok Kafle for his computer composing and proof reading.

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Srijana Rijal

Date: January, 30, 2013

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# Abbreviations

BBB	Better Business Bureau
CCB	Consumer complaining behavior
CD	Consumer Dissatisfaction
CS	Consumer Satisfaction
R & D	Research & Development
ROI	Return on Investment

## C

## **HAPTER-I**

### **INTRODUCTION**

#### **1.1 Background of the Study**

The study of consumer behavior enables marketers or producers to understand the behavior of users in the market place. Such understanding promotes the business activities among the potential buyers and hence helps to achieve the objectives of an organization.

The term "consumer" refers to the buyers who consume the product/service themselves. In other words they are the ultimate users of products/services. Though the terms customers and consumers are used interchangeably but there is difference in meaning between these two words. Consumer are final users where as customers do not necessarily mean to consume the product/service themselves.

The consumer continues to make evaluation after the purchase has been made. The extent of post purchase evaluation depends on whether the product is high involvement or low involvement product. In low involvement products consumers invest low opportunities cost so the post purchase evaluation is simple or nominal. Where as in high involvement products the entailed opportunities cost is high so consumers continually evaluate their purchase decision.

Market is a place where buyers and sellers meet. From the very early of human development era market started playing its significant role in the day to day life of human being. Today's business can no longer sustain without marketing strategy. Whatever be the marketing strategy it has only one motto i.e. increasing market share through consumer satisfaction. As more be the consumer satisfaction as more will be the market share, so will be the organization's profitability.

Consumer dissatisfaction creates an obstacle in progress of a firm. Dissatisfied consumers stop buying or consuming the product/service and influence others not to go for the same product. Some consumers may complain to the firm for their dissatisfaction. How the firm takes their complaints, affects heavily the feelings of consumers. If the organization encourages the consumers to make their complaints and seriously listen to them they may turn into satisfied consumers. On the other hand, if the company turns its deaf ears towards the complaints it really initiates to destroy its own existence.

No business in today's world can survive without understanding the consumer's feelings, attitudes and preferences. A firm can of course cheat or deceive consumers for the first time but it is almost impossible to run the business in long run in the same manner. When consumers become aware of the low quality or inferior goods they never seek for the same product in coming days. Better they expand the negative word-of-mouth communication to their colleagues, friends, relatives and others.

Such a negative rumor about an organization or its product can make negative attitude of potential buyers. So every firm has to delight its consumers through the distribution of quality products and services.

Directly or indirectly every firm wants to earn profit. When a consumer becomes satisfied with product or service he/she would likely to be brand loyal. Brand loyalty is considered to be a continuous strong asset of an organization, which generates a large sum of money and equally throws favorable word-of-mouth communication to the potential customers.

This study will be conducted within the Kathmandu valley. High involvement products such as laptop, car, air conditioners and washing machine etc. will be selected for our study purpose. This research is going to be conducted mainly for academic purpose. Secondly, it helps to widen the horizon of knowledge.

Generally consumers tend to show their dissatisfaction behavior in high involvement products because in high-involvement, high monetary, psychic and time costs are involved. Similarly, opportunity cost is high so consumers become more skeptics about high involvement products. This study will try to find out the main factors which consumers consider for satisfaction or dissatisfaction. Factors that encourage satisfying the consumers and factors that lead to dissatisfaction will be highlighted in this study. Similarly, consumers' complaint behavior will be another main part of the study. Consumer's satisfaction, dissatisfaction and complaint behavior help not only to understand the perception of buyers but also to formulate the new marketing strategies to the producers.

## **1.2 Focus of the Study**

This study will be focused on the study of consumer satisfaction/dissatisfaction and complaint behavior in high involvement products. As the researcher is going to carry out the research in four products which are laptop, car, air conditioners and washing machine, so my main concentration will be on the consumer feelings about the product. How do they take the service of these products? Are they satisfied or not. If they are not satisfied, are they going to complain or not. If yes, what is their way of complaint; such factors/matters will be seen with great attention.

Since the firm which can respect the feelings of consumer can rise in future so this study will try to find out the particular sentiments of users where as they are satisfied or not.

As we know many big organizations establish their own separate Research and Development (R&D) department to know the changing wants of

people so that they will be able to fulfill their consumer desires. So they have only one vision that is how to satisfy the consumers and hence give strong support to the existence of an organization. In this background, profitability supported by consumers will, can longer constantly grow. To satisfy a single consumer is much more important than to attract ten potential buyers.

In Nepalese context we have different feelings about the marketers. First they want to attract the consumers but after purchase they do not take care or do not respect the buyers. They are driven by short sightedness (myopia). They are to the large extent unable to understand the buyers' feelings. In such a situation, this study will provide valuable suggestions to marketers and producers about their products, which will ultimately help mounting the prosperity of business and trade in the country. So the researcher wants to focus on consumers' satisfaction dissatisfaction and complaint behavior in high involvement products under this study.

### **1.3 Statement of the Problem**

Many established organizations are disappeared due to their negligence of consumer's feelings. Some are still in the pipeline to be dissolved, where as there are some other organizations that are expanding their business magnificently. Because these organizations always focus on consumers' expectation. They not only merely fulfill consumer expectations but also satisfy their needs and even delight them. So, they are running their business very well. It becomes only possible when they first start understanding the very need of the consumers. Consumers' satisfaction and dissatisfaction are closely being inspected by them with proper settlement to the complaints made by their customers. Therefore no organization can survive in this competitive age without knowing the consumer's satisfaction and dissatisfaction level. Equally they need to solve the

consumers' complaints in a very frank way, even in a supporting manner. So the researcher wants to know the consumer satisfaction and dissatisfaction level in high involvement products along with their complaint behavior.

This research will try to find out the satisfaction level of consumers. When consumers are dissatisfied then whether they complain or not will be analyzed under this study. So it supports both consumers and marketers to understand the problem and to solve it. What factors are responsible for dissatisfaction and what determines satisfaction of consumer will be observed in this study. Similarly, dissatisfied consumers do or do not complain against the products, if, complain what is the way of complaining their dissatisfaction.

The researcher will mainly focus on the following questions while carrying out the research. Satisfaction and dissatisfaction level will be traced on the basis of the following questions:

- i) How far the consumers are satisfied with the performance of the product?
- ii) What are the factors that satisfy consumers?
- iii) What are the factors that dissatisfy consumers?
- iv) What is the nature of the complaint behavior when dissatisfied?

#### **1.4 Theoretical Framework**

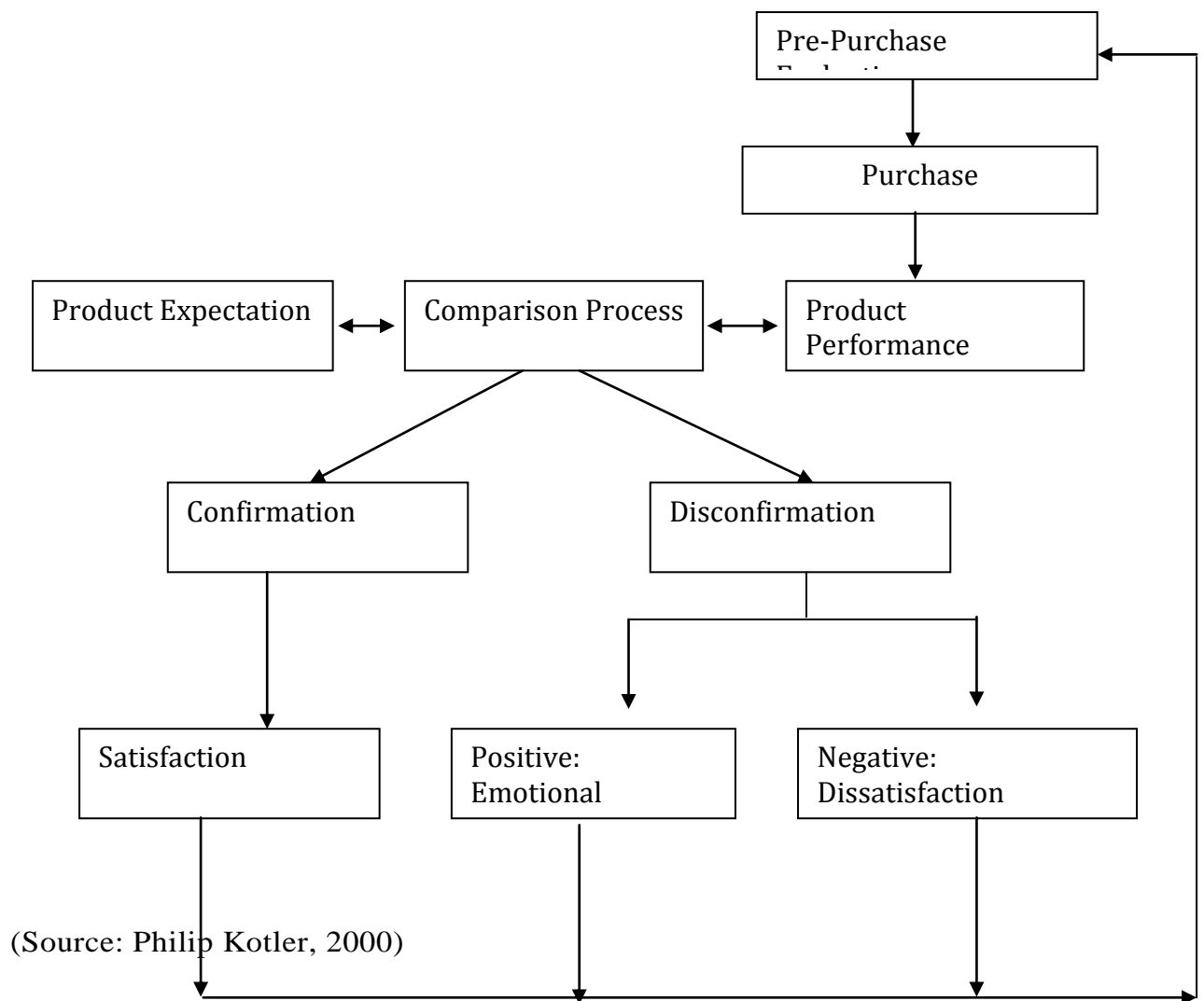
This research is based on general theory of satisfaction/ dissatisfaction of consumer behavior. Satisfaction or dissatisfaction is seen as post purchase behavior in high involvement products. Consumers have certain pre-purchase expectations from a product or service. They compare the product's or service's performance to their prior expectations. If they find the performance higher than their expectations then they are satisfied and if

they find the performance lower than their expectations then they are dissatisfied.

Consumers' pre-purchase expectations are in the following three areas:

- i) The nature and performance of the product.
- ii) Monetary costs and efforts to be expended for obtaining the product benefits.
- iii) Social costs and benefits from the product or service.

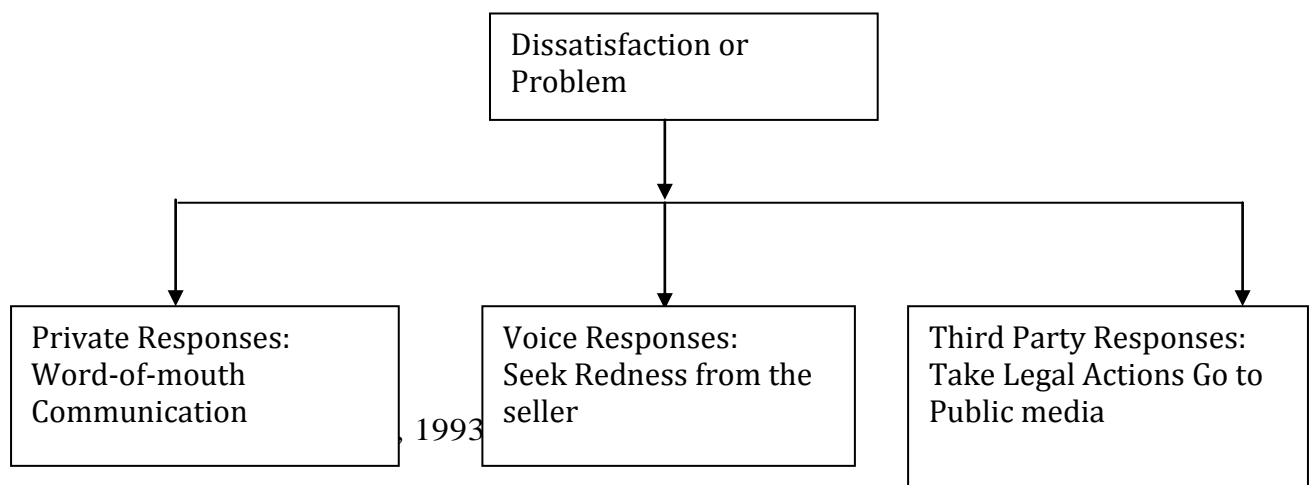
The following confirmation process determines the level of satisfaction or dissatisfaction.



