



## SECOND HAND: A HAND IN HAND FOR INDIAN CUSTOMERS – A STUDY ON THE CUSTOMER PRIORITIES ON DIFFERENT USED PRODUCTS

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**Abstract:** The existed and expected demand in future for second hand goods in almost every country with a high-speed pace has accomplished the considerable profits and the people associated with have shaped the traditional market into an organized sector. To be retrospective of second hand market and have a glimpse of the mindset of the consumer, the lack of purchasing power, decision making, novelty shifts brand image and consumption pattern were some of the reasons for opting seconds. Most of the durable goods are sold in the second hand market and the mileage has made many corporate to ingress and promotes in a big way to attract and retain their consumers. There is a need to find out accurate relationship between income growth and the rate of increase in the sales volume of second-hand markets, and the results from other markets are broadly likely to be applicable in India as well. The middle class, persistently balancing affordability, endeavors to reach the luxurious lifestyle through the used gadgets. There is an emphasis made on the priorities of students who are very interested in various used products for many reasons such as affordability, short term usage and rapid shifts of lifestyles. A survey on AITAM College MBA students has lead to certain findings about the purchase behaviour towards different used gadgets.

**Key Words:** Consumption pattern, organized second hand market, wealth classes' decisions, research practices.

### I. INTRODUCTION:

Car lures my attention but the pocket recommends an auto; Strong desire for I phone backed up by lack of purchasing power; Wife is craving for fridge versus the husband is out and about. The boy covets a bike; A girl dreams a laptop; At least One LCD TV for whole family; All these are immediately needed. Needs are infinite and desires are eternal. In search of the need for relaxation and enjoyment, how middle class people can get along and when can they cross this impasse. Debate starts with a monologue associated with a dilemma by asking oneself "To purchase or not to". Should we compromise with the situation? Should we put an end to the desires? Or should we go for any other alternative?

What is useless to us may be useful for another and vice-versa. When we do not have purchasing power to buy a new thing, better we opt an old thing of at least with minimum assured quality (Fox, 1957). Based on this law, one of the business markets

came into existence long back and has become bigger in everything. The total market of second hand goods accounts for sixty thousand crore except automobile arena. Its transactions right from cars to bikes, books to furniture, and laptops to mobile phones and what not? Second hand market has tremendously been reaching every segment. The demand for second hand goods with a gaining pace has achieved the considerable profits and the players have turned the traditional market into an organized sector (Hendel and Lizzeri, 1999). To be retrospective of second hand market and have a glimpse of the mindset of the consumer, the lack of purchasing power, decision making, novelty shifts, brand image and consumption pattern were some of the reasons for opting seconds. In past years consumer used to use the instrument even after it got damaged. He used to get it repaired and kept using it for a long period of time. Earlier, heavy materials were used so products were more durable. Now, because of the shorter life cycles of products, the replacement demand has gone up, and low-cost

new products and second-hand markets have become substitutes. Moreover, now-a-days product cycles are smaller and durability is coming down, which has also given a fillip to second-hand markets (Anderson and Ginsburgh, 1994).

After simplification of the market, the economic system has changed which in turn influenced the mindset of the consumer to go for the new. May ever be the cost of the gadget, it will matter to be used by the consumer so long as he has interest for it. Consumer would prefer 'style to feature and change to style'. In simplified markets there are two groups, one group is always looking for new version or model and gets rid of the old models. High class and upper middle class will come into this group which doesn't mean only that they are having whopping amounts in their pockets, also the credit loans which are being given by the banks and retail organizations with installment payments makes the customer to have an idea of becoming owner of his dream product especially durable products. Although the passion for fashion is more, the second group of people such as middle class and lower middle class come into this category would satisfy themselves with fadeout fashions that are also very prone to be compromised on the matters of cars, bikes, apartments. There is another group which is totally reality oriented and only considers the fact that the need is to be satisfied. They will prefer durability to style. These three groups have brought the good days for second hand market. There is another invisible angle called quality which is very low now-a-days in electronic and household goods for which the consumer wants to get rid of it at the earliest possible as reported by national council for economic research. In past days, there had been a sentiment amongst the people towards vehicles and houses but over time it has disappeared.

It is inevitable to migrate now-a-days for many. Only essential things will be carried away along with and the remaining households will get sold in the wake of apartment culture for the space management has become a problem to be solved. As and when the gadget gets older, it should be set aside manufacturing organizations that are remodeling their products year by year. They use all sales promotional tools through exchange the products. These exchange products will reach the second hand market which takes a look on the paradise of old gadgets (Norris, 2012).

## II. OBJECTIVES

- 1) To study the second hand market and its distinctiveness in the industry.
- 2) To evaluate the demand of different used products and their influences on the industry.
- 3) To analyse the importance and priority given by urban, semi urban and rural students to different old products.
- 4) To establish the factual information and tips to the consumers about second hand products.