(Source: Philip Kotler, 2000)

When consumers become dissatisfied with product or service then they may follow the complaint behavior. Generally people from high socio-economic class easily complain about product. Similarly, severity of dissatisfaction (problem) is positively related to complaint behavior. In the same way, complaining is positively related to perceived retailer responsiveness.

The following workflow depicts three actions of a dissatisfied consumer:



### **1.5 Objectives of the Study**

The main objective of this research is to analyze the consumer's behavior with regard to electronic and other products in the market. The specific objectives of this research are as follows:

- i) To analyze the expectations of the consumers regarding the products.
- ii) To evaluate the level of satisfaction from the products.
- iii) To analyze the factors of satisfaction regarding the products.
- iv) To examine the nature of complaints of the consumers regarding the products.
- v) To provide necessary suggestions and recommendations for further improvements.

## **1.6 Significance of the Study**

Today's business world is running with cut throat competition. Trade and business is almost leading the entire society of the world. High performing business houses are not only able to expand their monetary reach but also to uplift the economic status of their host community.

In this competitive age marketers duty does not end with product preparation but it goes long after the sale of product too. They have to not only provide convenience to consumers but also have to delight them, satisfy them. It is not the time of pre-purchase respect to lure the buyers. It is the time of 21<sup>st</sup> century where marketers' role ends long after post-purchase behavior of consumers. Today's manager has to evoke the potential buyers to come to the door of the marketers and has to delight them with the performance of their product/ service so that they (consumers) start spreading positive word-of-mouth communication in the society. As we know that to satisfy a consumer is the best advertising of an organization that works for a long period of time with great enthusiasm but free of cost.

The business and trade grow faster along with the spread of information by the satisfied consumers. So it is very important to satisfy the consumers. When they are dissatisfied at that time, marketer has to ask them the reasons of their dissatisfaction and thus try to solve the problem as properly as possible. Producers have to encourage the customers who come to complain to the firm. They have to seriously

listen to each and every complaint made by the consumers and even have to take action to make them happy.

As the researcher finds no thesis under the same topic so probably this is the first thesis which is breaking the gap between marketer's expectation and consumers wants. In this background also, it is very important for the consumers as well as marketers.

## **1.7 Limitations of the Study**

This research was conducted in Kathmandu valley. Satisfaction, dissatisfaction and complaint behavior was observed under this study. This study has the following limitations:

1. The sample size was not more than 100.
2. The sampling method was judgmental.
3. The results of the study should be not generalized for other further studies. It is only for academic purpose.
4. The dates in B.S. have been converted to that in A.D for maintaining uniformity by deducting 57 years from the first.

## **1.8 Organization of the Study**

The Research consists of five chapters and it is organized as follows:

**Chapter – One:** The first chapter deals with brief background of title, statement of the problem, objectives, theoretical framework, importance, limitations and research question for the study

**Chapter – Two:** The second chapter deals with the literature reviews that identify the limitations and outcomes of those studies conducted so far. It also provides the theoretical background of customer satisfaction and complaint behavior.

**Chapter – Three:** The third chapter deals with the research methodology, which consists of research design, source of data, data gathering procedure and tools for analysis.

**Chapter – Four:** The fourth chapter deals with analysis and presentation of data, which consists of financial and statistical analysis.

**Chapter – Five:** The final chapter summarizes the whole spectrum of the study and also comprises summary, conclusion and recommendations.

Finally, bibliography and appendix are presented in prescribed form.

## **CHAPTER-II**

### **LITERATURE REVIEW**

#### **2.1 Conceptual Review**

After consumers obtain and use a product or service, they will tend to develop feelings of satisfaction or dissatisfaction toward it. Consumer satisfaction has traditionally been defined as "the evaluation rendered that the experience was at least as good as it was supposed to be." This definition was developed around the predominant model used to explain post purchase satisfaction in the 1970s- the expectation disconfirmation model. However, a variety of additional theoretical approaches have been used to explain the formation of consumer satisfaction/dissatisfaction. These include equity theory, attribution theory, and experientially based affective feelings. In addition, the actual performance of a product has been suggested as a possibility.

Because of accumulating evidence that consumer satisfaction is more than just the disconfirmation of an expectation a revised definition of the concept is proposed. Consumer satisfaction/dissatisfaction consists of general feelings that a consumer has developed about a product or service after its purchase. As such, satisfaction is a type of consumer attitude. Feelings of consumer satisfaction/dissatisfaction may result from expectancy disconfirmation as well as from other process, such as equity, attribution, performance evaluation and affect formation. (Mowen, 1990)

## **Factors Influencing Consumer Satisfaction/Dissatisfaction**

### **I. Expectancy Disconfirmations**

Richard Oliver has spearheaded research on this subject with his expectancy disconfirmation model. Consumers enter into purchase with expectations of how the product will actually perform once it is used. Researchers have identified three different types of expectations:

1. Equitable Performance - a normative judgment reflecting the performance one ought to receive given the costs and efforts devoted to the purchase and use.
2. Ideal performance -the optimum or hoped for "ideal" performance level.
3. Expected Performance - what the performance probably will be.

Once the product or service has been purchased and used, outcomes are compared against expectancies.

The consumer satisfaction/dissatisfaction takes one of three different forms:

1. Positive disconfirmation - performance is better than expected.
  2. Simple confirmation - performance equals expectations.
  3. Negative disconfirmation - performance is worse than expected.
- Positive disconfirmation, of course, leads to a response of satisfaction, and the opposite takes place when disconfirmation is negative. Simple confirmation implies a more neutral response which is neither extremely positive nor negative. (Engel et. al., 1990)

## **A. Factors influencing expectations**

1. Characteristics of the product
2. Promotional Factors
3. Other Products
4. Characteristics of the Consumers

## **B. Factors Influencing the Perception of Actual Performance**

Like the development of expected performance, the perception of actual performance will also be influenced by a number of factors. One way of viewing the formation of beliefs about actual performance is through a type of multi-attribute model - that is, the consumer evaluates the product on a variety of attributes and then assesses its performance on each of the attributes. These evaluations are then combined to form an evaluation of the product's performance level. As some authors have noted, however, ratings of performance level may not coincide with reality. The consumers' prior experiences with the brand and his or her prior attitudes toward the brand may influence the perception of the product's performance. Similarly, it has been found that expectations of brand performance can actually influence perceptions of the performance. (Mowen, 1990)

## **II. Equity Theory**

This theory holds that people will analyze the ratio of their outcomes and inputs to the ratio of the outcomes and inputs of the partner in an exchange. If the person perceives that his or her ratio is unfavorable in relation to the other member of the exchange the individual will tend to have feelings of inequity. The equation below shows these ratios:

$$\frac{\text{Outcomes of A}}{\text{Inputs of A}} \approx \frac{\text{Outcomes of B}}{\text{Inputs of B}}$$

*(Source: Adams & Stacey, 1962)*

Thus the outcomes that person A receives from an exchange divided by the inputs of person A to the exchange should equal the outcomes of person B the exchange divided by the inputs of person B to the exchange. To the extent that ratios are perceived an unequal, particularly when unfavorable to the consumer doing the evaluation, dissatisfaction is proposed to result.

## **III. Attribution Theory**

As a group of loosely interrelated social physical principles, attribution theory attempts to explain how people assign causality (e.g., blame or credit) to events on the basis of either their own behavior or the behavior of others. In other words, a person might say, "I contributed to care, Inc. because it really helps people in need," "She tried to persuade me to buy that unknown auto focus camera because she'd make a bigger commission." In attribution theory, the underlying question is why: "Why did I do this," "why did she try to get me to switch brands?" This process of making inferences about one's own or another's behaviors is a major component of attitude formation and change.

Attribution theory describes attitude formation and change as an outgrowth of people's speculations as to their own behavior (self-perception) and experiences. (Schiffman and Kanuk, 2000:272)

#### **IV. Actual Product Performance**

Some authors have suggested that actual product performance influences satisfaction. They claim that independent of the expectations held, matters of equity, and attribution made, the level of performance will influence satisfaction. Thus even if the person fully expected a product to perform poorly, dissatisfaction would still result if it in fact performed poorly.

A study investigated the effects of performance as well as the impact of attribution, expectations, and equity on satisfaction with a stock market selection. The results revealed that performance, independent of expectations, influenced satisfaction. Using a miniature record player as the type of product, other researchers found that the level of performance, independent of expectations, influenced consumer satisfaction/dissatisfaction.

The stock market study also offered general support for the previously discussed factors that influence satisfaction. Factors leading to higher level of satisfaction included: (1) Higher expectations (2) Expectancy confirmation, (3) Feelings of equity (4) Higher performance and (5) Internal attribution to the consumer. Thus, respondents were more satisfied with the stock when they had higher expectations of its performance, when the performance was high and confirmed the expectancy, when the exchange with broker was equitable and when consumers attributed the outcome to the research they did and decision they made.

## **V. Consumer's Affective State**

Consumer satisfaction/dissatisfaction (CS/D) may also be analyzed from an experiential perspective. Affect and CS/D refers to the concept that the level of CS/D may be influenced by the positive and negative affective responses that consumers associate with the product or service after its purchase. In one study a researcher investigated the level of satisfaction with automobiles and cable television services after their purchase. The researcher found that two dimensions of affective responses existed in a set of positive feelings and a set of negative feelings. These feelings were found to be independent of each other. Thus, consumers would simultaneously feel both positive and negative about a purchase. One can experience joy, interest and excitement while also feeling anger, disgust and contempt. For example, after purchasing an auto a consumer may feel excited and proud while simultaneously being irritated and unhappy with the sales personnel.

The study also found that measures of CS/D were directly influenced by the affective feelings of the consumers. There is a relationship in which the purchase leads to affective reactions, which in turn lead to feelings of CS/D. Thus, in addition to the cognitive knowledge that expectancies were disconfirmed, the feelings that surround the post acquisition process also appear to affect the satisfaction with a product. (Mowen, 1990)

## **Consumer Complaint Behavior**

Once a consumer perceives that he or she is dissatisfied with a product or service, the problem arises as to what to do about it. Consumer complaint behavior has been defined as a multiple set of actions triggered by perceived dissatisfaction with a purchase episode. Researchers have identified three different sets of actions in which consumers may engage. The three dimensions of complaint behavior are as follows.

1. Do nothing or deal with the retailer in some manner.
  - a. Forget about incident and do nothing.
  - b. Definitely complain to the store manager.
  - c. Go back or call retailer immediately and ask them to take care of problem.
2. Avoid using the retailer again and persuade friends of same.
  - d. Decide not to use retailer again.
  - e. Speak to friends and relatives about your bad experience.
  - f. Convince friends and relatives not to use retailer.
3. Take overt action with third parties
  - g. Complain to a consumer agency.
  - h. Write letter to a local newspaper.
  - i. Take some legal action against retailer.

The actions of not patronizing the brand or store, of telling friends about the problem, and of complaining are straight forward responses to products or service problems. When consumers seek redress to their dissatisfaction, they take steps to obtain some type of refund. The refund could be in the form of money or through a new product.

Study of consumer complaint behavior; however, have shown that a minority of dissatisfied customers actually take overt action to complain.

In general, the models of consumer complaint behavior have identified two major purposes for complaining. First, consumers will complain in order to receive an economic loss. They may seek to make an exchange of the problem product for another product. They may seek to make an exchange

of the problem product for another product. They may seek to get their money back either directly from the company or store or indirectly through legal means. A second reason for engaging to some type of complaint behavior is to rebuild the person's self-image particularly when the self image of a consumer is tied to the purchase will lower the person's self image. In order to raise his or her self image, the consumer may use negative word - of - mouth communications, may stop buying the brand, may complain to the company or Better Business Bureau or may take legal action. (Mowen,1990)

### **Factors Influencing Complaint Behavior**

A number of factors have been found to influence whether or not consumers do complain. As noted above, the type of product or service involved influences the tendency to complain. As the cost and social importance of the product rises, the tendency to complain tends to increase. Authors have suggested that complaint behavior is related to the following variables:

1. The level of dissatisfaction of the consumer
2. The importance of the product to the consumer
3. The amount of benefit to be gained from complaining
4. The personality of the consumer
5. To whom the blame for the problem is attributed
6. The attitude of the consumer toward complaining
7. The resources available to the consumer for complaining
8. Previous experience with the product and with complaining

These variables are logically related to complaint behavior. Thus, greater the dissatisfaction of the consumer the greater the tendency to complaint. Similarly, as the product increases in importance to the consumer, complaint behavior increases. Consumers with a positive attitude toward

complaining will complain more. Similarly, if the consumer can attribute the blame for the product or service problem on a specific company or store, complaint behavior is more likely to occur. The ability to complain requires certain resources such as time, the ability to write letters, or the personal power to confront an employee of a firm and make him or her listen to a problem. Previous experience may be associated with increased complaint behavior because people with higher levels of experience know how to go about contacting appropriate authorities and are less bothered by such task. (Mowen, 1990)

## **2.2 Review of Related Studies**

### **Research on Consumer Behavior**

Although there are some researches conducted on Consumer Behavior, the present research area has not been touched yet. So, the researcher has taken into consideration of researches of consumer behavior which have a bit touched this study area. Among these one research is mentioned below:-

A research by Mr. Deepak Raj Sapkota titled, "Customer Satisfaction in Service Sector" was carried out in 2002. The major objectives of this study were to investigate the level of satisfaction as customer with Nepalese joint venture commercial banks. Similarly, to identify the reasons/factors responsible for customer satisfaction or dissatisfaction was also another important aspect of objectives. His findings relating to satisfaction of customer reveals that most of the customers are satisfied with the service system of the bank. Some have a bit negative feeling of bank activities blaming that these are not directed towards poor and needy people. They are almost satisfied with employee behavior but in some banks employee behavior is a bit poor. Factors that satisfy/dissatisfy are not clearly mentioned in this thesis.

Similarly, another research by Mr. Ananat Luitel titled, "Customer Satisfaction in High Involvement Goods" was carried out in 2008. The major objectives of this study were to investigate the level of satisfaction as well as dissatisfaction of the customer with reference to high involvement consumable goods. The objective of the study was also to identify the reasons/factors responsible for customer satisfaction or dissatisfaction. The major findings relating to satisfaction of customer reveals that most of the customers are satisfied with the quality goods. Some have a bit negative feeling of the goods that these are not of better quality. They are almost satisfied with the goods.

### **Review of Related Books Journals and Other Studies**

Consumer behavior is relatively a new area of study so there are not sufficient books, journals and articles, however, available resources are quite useful while conducting a research .Researcher has tried to consult as many resources as possible among which some mentionable are as follows:-

Satisfaction is an important element in the evaluation stage. Satisfaction refers to the buyer's state of being adequately rewarded in buying situation for the sacrifice he was made. Adequacy of satisfaction is a result of matching actual past purchase and consumption experience with the expected reward from the brand in terms of its anticipated potential to satisfy the consumer's motives. (Loudon and Bitta, 1993)

"Satisfaction is a kind of stepping away from an experience and evaluating it. One could have a pleasurable experience that caused dissatisfaction because even though pleasurable, it wasn't as pleasurable as it was supposed and expected to be. So satisfaction/dissatisfaction isn't an emotion, it's the evaluation of an emotion."

(Loudon and Bitta, 1993:579)

Loudon and Bitta mention that consumers form certain expectations prior to the purchase. These expectations may be about (1) the nature and performance of the product or service (that is, the anticipated benefits to be desired directly from the item), (2) the costs and effects to be expended before obtaining the direct product or service benefits, and (3) the social benefits of cost accruing to the consumer as a result of the purchase (that is the anticipated impact of the purchase on significant others). Advertising may often be an important factor influencing these expectations. Consumer may have a variety of product performance expectations, including what the consumers hope performance will be in terms of an ideal level, what would be fair and equitable given the consumer's expenditure of time and money in obtaining and using the product, and what the consumer expects to actually occur.

Once consumer purchase and use a product, they may then become either satisfied or dissatisfied. Research has uncovered several determinants which appear to influence satisfaction, including demographic variables, personality variables, expectations, and other factors. For example, older consumers tend to have lower expectations and to be more satisfied. Higher education tends to be associated with lower satisfaction. Men tend to be more satisfied than women. The more confidence one has in purchase decision making and the more competence in a given product area, the greater one's satisfaction tends to be. There is also greater satisfaction when relevant others are perceived to be more satisfied. Higher levels of product satisfaction are also indicated by person who are more satisfied with their lives as a whole, and by persons with more favorable attitudes toward the consumer domain, that is, the market place, business firms and consumerism.

The interaction between expectations and actual product performance produces either satisfaction or dissatisfaction. However, there does not appear to be merely a direct relationship between the level of expectations and the level of satisfaction. Instead, a modifying variable known as

"disconfirmation of expectations" is brought to be a significant mediator of this situation. When a consumer does not get what is expected, the situation is one of disconfirmation. Such disconfirmation can be of two varieties: a positive disconfirmation occurs when what is received is better than expected, and a negative disconfirmation occurs when things turn out worse than anticipated. Thus, any situation in which the consumer's judgment is proven wrong is a disconfirmation. Confirmation occurs if the expectations of performance are met. Consumers' expectations from a product, as well as whether these expectations are met, are strong determinants, then, of satisfaction. Although, the cognitive dimension of post purchase evaluation has been stressed here, it is important to recognize that consumers' emotional experiences in connection with product ownership and usage are also important. These positive affective responses need to be stimulated by marketers in the post purchase period in order to enhance consumers' satisfaction and possibly favorable word-of-mouth communication.

The emotional context in which product failure occurs may affect consumers' subsequent information processing. Research on the satisfaction/dissatisfaction process has led to the proposition that disconfirmation is mediated by attribution processing in which consumers seek to understand why product fail. Consumers seek to know three features about the causes of a problem: (1) stability (i.e. is it temporary or permanent?); (2) locus (i.e., is the problem with the consumer or the company?); and (3) controllability (i.e. is the problem within or outside the control of someone?) Research on attribution also indicates that attributions can lead to specific type of emotional reactions. For instance, if consumers felt a product problem were preventable by the company they might be expected to rather angry. It also appears that the consumer's mood prior to product failure can influence later cognitive and affective reactions. For example, if a consumer is in an angry mood because of the day's events prior to ordering a meal in a restaurant, he is liable to engage in greater attribution processing over a poor meal being served than if the

consumer were not in a bad mood. Emotional context, therefore, interacts with disconfirmations affect attribution, which results in certain emotions influencing satisfaction or dissatisfaction.

The result of satisfaction to the consumer from the product or service is that more- favorable post purchase attitudes, higher purchase intentions, and brand loyalty and likely to be exhibited. That is, the same behavior is likely to be exhibited in a similar purchasing situation. Thus, as long as positive reinforcement takes place, the consumer will tend to continue to purchase the same brand. It is true, however, that consumers will sometimes not follow these established patterns but will purchases differently simply for the sake of novelty. On the other hand, if consumers are dissatisfied, they are likely to exhibit less favorable post purchase attitudes, lower or non existent purchase intentions, brand switching, complaining behavior, and negative word-of-mouth. (Loudon and Bitta, 1993)

One of the studies, titled "Dissatisfied consumers who complain to the Better Business Bureau" carried out (by Fisher et. al. 1999: 531) reveals significant gaps between dissatisfied consumer resolution preferences and companies' resolution offers. Further, the resultants highlight the highly negative word-of-mouth communication activity and repeat purchase intentions of dissatisfied consumers who complain to the BBB.

This study provides some important implications for messages and executives which are

**a) Go on, say you're sorry**

Customers who are satisfied with the way complaint is handled can become better customer and sometimes advocates for a particular firm. The best business actively encourages their customers to complain because such actions not only enable the company to solve the customer's problem but provide valuable information as product and service quality.

### **b) Start buy saying sorry**

Fisher et. al. express surprise that firms do not offer apologies. Almost all the research into customer's complaints and the experience of practicing managers shows us that saying sorry is a great start to dealing with an upset or disgruntled customer. And in some cases that apology is sufficient to resolve the problem especially when it's a case of bad service.

### **c) Do the work**

Sometimes when consumers want the work done then the company has to do it. So, if you are in business, do the work rather than make excuses about why the work isn't done or is done badly.

### **d) Offer reparation**

When your customers complain they are not just dissatisfied but have been put out by the need to contact you. The complaining customer has taken time out to call in or ring you. They have gone to some trouble to complain. The least you can do is recognize the inconvenience and offer reparation. Not just a refund but a "no. strings attached" offer of some sort.

### **e) Think about the next sale not the one you have just made**

Fisher et. al., show how damaging it is to fail to sort out a customer complaint. And if your customer is so upset that goes to BBB, the customer will exact revenge. Every person the customer encounters will be regaled with just what a useless shower you and your firms are.

## **f) Put BBB Out of Business**

No, not because they are a bunch of troublemakers, but because you sort out your

Customers' complaints. If you do that the customer won't need to go to BBB and BBB will lose its reason for existence. Organizations like BBB are only there because too many businesses mistreat their customers.

The finding from this study indicate that companies can ill afford to ignore complaints raised by dissatisfied consumers to the level of BBB involvement, companies face considerable financial risk due to highly of these negatives word-of-mouth communication of these intensely dissatisfied consumers. Therefore, customer service managers should need the results in this study that reveal the inconsistencies between dissatisfied consumers preferred resolution options. And what companies actually offer to them. These data suggest that the companies may make significant progress in dealing with dissatisfied consumers if they train their customer service personnel to become better communicators who can respond more carefully to each consumer's particular complaint.

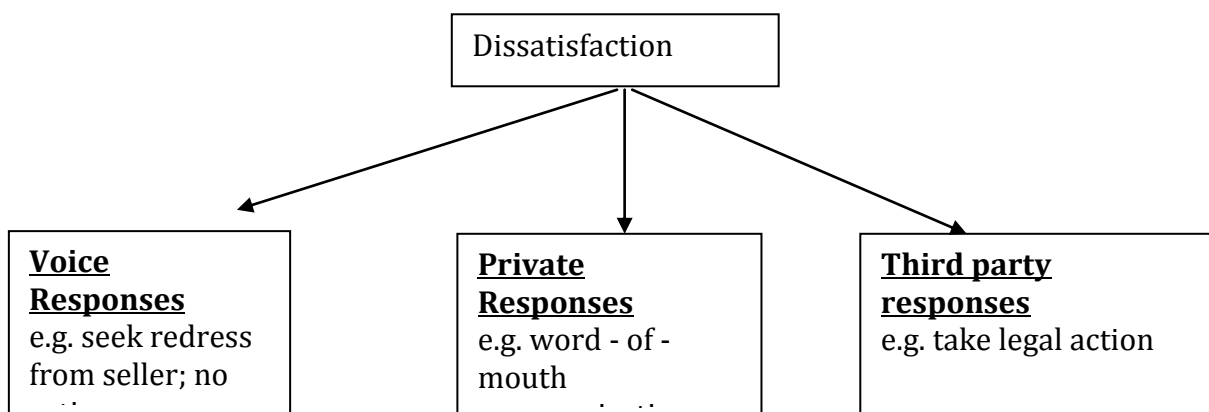
## **Consumer Complaint Behavior**

What happens when consumers experience dissatisfaction? There are several negative outcomes possible. First, consumer may exhibit unfavorable word-of-mouth communication; that is, they tell others about their problem. In fact, studies show that customer tell twice as many people about bad experiences as good ones. Such behavior can severely damage a company's image. Second, consumers may not repurchase the brand. Those who are not fully satisfied with a brand are less likely to

repurchase it, than are satisfied buyers. A third action for the consumer is to complain. Several generalizations exist from research on consumer complaining:

- Complainers tend to be members of more upscale socioeconomic groups than non complainers.
- The severity of the dissatisfaction or problem is positively related to complaint behavior.
- Complaining is more likely when there is a more positive perception of retailer responsiveness to customer complaints.

A model of consumer complaining behavior (CCB) is shown below. It illustrates the variety of actions possible. For instance, consumers may complain, not to the seller, but to some formal third parties such as the Better Business Bureau, a newspaper, or the legal system. Second, they may engage in private CCB actions such as telling friends and relatives about the bad experience and changing their own patronage behavior. Third they may voice their complaints to the manufacturer or retailer involved or take no action even when dissatisfied if they are loyal to the seller or believe complaining is pointless.



(Source: John C. Mowen, 1993)

Along similar lines one researcher classified dissatisfied consumers into four grouping based on the way they communicate their dissatisfaction: passives, voicers, irates, and activists. The choice of a response style

exhibited by consumer is determined by episode-specific variables (such as the probability of obtaining redress, the costs and benefits from complaining actions, and the nature of dissatisfying service) and personality variables.( such as prior experiences, alienation, and attitudes toward complaining). It could be that a consumer may consistently use the same response style in different dissatisfaction contexts over time. Above table presents characteristics of individuals for the four response styles. These style differences imply that retailers could (1) assess the distribution of the four groups among their customer over time to see how they are doing ;(2) institute programs so as to make the voicer style a more attractive option, compared to other styles; and (3) focus on corrective strategies for customer alienation because it undermines retailer loyalty and tends to lead to produce protestants.