## III. METHODOLOGY

The factors that have contributed to the selection of AITAM College in Srikakulam district for the purpose of the study are: firstly, this is the foremost place to have the mishmash of students with urban, semi urban and rural population; secondly, this is the district which had been considered one of the backward districts in the State once and recently finding a considerable growth in every factor. The research methodology for the conduct of the present study includes the collection of data and the analysis of data using statistical tools. The collection of data consists of data from primary sources and secondary sources. For the purpose of interpretation of the results of the present study the researcher computed 'f' tests to study the significant difference between the groups of student categories region wise on the priority base to five second hand products (used vehicals, old houses, old books, second hand cell phones and households) to analyze the data. In this survey a sample of 200 students studying MBA were identified for the present study. Out of which 117 students are from Rural, 35 students are from Urban and 75 students are from Semi urban. These samples were selected from the AITAM College based on random sampling method.

### *Hypothesis:*

*H1: There is no significant difference among different student respondents from urban, semi urban and rural on the priority to be given to second hand products such as used vehicles, old houses, old books, second hand cell phones and households.*

#### IV. A WAY FORWARD TO PRIORITY CRITERIA ON THE USED PRODUCTS IN INDIA

**Old Houses:** Not an exaggeration that more advertisements are being given to an old rather than to new one now-a-days with reference to the houses. The old house may not have as much modern features and facilities as new one has, but old building gains its own unique features. Old house means, some people must have lived in for a long time basing on which customers can come to a conclusion that the place where the house situated is very conducive to live. If there had been any problem such as industrial provision, Anti-vaasthu and legal litigation, would have been brought to light by now. When it comes to a new house, it is needed to give certain amount as advance at the time of foundation with an imagination of the building through the plan itself. By the time of completion of building, it may fall short of the expectations, which cannot happen in the case of old building as there is no ambiguity over the structure of the building for we can see how it is. For an old house, sophisticated facilities are well not there so as the maintenance charges well are low. The rates of sites and houses for both old and new are high now a days and owning a house has become reverie even for a middle class man. High interest rates, hike in prices of steel and cement, inflation and changes in the policies and practices of municipal corporations have been the influences to restrict oneself to have a new house. Those that plan to get away from the long standing payment against housing loan, old houses are of great importance. The things that have been discussed so far are price perspective only and some of the other reasons are such as the growth in supply of old flats. When most of the people are in their pursuit of employment or settlement they won't need new house as they can't afford. As and when their income levels grow high, they will go for new houses. In order to avail the bank loans people should be prepared to pay installments which may not be possible to all because of the changes generally occur in the modification of interests, fluctuations in employability and changes in the industry which may end up in fiasco. Because of these factors buyer will go for an old house with reasonable cost.

**The Velocity of Old Vehicle:** This may perhaps come to surprise that the market value of new cars

is Rs 1, 00,000 crores and the market value of old cars is Rs 60,000 crores. Approximately 80% of the car owners are changing their cars after usage of 3 years without considering the cost as well as the condition of the car. Manufacturing companies, by taking advantages of these behaviors of consumer, started their own second hand show rooms of cars. Maruti True Values, Hundai 'Advantage', Honda Auto Tarries are the perfect example for this phenomenon. Recently BMW and Mercedes Benz have also come into this market. Some improvised advantages are also promoted in this market by the players such as loans, guarantees and services where the quality is assured but price is somewhat high. It is better to buy a big comfortable old car rather than buying a new car. In a city like Vishakhapatnam of A. P. alone 400 old cars are sold per a day. In Hyderabad it would be 10 times the sales of Vishakhapatnam. The market of bikes is also not of small importance; it accounts for almost 35 thousand crores. In old bikes market the value of yearly transactions would be 5 thousand crore rupees. Out of 100, 70 members are not using any bike more than 2-3 years. Consumer is now looking for style and fashion. This market hasn't been an organized one and it is being ruled by the brokers and mechanics.

**Households:** In past days people used to purchase the durable products like TV, refrigerator etc viewing longevity but in this day and age, many accustom the fantasy of not using any gadget more than 4 years which is the survival for the second hand markets. The market value of households is approximately Rs 40, 000 crore. The market value of second hand products is Rs 500-700 crores. There is no organized market for these households, so fairs are ruling this market. In branded households market exchange offers are enormous and assumed to be the barrier for the used products. Promotional mix of branded such as Much bigger TV, washing machine with extra features, maxi with high quality will certainly magnetize the people. Offers like exchanging old gadgets with new gadgets, Payments in installments and with 0% interest rates have made this market much competent. Products with good working condition are also sold for cheaper price. All these products will be shifted to the second hand market through the dealers. Refrigerators and washing machines do have considerable demand in this category.