It is important for marketers to realize that complaints are actually opportunities. Simply listening to complaints tremendously boosts brand loyalty. The key is getting buyers to complain to the company rather than telling the typical nine or ten people about their problem. But for everyone who complains, there are twenty-six others who feel the same way but did not voice a complaint.

Two factors deter consumers for complaining to the company. First, it is hard because over culture does not encourage being a whiner. Second, employees don't encourage it because they view it as a personal attack on their self-esteem. Nevertheless, when companies invest money on units that handle complaints and inquiries the average return is over 100 percent for makers of certain consumer durables. Thus, such companies on GE, Coca-Cola and British Airways are investing millions of dollars to improve complaint handling. Programs include toll-free 800-number telephone systems, intensive staff training, liberal refund policies, and even booths where irate customers can complain on videotape.

Auto manufactures are designing elaborate training producers and operations manuals for dealership customer-service managers in an effort

to help dealers win back dissatisfied customers. Nissan has found, for example, that as many as 20 percent of customers said they could not buy from the same dealership after only six months of ownership. But when dissatisfied customers are allowed to complain the dealer or manufacturer, nearly 20 percent of them change their minds and buy from that dealership again. Another study found that 54 percent of dissatisfied customers who feel that their complaint has been solved will buy from the offending dealer again. (Loudon and Bitta, 1993)

Complaints, like death and taxes, are inevitable. Even market leader encounter them. But each grievance represents a chance to correct a flawed process, educate a customer and strengthen loyalty. Multiple studies already show companies with high quality customer service and effective complaint handling process can change a premium as well as increase loyalty. The case for investing in improvements is clear, or so it would seem. Unless decision makers fully understand customer complaint behavior and quantity the return on investment (ROI) of complaint handling, they won't see the link between complaint handling and loyalty and profits, and it's unlikely they will ever allocate adequate resources for change. (Goodman, 2008)

Eight factors about customer behavior are keys to understanding the implications of complaint data: (1) Dissatisfied individual and business customers tend not to complain. (2) Complaints often do not directly identify the source or cause of the problem. (3) Retail, field sales and service system filter and discourage complaints. (4) Brand loyalty can be retained by merely getting customers to articulate their problems. (5) Increase the ease of access to the provider can reduce the complaint ratio (also known as the multiplier). (6) The propensity to complain is directly proportional to the damage to the respondent. (7) Complainers tend to be the heaviest users of the product or service (8) Problem experience' especially in the case of those consumers who remain unsatisfied after

complaining, results in substantial amounts of negative word-of-mouth. (Goodman and Newman, 2003: 51)

William O. Bearden & Richard L. Oliver had conducted a study to explore the relation between the nature of complaint behavior and satisfaction with problem resolution. A simple model depicting interrelationships among several frequently hypothesized antecedents of complaint behavior, private and public complaints, and satisfaction with complaint resolution is proposed. Data were gathered in a 2- wave longitudinal study through the use of a bi-state university omnibus consumer panel; some 292 panel members had participated in both waves. The data had revealed 3 consistent themes: 1. greater problem cost seem to stimulate both forms of complaint behavior, 2. the extent of private complaint behavior is inversely related to satisfaction with the firm's response, and 3. public complaining is positively related to resolution satisfaction.

### **2.3 Research Gap**

With compare to the previous studies on this subject, data of this study has been updated till 2067/68. All of the previous researches have been done without hypothesis testing on customer satisfaction. To find out the relationship between consumer satisfaction and complaint behavior chi square test has been conducted. In this research more emphasis has been given on relationship between complaint of the customer and consumers satisfaction. Previous researches carried on the same topic have shown only the level of consumer satisfaction but those researches were silent about the complaint behavior of those consumers and their interrelationship. In this connection, this study contributes something new toward the complaint behavior of the consumers in high involvement products that is not sought yet by surveying the psychology and awareness of consumers while purchasing high involvement products. This sort of study identifying the level, trend and impact of consumer behavior is a new and challenging in itself but is also an opportunity to learn and identify the consumer's behavior. More specific studies as to the customer's satisfaction for example in the field of marketing issues, is necessary opening up the new and challenging research avenues for researchers.

## **CHAPTER-III**

### **RESEARCH METHODOLOGY**

Research methodology is the process of arriving at the solution of problems through a planned and systematic dealing with the collection, analysis and interpretation of the facts and figure. In simple words, research methodology refers to the various sequential steps to be adopted by a researcher in studying a problem, with certain objectives in view. It may be understood as a science of studying new research is done significantly. It is necessary for the researcher to know not only the research methods/techniques but also the methodology. Researchers not only need to know how to develop certain indices on tests, how to calculated the mean, the mode, the research techniques, but they also need to know which of these methods or techniques are relevant and which are not, and what would they mean and indicate and why.

The topic of the problem has been selected as "Consumer Behavior in Nepalese Market." Therefore, here an attempt is made to find out the satisfaction level of consumers over their products. At the same time causes of dissatisfaction are also noticed and hence complaint behavior is checked. Besides this, consumer attitude towards different attributes of the product is also judged. Patterns of behavior shown by consumer are quite useful in the pursuit of success of business in this competitive age. The research methodology employed in the present study is described in this chapter.

#### **3.1 Research Design**

This study is exploratory in nature. It is based on the descriptive research design. It mainly aims to find out the satisfaction and dissatisfaction level of consumers of high-involvement products and hence their complaint behavior. For this study, four highly luxurious products namely Car, Laptops, Air Conditioners and Washing Machines are selected. The survey

approach has been adopted to conduct the research. The data and information collected from the survey of the consumer are rearranged, tabulated analyzed and interpreted according to the need of the study for attaining stated objectives. Consumers inside Kathmandu valley are extensively surveyed so as to procure data and information about consumers, their expectations, importance, and satisfaction and dissatisfaction level along with complaint behavior, towards their products.

### **3.2 Nature and Sources of Data**

The data used in this study are primary in nature. These primary data essential for this study are collected from the Nepalese consumers of the products (i.e. Car, Laptops, Air Conditioners and Washing Machines) across the Kathmandu valley.

### **3.3 Population**

All the Nepalese consumers residing inside Kathmandu valley, who have at least one of the products among Car, Laptops, Air Conditioners and Washing Machines and which are bought within 1 years time period, are considered to be the population of this study. Data indicating the exact number of such consumers is not available.

### **3.4 Sampling**

The above stated population of the study is very large. It is very difficult to include the whole population in this study. Therefore, 100 consumers out of the whole population are selected as a sample. The sampling method used for the study is judgmental (i.e. non random) sampling. Sampling is very small in size as considered to the population.

Even though the sample size is very small in comparison to the population, sufficient efforts have been made to make the sample truly representative of the population and thus present the specific characteristics of the population. Therefore the data collected is comprised of different professionals, age, groups, income groups, education groups and equally of both sexes male and female.

**Table No. : 3.4**

**Table Showing Respondent's Profile**

	<b>Number</b>	<b>Percentage</b>
Male	60	60
Female	40	40
<b>Total</b>	<b>100</b>	<b>100</b>

<b>Age category</b>	<b>Number</b>	<b>Percentage</b>
a) 15-25 years	10	10
b)25-35 ”	32	32
c) 35-45 ”	36	36
d) 45-55 ”	8	8
e) Above 55 years	14	14
<b>Total</b>	<b>100</b>	<b>100</b>

<b>Profession</b>	<b>Number</b>	<b>Percentage</b>
a) Students	5	5
b) Business	25	25
c) Government job	15	15
d) Private job	25	25
e) Teacher	10	10
f) House wife	20	20
<b>Total</b>	<b>100</b>	<b>100</b>

<b>Marital Status</b>	<b>Number</b>	<b>Percentage</b>
Married	80	80
Unmarried	20	20
<b>Total</b>	<b>100</b>	<b>100</b>

<b>Income</b>	<b>Number</b>	<b>Percentage</b>
a) Below Rs. 10,000	5	5

b) Between Rs. 10,000-20,000	15	15
c) Between Rs. 20,000-40,000	30	30
d) Above Rs. 40,000	50	50
<b>Total</b>	<b>100</b>	<b>100</b>

### 3.5 Data Collection Procedure

A well-structured questionnaire is prepared as the main instrument of the data collection for this study. The questionnaire was most carefully designed as well as pre-tested so that it could best serve the purpose of this study. All questions of the questionnaire are based on close-ended response format except question number 8-, which is open-ended. The questionnaire contained Likert scale (summated scale), dichotomous (i.e. yes/no type) format as well as multiple-choice questions. Altogether 100 questionnaires were distributed all of them are collected. Since it is the interviewer administered survey method, cent percent response became possible. Maximum attention has been given while filling up the questionnaires. The objective of the research, meaning of the question and filling up way were explained before getting response from the respondents.

### 3.6 Data Processing and Analysis

All the questionnaires were distributed and collected by the researcher himself and were filled up in presence of the respondents so there was no misunderstanding among the respondents about the questionnaire. Each and every questionnaire was thoroughly checked up after the collection and was found correct in filling up style. After gathering the questionnaires, sorting and tabulating was proceeded on. Same responses of the collected questionnaires were put in to one place under the respective heading and the total responses were presented in different table according to the need of the responses. Necessary calculation and adjustments have been made for the attainment of the objectives of the study.

All the analysis is made on the basis of the data as presented in different tables. Data is analyzed both descriptively and statistically as per the need of the research. Simple mean, percentage and Chi- Square test ( $\chi^2$ ) are used as statistical tools.

## **CHAPTER- IV**

### **DATA PRESENTATION AND ANALYSIS**

Data presentation and analysis, the main part of study, is presented in this chapter. The data and information collected from the consumers are presented, analyzed and interpreted in this chapter for attaining the stated objectives of the study. What is found after the analysis and interpretation is given at the end of this chapter.

#### **4.1. Presentation and Analysis**

According to the research questions the data and information collected from the consumers are presented, interpreted and analyzed. Many research questions formulated for this study have been answered by means of the very analysis and interpretation. Therefore, each research question is reviewed first before the collected data are presented and analyzed to get the answer of the question.

#### **4.2 Ownership of High Involvement Products**

The first research question formulated for this study is "Do you have any one of the following high involvement products – a) Air Conditioners b) Laptop c) Car & d) Washing Machine?"

As there are four products for this study so this question needs the numbers of products possessed by the respondents. Response from the consumers reveals that maximum number of respondents have Laptop i.e. 44 consumers have laptop product. Similarly 27 consumers have washing machine which is second highest number in rank. Likewise 17 Consumers have air conditioners and the least number of products possessed by consumers is car i.e. 12 in number.

### 4.3 Duration of Ownership

Second question asks about the time period that is when did consumer buy it. For this question there are four options to answer: - a) 6 months ago b) 1 year ago c) 1 and ½ years ago & d) 2 years ago.

In the survey, 7 respondents out of 100 bought their product 2 years ago where as only 20 respondents got it 1 and ½ year ago. Similarly, 28 Consumers purchased the product one year ago. Likewise Consumers who obtained their product only 6 months ago are 45 in number.

**Table No.4.1**

#### **Time of Purchase**

S.N.	Time when did Consumers buy their product	Number	Percentage
1	6 months ago	45	45
2	1 year ago	28	28
3	1 and $\frac{1}{2}$ years ago	20	20
4	2 years ago	7	7
5	Total	100	100

*Source: Field Survey, 2012*

**Table No.4.2**

**Number of product possessed by Respondents**

S.N.	Name of product	Number	Percentage
1	Laptop	44	44
2	Washing Machine	27	27
3	Air Conditioner	17	17
4	Car	12	12
	Total	100	100

*Source: Field Survey, 2012*

**4.4 Matching of Expectation with the Performance**

Research Question formulated for this study is, "To what extent did your expectations match with the performance of the product?" There are five options to be answered to this question which are a) Fully Matched b) Matched c) neither Matched nor Mismatched d) Mismatched & e) Fully Miss matched.

To analyze this question two categories are created for simplicity similarity these are a) Matched & b) Mismatched group. Fully Matched & Matched are put in to a) Matched Group. Similarly neither Matched nor-Mismatched Mismatched & Fully Mismatched are put into b) Mismatched Group.

Out of 100, 60 respondents, expectations are found to be matched where as only 40 respondents' expectations are mismatched. In this way 32 males and 22 females' expectations are matched; however, 28 males & 18 females' expectation are mismatched. Therefore, it is

better to look in to the expectation of male and female i.e. whether there is any difference in male & females' expectation or not. Do male & female differ in the formation of expectations or not is analyzed on the basis of Chi-Square ( $\chi^2$ ) Test, which is calculated on the bases of Table No.4.4

**Table No. 4.3**

**Expectation and Performance of the Product**

<b>Expectations</b>	<b>Male</b>	<b>Percentage</b>	<b>Female</b>	<b>Percentage</b>	<b>Total</b>	<b>Percentage</b>
Matched	32	54	22	55	54	55
Mismatched	28	46	18	45	46	46
Total	60	100	40	100	100	100

*Source: Field Survey, 2012*

**Null Hypothesis (H<sub>0</sub>)**

There is no significant difference between male & female in forming their expectations towards the products.

**Alternative Hypothesis (H<sub>1</sub>):**

There is significant difference between male & female in forming their expectation towards the products.

Test statistics under Ho is

$$\chi^2 = \sum \frac{(O-E)^2}{E}$$

Where,

O = Observed frequency

E = Expected frequency

$$= \frac{RT \times CT}{N}$$

RT = Row Total

CT = Column Total

N = Total number of observation

**Table No. 4.4**

**Calculation of Chi- Square ( $\chi^2$ )**

O	$E = \frac{RT \times CT}{N}$	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
32	$54 \times 60 / 100 = 32.4$	-0.4	0.16	0.0049
28	27.6	0.4	0.16	0.0057
22	21.6	0.4	0.16	0.0074
18	18.4	-0.4	0.16	0.0086
$\Sigma O = 100$	$\Sigma E = 100$			$\Sigma(O-E)^2/E = 0.0268$

Degree of freedom (d.f)

$$= (r-1) (c-1)$$

$$= (2-1) (2-1) = 1$$

Here,

Calculated value of Chi-Square ( $\chi^2$ ) = 0.0268. Where as tabulated value of Chi-Square ( $\chi^2$ ) at 0.05 confidence level for 1 degree freedom = 3.84.

### **Decision**

Since calculated value of  $\chi^2$  (i.e. 1.977) is less than tabulated value of  $\chi^2$  (i.e. 3.84) so alternative hypothesis ( $H_1$ ) is rejected and hence null hypothesis ( $H_0$ ) is accepted.

Therefore, it is concluded that there is no significant difference between male & female in forming their expectations towards various products. That is why male & female having almost same kind of expectations towards their products.

### **4.5 Aspects Considered Important**

Many questions were asked to the consumers to get the objective of the study. In this context, question no.4 asks about the importance that consumers give to a) price b) durability c) design d) performance and e) after sales service.

The consumers surveyed for this study were given Likert scale to measure their degree of importance given to the different attributes of the products. Each scale included five points from 1 to 5. 1 was given for the maximum importance. Consumers were asked to mark tick on the point they think correct or appropriate. Different consumers ticked on different points from

1 to 5. We have calculated means of consumers responses concerning to the importance of different attributes.

**Table No. 4.5**  
**Importance of Attributes**

Attributes	Means of importance
Price	4.08
Durability	4.55
Design	3.68
Performance	4.61
After sales service	4.02

Source: Field Survey, 2012

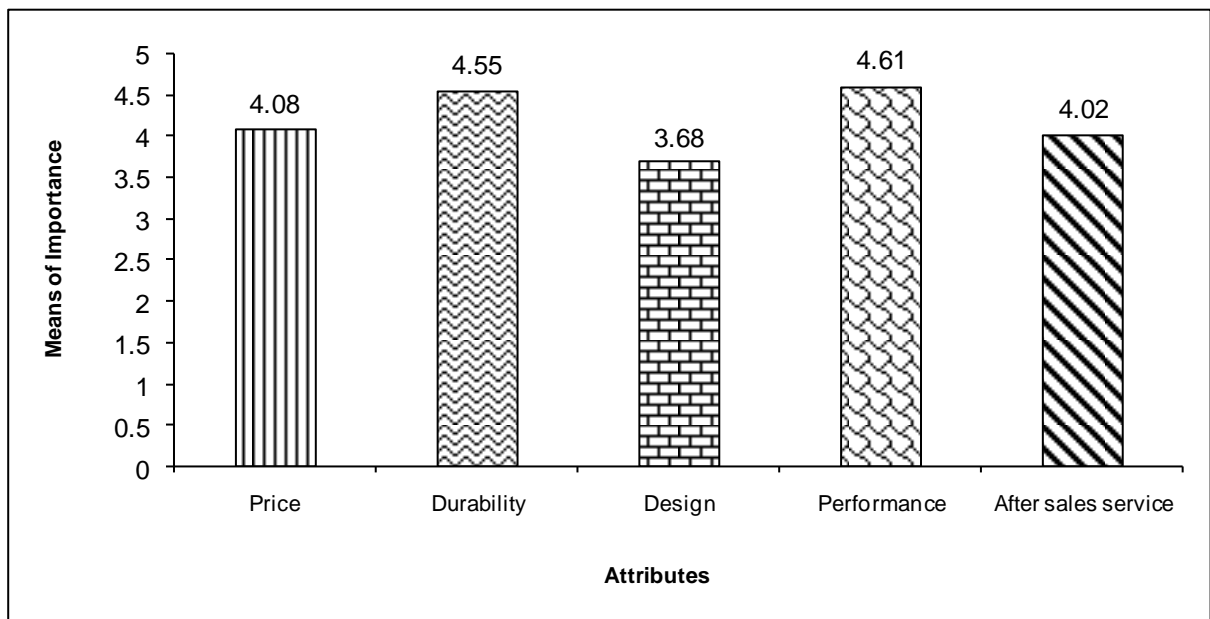
Table No. 5 reveals that consumers give maximum importance to the performance of the product. The highest mean (4.61) which is very close to the maximum important point i.e. 5 obviously indicates that how does the product perform or how does a product work is the most concern issue of consumers rather than any other attributes. Similarly, second highest position is held by durability from the importance point of view. Mean 4.5, which is very close to the performance, informs that consumers give most importance to the durability of the product immediately after the performance. The general perception of people that price plays the most important role in the market place remains no longer true in our study.

This study has shown that price holds the third position from the consumers' importance point of view. Scoring 4.08 mean value, price ensures its position after performance and durability of the product. With mean 4.02 after sales service got the second last position from the importance point of view still it is more important than design. Because design has the smallest mean which is 3.68 i.e. consumers give the least

importance to the design of the product. Though, the comparative description is presented above but except design all other attributes are important from consumers' perception because all other attribute have more than 4 mean values which is very close to the maximum importance point i.e. 5.

**Fig No.4.1**

**Importance of Attributes**



**4.6 Satisfaction with Various Aspects of the Product**

The fifth question formulated for the study is "To what extent are you satisfied with a) price b) durability c) design d) performance and e) after sales service of the product? "

This question is related to the question No. 4. Question no.4 asks about the importance given to the price, durability, design performance and after sales service. In connection to that question it asks about the satisfaction level that consumers obtained from the same attributes (i.e. price, durability, design, performance and after sales service). In this way, it

finds out the gap realized between the importance given and satisfaction achieved from those attributes.

This question had Likert Scales from 1 to 5 (1 minimum satisfaction level – 5 maximum satisfaction level). To show the satisfaction level that consumers obtained from different attributes, mean values is calculated and shown in the table no.6

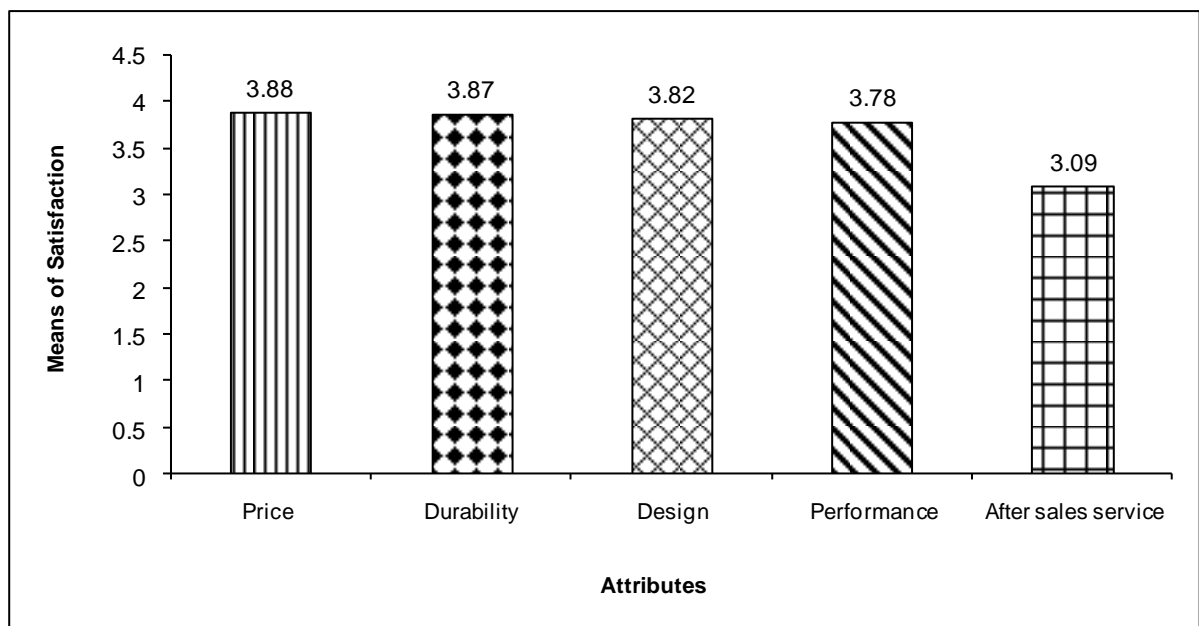
**Table No. 4.6**  
**Satisfaction level of Attributes**

Attributes	Means of Satisfaction
Price	3.88
Durability	3.87
Design	3.82
Performance	3.78
After sales service	3.09

*Source: Field Survey, 2012*

Consumers' satisfaction level can be presented in the following bar diagram more clearly.

**Fig No.4.2**  
**Satisfaction Level of Attributes**



From the above table any one can easily find out that consumers are more satisfied with the price of the product than other attributes. Price has 3.88 mean value to hold the first position from the point of view of satisfaction level. Immediately after price durability holds the second highest position of satisfaction level by scoring 3.87 mean value. It means after price consumers are more satisfied with the durability of the product. Design has 3.82 mean values, which shows its third position of satisfaction level. So it seems that consumers are less satisfied than price and durability and more satisfied than performance and after sales service in design. In performance (mean value=3.78) consumers are more satisfied than after sales service but less satisfied than all other remaining attributes. Holding 3.09 mean value after sales service occupies the last position. Therefore consumers are more dissatisfied in after sales service than in any other attributes.

Mean value of price, durability, design and performance are closer to the point 4. Thus, it seems that consumers are a bit satisfied with price, durability, design and performance of the product. However, they are not as satisfied as they give importance to these attributes. Except design they give more importance to all other remaining aspects (more than 4 mean values) where as none of the aspects from satisfaction point of view scores more than 4 mean values. So still there is gap between required and acquired level of satisfaction in all aspects. Only in case of design the importance given to it is less than satisfaction obtained from it i.e. importance given (mean value 3.68) is less than satisfaction level (mean value 3.82).From this we can argue that design is the least important part of product from consumers side so they did not make any expectations over design so what did they get simply became more than expectations itself.

Comparison of importance and satisfaction can be together presented in the table below: -

**Table No.4.7**

**Comparison of importance and satisfaction level**

Attributes	Mean of satisfaction realized	Means of importance given	Difference
Price	3.88	4.08	-0.2
Durability	3.87	4.55	-0.68
Design	3.82	3.68	0.14
Performance	3.78	4.61	-0.83
After sales service	3.09	4.02	-0.93

*Source: Field Survey, 2012*

From this table we can easily see the mean value of different attributes in two categories (i.e. importance given and satisfaction realized). Except in design all other means of importance are greater than the means of satisfaction. Similarly, means of importance are closer to the maximum important point i.e. 5 than the means of satisfaction. All mean values (except design) are above 4 in case of importance given where as none of the means are above 4 in satisfaction level realized. It shows that consumers give more importance to all aspects (except design) but in the same way they cannot realize the satisfaction level from those aspects.

From the above table it is seen that performance got the highest importance level which is more close to the maximum importance point i.e. 5 where as satisfaction realized level is the almost lowest point in performance so there is the vast gap between importance given to the performance and the satisfaction obtained from it. Many consumers felt

less satisfied with the performance of the product. Durability has 4.55 mean value which is also too close to the maximum importance point(5) but the satisfaction realized from the durability has only 3.87 mean value which is not as close as the importance level. Consumers give more importance to the durability but get less satisfaction from it. In case of design consumers get more than expectation but still it is not more close to the maximum level. Price has also clear distinction between required and acquired level. Acquired level (3.88) is less than required level (4.08). After sales service has 4.03 mean value from the importance point of view in contrast to 3.09 mean value from the satisfaction point of view. In this way a difference is realized between the expected and the achieved level of after sales service.

#### **4.7 Complaint Behavior of Consumers**

A separate question is being asked which needs information about the complaint behavior of the consumers. Whenever consumers' feel dissatisfaction they may complain against the product/service they get. Among the total 100 respondents 50 complained against the product. Remaining 50 respondents did not make any complaints against the product no matter whether they were satisfied or not.

Only 50 percent respondents complain about the product remaining 50 percent never complained. It shows the low complaining habit of Nepalese consumers. Even those who complained also used only two options either (a) Tell to other about dissatisfaction or (b) Ask compensation from the seller. No one used legal action and public media. Some 20 percent complainers told to others about dissatisfaction and 80 percent ask compensation from the seller.

#### 4.8 Compensation from the Company

Out of the total respondents only 40 of them were compensation seekers. Compensation seekers 67.5 percent got it but remaining 32.5 percent did not get any compensation. Those who got compensation was only warranty compensation. Monetary, guarantee and social compensation were not entertained by the Nepalese consumers. Neither Nepalese consumers have habit to go to public media nor to legal action nor are do they being compensated by other than warranty compensation.

What is the complaint behavior of Nepalese consumer? What percentages of consumers do seek for compensation? How do sellers compensate them? The answer to these questions can be presented in the following tables.

**Table No. 4.8**

**Nature of Consumers towards Complaint Behavior**

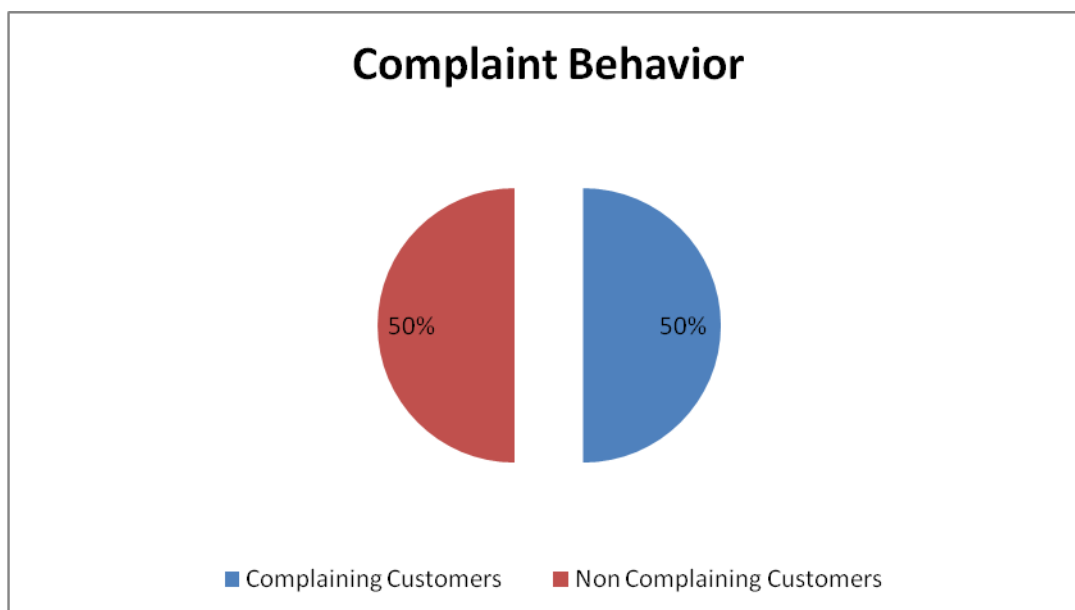
Types of consumers	Number of consumers	Percentage
Complaining	50	50
Not complaining	50	50
Total	150	100

*Source: Field Survey, 2012*

The table value can be presented in the following pie chart to make it more understandable.

**Fig No. 4.3**

**Nature of Consumers towards Complaint Behavior**



**Table No.4.9**

### Consumers' Complaints to the Product

Types of complaints made	Number of consumer	Percentage
Tell to the other about dissatisfaction	10	20
Ask compensation from the seller	40	80
Take legal Action	-	
Go to Public Media	-	
<b>Total</b>	<b>50</b>	<b>100</b>

*Source: Field Survey, 2012*

**Table No. 4.10**

### Compensation Seekers and Compensation

Consumer	Number of Consumers	Percentage
Compensated	27	67.5

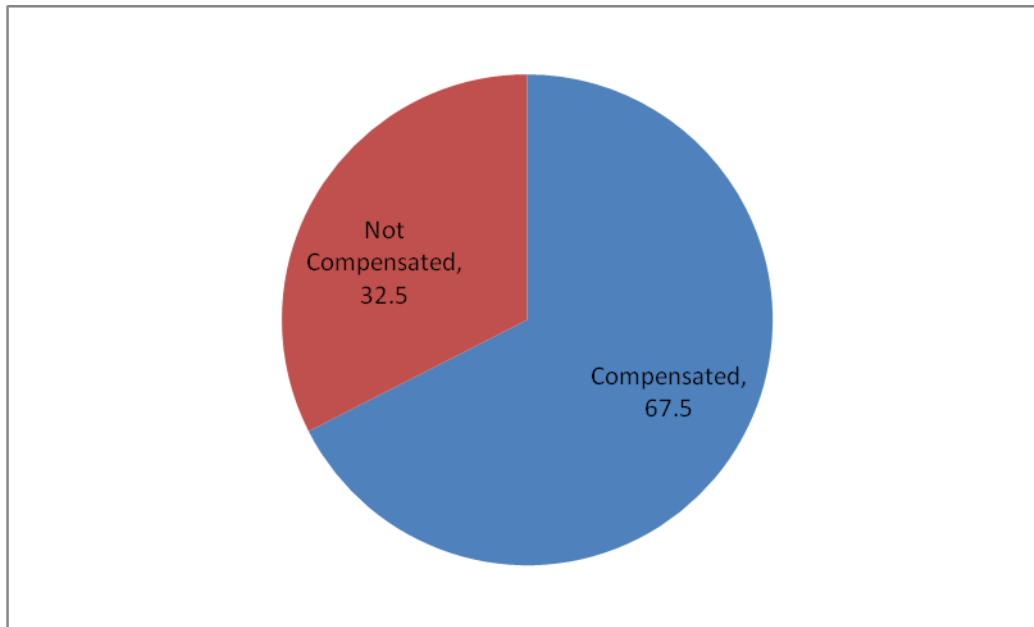
Not Compensated	13	32.5
Total	40	100

Source: Field Survey, 2012

The following pie chart will precisely reveal the table message to the readers.

**Fig No. 4.4**

**Compensation Seekers and Compensation**



**Table No. 4.11**

**Compensation Recovered by the Compensated Consumers**

Types of compensation	Number of consumer	Percentage
Monetary compensation	-	-
Guarantee compensation	-	-
Warranty compensation	27	100

Social compensation	-	
Total	27	100

*Source: Field Survey, 2012*

Here, one must not be confused in the above mentioned term monetary, guarantee, warrantee and social compensations. Monetary compensation refers to any part or full amount of cash payment returned to the buyer by the seller in case of default found in the product. Here, on the basis of injustice occurred to buyer a sum of money is paid back to the consumer. Guarantee compensation ensures the buyer that if any default is found in the product then it will be exchanged to the better one with free of cost. In this case buyer feels safe because he/she can immediately change the product with another if any weakness is found in it. Warranty compensation does not change the product but it only changes the part of product which does not work smoothly. So, here only parts are either changed or repaired without any payment. Social compensation indicates any excuse, sorry or regret that company or seller asks to the buyer whenever consumer gets offset because of the defaulted product. Here, the company (or seller) apologizes through the public media or any other sources where ordinary people have easy access.

#### **4.9 Respondents' Suggestions to the Company**

“What is your suggestion to the company?” this is the last question formulated for this study. Some respondents have given no suggestion to the company. Some have presented more than one suggestions. Those who gave suggestion are also mainly concentrated on the quality, durability, good performance as well as originality of the product.

The suggestions presented by the consumers to the different products are summarized below product wise.

### **(A) Laptop**

Laptop is one among four products of the study. Laptop owners have resented many suggestions to the company (or seller) are pointed as follows:-

- Improve quality, durability and design of the product.
- Use original spare and parts of same brand rather than using different brands.
- Promise what you can deliver specialty in case of after sales service, originality of spare parts and timely delivery.
- Change tiny spare parts without charging extra money from the buyer.
- While selling through installment basis many obstructions emerge out so try to minimize such hurdles.
- Make after sales service available over the country no matter wherever be the purchasing point.
- Improvise bags, carrier and charger for comfort use.
- Free Antivirus program should be given.
- Guarantee in the battery must be provided.
- Original Windows vista should be installed at first.

## **(B) Air Conditioners**

Air Conditioner is the second product under the study. As in Laptop we got many suggestions in air conditioners too. Some of the very realistic ones are as follows:

- Produce advance quality of air conditioners along with the attractive model.
- Make after sales service available at user's home.
- Keep as many programs as possible while selling the product
- Promise what you can perform in case of quality, durability, warranty and guarantee too.
- Nepali letters should be introduced in remote.
- Easy notation and functions should be installed in the A/C and remote.
- Hang up problem should not occur i.e. air conditioners should continuously run.
- Cheap with extra performance will be our attractive point.
- Responsibility towards customer should be seriously implemented without cheating them.
- One time free gas installation should be provided

### **(C) Washing Machines**

Washing Machine is the product of the study area for which the researcher has many suggestions. Some of the important suggestions are as follows:

- Digital Display system and sound system should be standardized.
- After sales service at home must be provided in time.
- Quality, durability and design should be superior one.
- Washing Machine must get started in one touch.
- Use original spare parts to earn the goodwill among the potential customers too.
- Exchange offers should be included so that buyer can entertain such facility.
- Expand the warranty time period.
- Offer some gift hampers.
- Free detergent must be provided for some time.

### **(D) Car**

It is the last product of the study. It has also some useful suggestions that can be presented as:

- Quality, durability and performance should be ensured.
- Easy financing system must be used rather than following lengthy and boring way.
- While selling the product seller should disclose the different characteristics of various brands to the customers.
- Free test drive must be provided to the customers
- After sales service should be reliable.
- A/C, Music system, air bag and central heating system should be installed.
- It should be cheaper.
- Use original spare parts to earn the goodwill among the potential customers too.
- Exchange offers should be included so that buyer can entertain such facility.
- Some gift hampers while buying the car must be provided

#### **4.10 Correlation between Sales and Complaints in Different Products**

Customer complaint on different products directly impacts the sales of the same product. Customer complaint is regarded as the most important sales indicator. It helps to increase the sales volume of a product whereas high nos. of complaints is the signal of lower level of sales and customer satisfaction. Thus it is logical to review the relation of sales and complaints in a product.

For the research proposes, Sales and complaints/customer dissatisfaction during study period (5 yrs) are averaged to get sales and dissatisfaction/complaints variable. After getting sales and dissatisfaction/complaint variable, then data are analyzed using

Pearson's correlation coefficient. The following table presents the correlation coefficient of the sales and complaints during study period for different products.

#### **4.10.1 Correlation Coefficient between Sales of Laptops and Customer Dissatisfaction**

Customer complaint on laptops directly impacts the sales of the same product. To study the correlation between the sales of laptop and the customer dissatisfaction, the no. of customer complaints and sales volume of laptop for the past five years is taken.

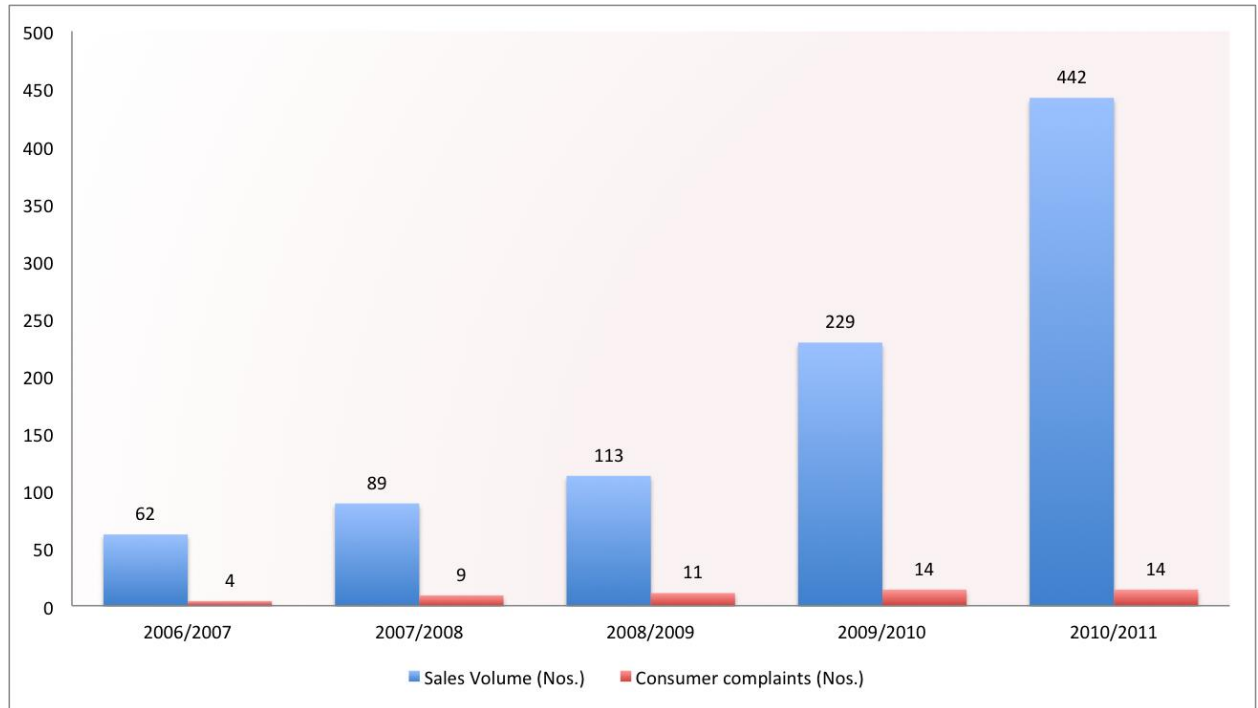
**Table No. 4.12**

#### **Sales volume of MSI Brand Laptops and Customer Complaints**

<b>Year</b>	<b>Sales Volume (Nos.)</b>	<b>Customer Complaints (Nos.)</b>
2006/2007	62	4
2007/2008	89	9
2008/2009	113	11
2009/2010	229	14
2010/2011	442	14

*(Source: Ocean Computer Trading Pvt. Ltd., New Road Kathmandu)*

**Figure 4.5**  
**Sales Volume and Customer Complaints in MSI Brand Laptops**



**Table 4.13**

**Relationship of Sales and Complaints: - Correlation Matrix**

		Complaints	Sales
Complaints	Pearson correlation	1	-0.2143
	N	5	5
Sales	Pearson correlation	-0.2143	1
	N	5	5

The table 4.13 presents the correlation coefficient between complaints and Sales during the study period. The calculated Person's correlation coefficient was found - 0.2143, which shows low degree of negative correlation. It indicates that complaints and sales were found related with each other. That means, increasing complaints helps to decrease the sales whereas decrease in complaints and dissatisfaction increases the sales of laptops. Similarly, coefficient of determination was found to be 0.0459 which indicates that 4.59% of total change in sales has been determined by complaints. Customer dissatisfaction and complaints have low influence on sales of the laptops.

#### **4.10.2 Correlation Coefficient between Sales of Car and Customer Dissatisfaction**

Customer complaint on cars directly impacts the sales of the same product. To study the correlation between the sales of car and the customer dissatisfaction, the no. of customer complaints and sales volume of car for the past five years is taken.

**Table No. 4.14**

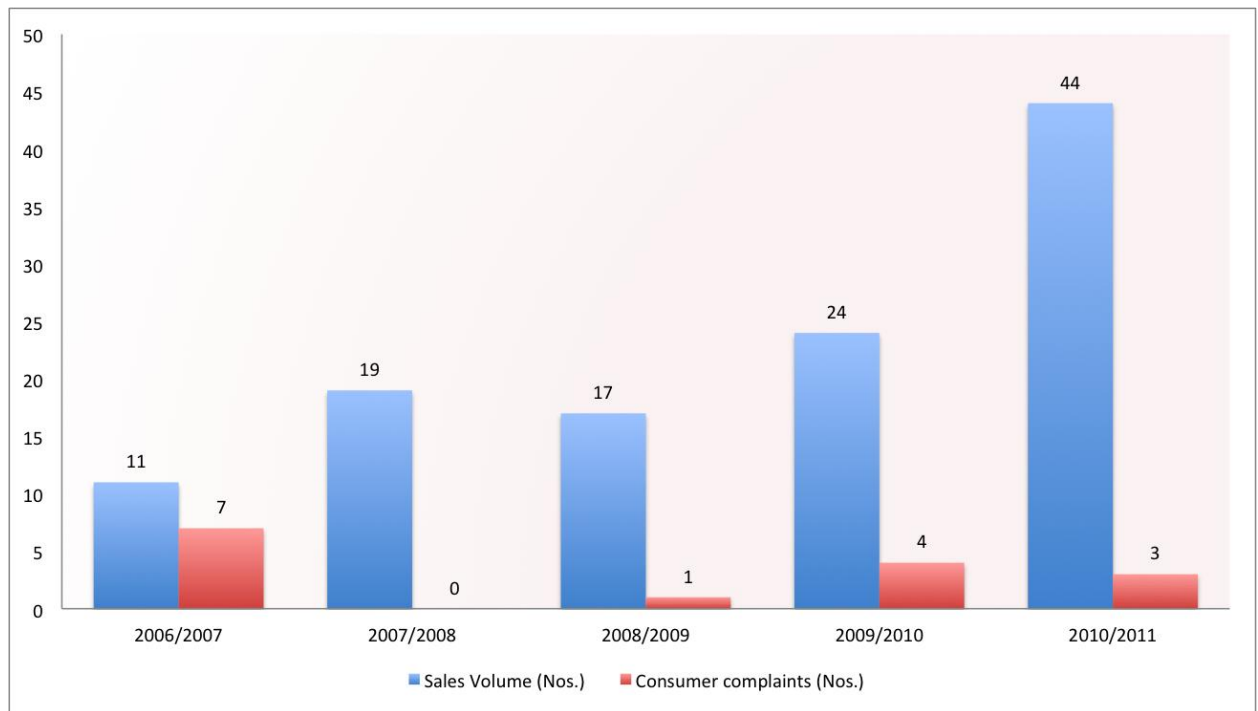
##### **Sales volume of SKODA Brand Cars and Customer Complaints**

<b>Year</b>	<b>Sales Volume (Nos.)</b>	<b>Customer Complaints (Nos.)</b>
2006/2007	11	7
2007/2008	19	0
2008/2009	17	1
2009/2010	24	4
2010/2011	44	3

*(Source: Morang Auto Works, Tripureshwor, Kathmandu)*

**Figure 4.6**

##### **Sales Volume and Customer Complaints in SKODA Brand Cars**



**Table 4.15**

**Relationship of Sales and Complaints: - Correlation Matrix**

		Complaints	Sales
Complaints	Pearson correlation	1	-0.16625
	N	5	5
Sales	Pearson correlation	-0.16625	1
	N	5	5

The table 4.15 presents the correlation coefficient between complaints and Sales during the study period. The calculated Person's correlation coefficient was found - 0.16625, which shows low degree of negative correlation. It indicates that complaints and sales were found less related with each other. That means, increasing complaints helps to decrease the sales whereas decrease in complaints and dissatisfaction increases the sales of Cars. Similarly, coefficient of determination was found to be 0.0459 which indicates that 4.59% of total change in sales has been determined by complaints. Customer dissatisfaction and complaints have low influence on sales of the Cars.

### 4.10.3 Correlation Coefficient between Sales of Washing Machines and Customer Dissatisfaction

Customer complaint on washing machines directly impacts the sales of the same product. To study the correlation between the sales of washing machines and the customer dissatisfaction, the no. of customer complaints and sales volume of car for the past five years is taken.

**Table No. 4.16**

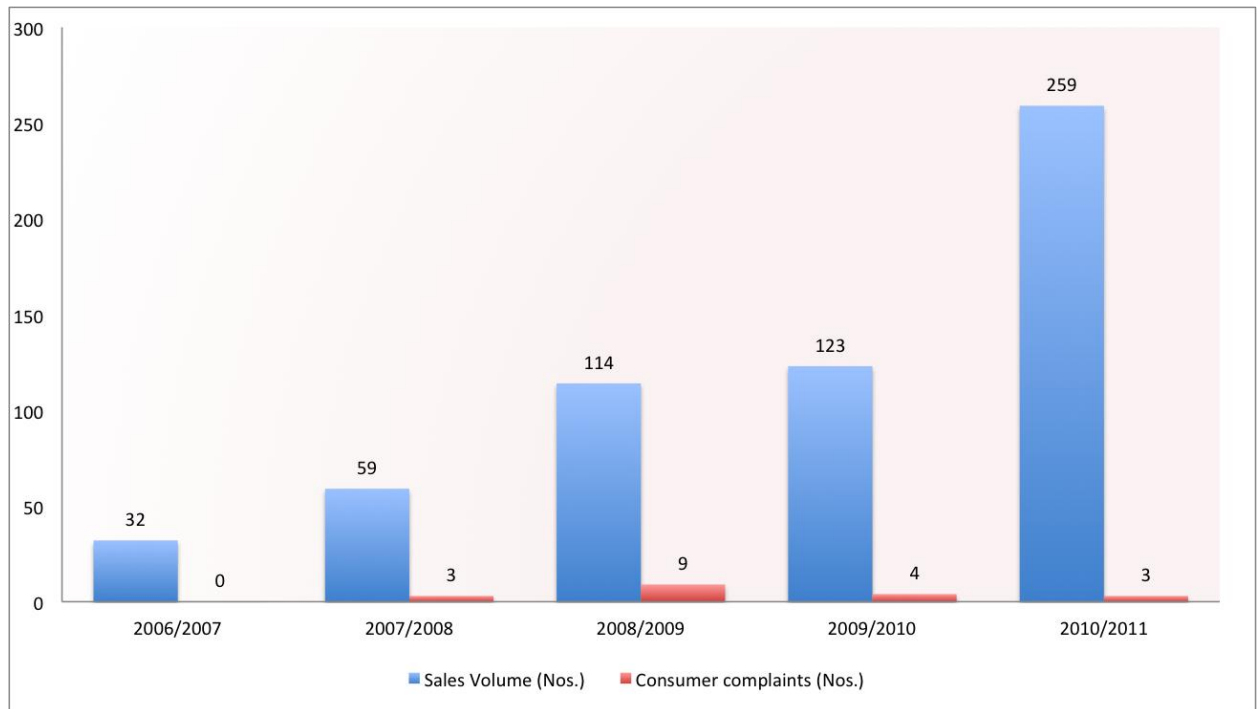
#### **Sales volume of VIDEOCON Brand Washing Machines and Customer Complaints**

<b>Year</b>	<b>Sales Volume (Nos.)</b>	<b>Customer Complaints (Nos.)</b>
2006/2007	32	0
2007/2008	59	3
2008/2009	114	9
2009/2010	123	4
2010/2011	259	3

*(Source: Pashupati Electronics, Putalisadak, Kathmandu)*

**Figure No. 4.7**

### Sales Volume and Customer Complaints in



### VIDEOCON Brand Washing Machines

**Table 4.17**

#### Relationship of Sales and Complaints: - Correlation Matrix

		Complaints	Sales
Complaints	Pearson correlation	1	0.21
	N	5	5
Sales	Pearson correlation	0.21	1
	N	5	5

The table 4.15 presents the correlation coefficient between complaints and Sales during the study period. The calculated Person's correlation coefficient was found 0.21, which shows low degree of positive correlation. It indicates that complaints and sales were found related with each other. That means, increasing complaints helps to increase the sales whereas decrease in complaints and dissatisfaction decreases the sales of washing machines. Similarly, coefficient of determination was found to be 0.042 which indicates that 4.42% of total change in sales has been determined by

complaints. Customer dissatisfaction and complaints have low influence on sales of the washing machines.

#### **4.10.4 Correlation Coefficient between Sales of Air conditioners and Customer Dissatisfaction**

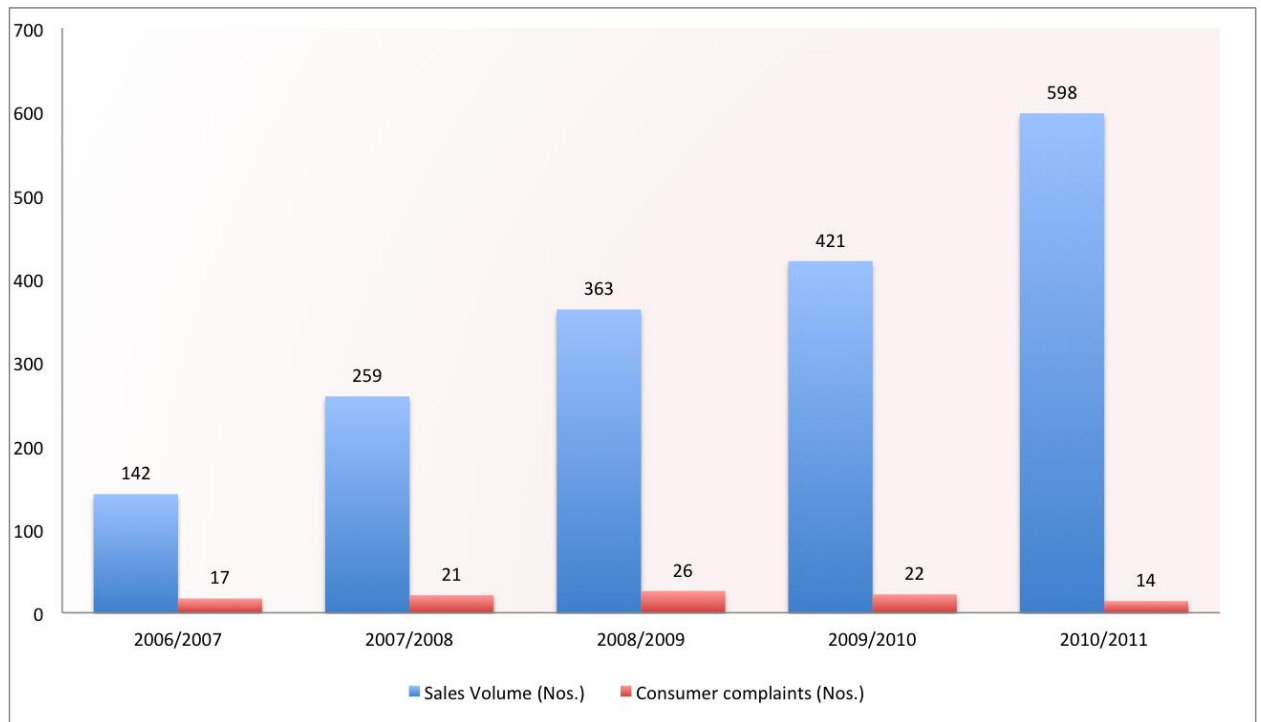
Customer complaint on air conditioners directly impacts the sales of the same product. To study the correlation between the sales of air conditioners and the customer dissatisfaction, the no. of customer complaints and sales volume of air conditioners for the past five years is taken.

**Table No. 4.18**  
**Sales volume of McQuay Brand Air Conditioners and Customer Complaints**

<b>Year</b>	<b>Sales Volume (Nos.)</b>	<b>Customer Complaints (Nos.)</b>
2006/2007	142	17
2007/2008	259	21
2008/2009	363	26
2009/2010	421	22
2010/2011	598	14

*(Source: Air Tech Pvt. Ltd., Kamaladi, Kathmandu)*

**Figure No. 4.8**  
**Sales Volume and Customer Complaints in McQuay Brand Air Conditioners**



**Table 4.19**  
**Relationship of Sales and Complaints: - Correlation Matrix**

		Complaints	Sales
Complaints	Pearson correlation	1	-0.23069
	N	5	5
Sales	Pearson correlation	-0.23069	1
	N	5	5

The table 4.19 presents the correlation coefficient between complaints and Sales during the study period. The calculated Person's correlation coefficient was found - 0.23, which shows low degree of negative correlation. It indicates that complaints and sales were found related with each other. That means, increasing complaints helps to decrease the sales whereas decrease in complaints and dissatisfaction increases the sales of air conditioners. Similarly, coefficient of determination was found to be 0.0532 which indicates that 5.32% of total change in sales has been determined by

complaints. Customer dissatisfaction and complaints have low influence on sales of the air conditioners.

#### **4.11 Major Findings of the Study:**

The following major findings are deducted from the data presentation and analysis made in this chapter,

- (a) Male and female do not differ in terms of their expectation formation. Both have almost similar kind of expectation from the product before purchase.
- (b) Majority of the consumers think performance as the most important part of the product. Mean 4.61 reveals the same fact.
- (c) Durability is the second most important aspect of the product only then price comes in their priority.
- (d) Most of the consumers are found indifferent towards the design of the product where as after sales service is found to be inadequate and even absent in some cases.
- (e) It is found that none of the consumers are quite satisfied with all aspects of the product; of course, some are satisfied with one or two aspects.
- (f) As compared to the other aspects Nepalese consumers are more satisfied with the price of the product. Mean 3.88 indicates the same meaning.
- (g) Durability is found to take second position in satisfaction level as compared to the all aspects of the product.
- (h) It is also found that performance of product has the largest gap between the expected and the actual level of service.

- (i) Only one third of consumers are found to complain against the product. Remaining two third are found to maintain their silence irrespective of their feeling.
- (j) Majority of the compensation seekers are found to be compensated through warranty compensation.
- (k) Some 32.5 percent compensation seekers got nothing regardless of their voice.
- (l) Among four products, none of product sellers are found to offer either monetary or guarantee or social compensation.
- (m) Almost all of the consumers are found to emphasize on quality, durability performance and after sales service of the product.
- (n) Most of the consumers are found to be quite dissatisfied with the after sales service and the behavior of the seller after purchase.
- (o) False promise is found to be quite irritating side of consumers life.
- (p) Clarity, originality and the true commitment are found to be the consumers very will.
- (q) Satisfaction/dissatisfaction does not get affected through sex, income group, age category and marital status, better- educated people do complain more than uneducated ones.
- (r) Correlation coefficient between the sales of laptops and customer dissatisfaction was negatively correlated. It indicates that there is low influence of customer complaints in the sales of laptops.
- (s) Correlation coefficient between the sales of car and customer dissatisfaction was negatively correlated (i.e. -0.16625). It indicates that there is low influence of customer complaints in the sales of cars.

- (t) Correlation coefficient between the sales of washing machines and customer dissatisfaction was positively correlated (i.e. 0.21). It indicates that there is positive influence of customer complaints in the sales of washing machines.
- (u) Correlation coefficient between the sales of air conditioners and customer dissatisfaction was less negatively correlated (i.e. -0.23). It indicates that there is negative influence of customer complaints in the sales of washing machines. It means higher the customer dissatisfaction and lower will be the sales and vice versa.

## **5.1 Summary**

### **CHAPTER -V**

#### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

Modern facilities are becoming more accessible day by day to the ordinary people of our country. Some years ago laptop was the product associated with the affluent group of the society. Washing machine was used to appear in only some houses of the society. So was the case of Air conditioner and Car too. But now the time has changed. We can see car, air conditioners, washing machine and laptop in almost all of the homes in urban area. At least one product among those can easily be found out in each and every house of the city. Even in village these products started appearing gradually. These four products are found with different brands in the market. There are many users of such products in our urban society. There is one proverb, "It is better to satisfy one consumer rather than attracting ten potential customers." So every organization has to satisfy its customers to achieve its goals, those who satisfy the consumers can expand their market share and hence be in profit.

As it is commonly accepted that without winning the heart of consumer, no business can go far. Therefore, the main objective of this study is to find the satisfaction, dissatisfaction and complaint behavior of Nepalese consumers. Besides the main objective, attempts have been made to know consumer's expectations, their interest and their own needs associated with these products. What is their satisfaction/ dissatisfaction level? If they are dissatisfied, did they make any effort to compensate themselves through complaint behavior or not. This study is mainly concentrated on the very aspects of consumers.

This study is based on scientific method of research. All the Nepalese consumers inside Kathmandu valley who have at least one product among

laptop, air conditioner, car and washing machine are considered population of the study. A sample of 100 consumers is taken out from the population on the basis of judgmental sampling. For the collection of data, requires for the study, a well structured questionnaire as the main instrument is prepared. Altogether 100 questionnaires were distributed across the Kathmandu valley and all of them were collected.

The data and information collected by means of the questionnaires are presented, interpreted and analyzed so as to attain the stated objectives of the study. In this way the interpretation and analysis of the data and information collected from the consumers enables to find the very feeling of the consumers towards the products. It helps to unveil the hidden aspects of consumers. In the due course of our attempt some important views are came to know. As it is found that Nepalese consumers are a bit satisfied with the price they paid, durability they got and the design they had. Less than this they are satisfied with the performance or of the product where as after sales service remains dissatisfied aspect of their products as compared to others. Similarly a gap is realized between expectation and actual performance of the product. Male and female do not differ in terms of their expectations. Similarly marital status, age, income group and profession do not distinguish in terms of satisfaction and dissatisfaction. Educated people more complain than uneducated ones. It is also found that a small numbers of consumers complain against the product. Those who complain and seek compensation get only warranty compensation. Nepalese consumers are still far from the reach of monetary, guarantee and social compensation.

## **5.2 Conclusion**

As per the evaluation, interpretation and findings of the research the following conclusion has been derived from this study.

Every consumer has certain prior expectations while buying any products or services. If these prior expectations match with the performance then they get satisfaction while mismatch of the expectation with performance make them dissatisfied. Consumers mainly see on the performance of the products rather than looking on any other sides. In this way performance becomes the most concern issue of consumers in the products. Durability and price of the product also attract consumer attention while buying the product.

Consumers respect the true promise made by the sellers where as false promise not only dissatisfies them but also irritate. Consumers still smell a rat over aspects like after sales service, warranty and guarantee of the products. Sellers are not yet become alert about such matters so they are still engaged in making false promises. No promise is far better than making false promise. Though, it is quite difficult to give full satisfaction to the consumers but sellers' reasonable behavior can, of course, help to decrease the dissatisfaction level of the consumers.

Satisfaction/dissatisfaction is caused by the comparison made between expectation and performance of the product but not any other factors as income, age, education and sex etc. Clarity in saying, originality of the spare parts and true commitments are the very things which consumers want from the sellers and of course, that ensure the satisfaction to the large extent. Education and status do not claim satisfaction but can invite some complaints over the products a bit easily than the uneducated consumers.

### **5.3 Recommendations**

Consumer is the king. This is the philosophy of modern business. Consumers are the sovereign power of the modern marketing world. Success and failure of every business is totally dependent on consumers' response. Every successful product in this world is an embodiment of the consumers' needs, wants, prestige preference, satisfaction, aspiration and mental horizon. Hence understanding the consumers' needs, wants, satisfaction, preference, aspiration and mental horizon is the key to success today. So some of the recommendations that will be useful to the marketers as well as producers of the products are presented as follows: -

- a) Special attention should be given to the quality, durability and performance of the product.
- b) Promise should be performed specially in case of after sales service warranty and other facilities.
- c) Clarity of commitment, originality of spare parts and performance of true promise must be ensured to the consumer so that they will be aware of the things.
- d) Marketers should try to disseminate as more information's as possible. While selling the product they should disclose the distinguished characteristics of brands available in the market.
- e) While selling any products either through installment or through financing, process wise hurdles should be eliminated to facilitate the consumers' transaction.
- f) Rather than sustaining the consumer only in warranty compensation marketers should start providing monetary,

guarantee as well as social compensation as per the requirements of the consumers.

- g) Consumers are frustrated neither the indifferent feelings of sellers. So they should respect consumers feeling even long after the sale of the product.
- h) Air conditioners and washing machine are difficult to carry here and there so after sales service should be provided at home if possible.
- i) Tiny spare parts should be changed with free of cost to win the heart of the consumers.
- j) Seller should provide easily understandable menu, continuous guidelines and information to the users so that no difficulty will lie with the operation of the product.
- k) A product bought inside Nepal should be provided after sales service through out the country wherever be the point of purchase.

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# QUESTIONNAIRE

Dear Respondents,

I am an MBS level student from Tribhuvan University. I am going to conduct a research on Consumer Behavior in Nepalese Market. Therefore, I request you to fill up the survey form and help me in conducting my research.

Thank you.

Srijana Rijal (Researcher)

## Respondent's Profile

Name:

Address:

Occupation:

Age:

Sex:

Marital Status:

Please tick () the suitable answer of your choice from the following question and wherever appropriate please rank them on the basis of number of alternatives and importance.

Q. No. 1 Do you have any one of the following high involvement products?

- a) Air Conditioners                      b) Laptop  
c) Car                      and                      d) Washing Machine

Q. No. 2 When did you buy it?

- a) 6 months ago                      b) 1 year ago  
c) 1 and ½ years ago                      d) 2 years ago

Q. No. 3 How did you know about the products?

- a) Through Friends
- b) Through Newspaper advertisement
- c) Through Television advertisement
- d) Through Hoarding board advertisement

Q. No. 4 What will be your priority while buying a new product?

- a) Price
- b) Durability
- c) Design
- d) Performance
- e) After sales service

Q. No. 5 To what extent are you satisfied with the products in following aspects?

- a) Price
- b) Durability
- c) Design
- d) Performance
- e) After sales service

Q. No. 6 What factors initiated you to buy the products?

- a) Price
- b) Durability
- c) Design
- d) Performance
- e) After sales service
- f) Advertisement

Q. No. 7 To what extent did your expectation match with the performance by the products?

- a) Fully matched
- b) Matched
- c) Neither matched nor mismatched
- d) Mismatched
- e) Fully mismatched

Q. No. 8 What is your suggestion to the respective manufacturing companies?