**Cell Market:** As far as mobile phones are concerned, India is the second biggest market in the world and in used mobile market of mobiles also our country gains the same. Cell phone is a fashion symbol for students and status symbol for employees. Some innovative cell phones are sold out completely within 1 week from the date of launching. Cell phone customers are mostly awaiting new models. The total value of cell phone market is Rs 35000 crore and old cell phone market accounts for Rs 5000 crore. Around 25% of the online classified are allied to second hand cell phones, laptops and PC which has crossed 200 crore. Technology keeps on changing with fast pace and thereby innumerable facets are added. In this context brand new products are not of first preference because of the seconds with low price and expected performance would certainly satisfy the customer. Rural people is one of the imperative segments that aim for second hand cell phones for many causes such as cost effectiveness, less span of usage, lack of knowledge on recent and upcoming features and availability.

**Book Market:** Good book is always useful and it doesn't matter even if it gets older (Kirkpatrick, 2002). It is anticipated that the market value of books is Rs 500 crore and out of this new books, more than 15% of the books will come into the second hand market in a month or year. The market value of second hand books accounts for Rs 50-70 crore. It is observed in our country that there are some exclusive places such as Koti in Hyderabad (A.P) and Naye sarkh in Delhi are pretty famous for old books. The books which are seen on foot paths on particular days in all seasons lead to a great deal of quantity. Website like *secondhandbooksindia.com* is also offering their services.

**Online Market:** Even as the book market in India has good demand, it hasn't been organized so far. In this context websites like quicker, OLX and SULEKHA are attracting the readers effectively (PTI, 2012). The increased percentage of netizens, payment facilities and transparent regulations are fueling the e-book market. In second hand market some disequilibrium between supply and demand is existed (Joshi, 2011). LCD TVs, MP3 players are very hard to be sold in second hand market and so is ACs. Corporate companies are selling their old technology to the second hand market. No sooner the new technology arrives; the old technology will get sold. Because of this the supply is increasing, the demand is decreasing. In addition to the gadgets above mentioned toys, music, CDs and rare collections are also being sold in websites.

## V. SURVEY ANALYSIS

It is found that most of the student group are interested and in practice of purchasing second hand products. They assume the longevity of the product and buy the product for a short term use. Whenever they fed up with the products they switch over to another model or brand. As the students are not earners and depend much on their parents may not be in a position to afford on par with the trends and fast pace of changes in their lifestyles. So they are contented with the least possible cost and maximum possible features. In order to find out the purchase behaviour of students hailing from three regions i.e. urban, semi urban and rural and their preferential criteria towards used vehicles, old houses, old books, second hand cell phones and households, a survey was conducted on the Management students in Aditya Institute of Technology and Management (AITAM), Tekkali which has shot up like a bright star in the firmament of technical education in the Northern Districts of Andhra Pradesh.

**Table I: Significant difference on priority basis of second hand products among the three categories of respondents in the study area**

Variable	Regional segregation	N	Mean	Std. Deviation	SS Effect	MS Effect	df	f-value	Sig.
Vehicles	Rural	117	1.82	0.70	2.00	1.00	197	0.87	0.42
	Urban	35	1.80	0.87					
	Semi urban	48	1.81	0.87					
	Total	200	1.82	0.77					
Houses	Rural	117	1.53	0.66	0.24	0.12	197	6.74**	0.00
	Urban	35	2.11	0.68					
	Semi urban	48	1.96	0.74					

	Total	200	1.74	0.73					
Books	Rural	117	1.39	0.66	0.09	0.05	197	0.34	0.71
	Urban	35	1.43	0.61					
	Semi urban	48	1.90	0.75					
	Total	200	1.52	0.70					
Cell phones	Rural	117	2.10	0.72	0.12	0.06	197	0.40	0.67
	Urban	35	2.26	0.61					
	Semi urban	48	2.42	0.65					
	Total	200	2.21	0.70					
Households	Rural	117	2.42	0.70	1.20	0.60	197	6.52**	0.00
	Urban	35	2.71	0.52					
	Semi urban	48	2.44	0.71					
	Total	200	2.48	0.68					

\* Significant @ 5% level

\*\* Significant @ 1% level

### Results:

The significant difference in priority basis of items among different respondents in the study area has been presented in the above table. According to the above table it shows that the priority basis on vehicles is dominated by the rural (1.82) followed by semi urban (1.81) and the urban people with least priority (1.80). The respective standard deviations are 0.70, 0.87 and 0.87. The calculated f-value 0.87 indicates not significant which shows that there is no significant difference among different respondents on the basis of their regionality in priority given to vehicles in second hand market hence hypothesis is rejected.

The priority basis on old houses is dominated by urban (2.11) followed by semi urban (1.96) and the least priority has given by the rural (1.53). The standard deviations are 0.68, 0.74 and 0.66 respectively. The tested f-value 6.74 found significant at 0.01 levels which indicates that there is a significant difference among different groups in priority given to old houses. Hence hypothesis is accepted.

Regarding priority basis on books, semi urban is dominating with 1.90 followed urban (1.43) and the rural are found least priority towards vegetables with 1.39. The respective standard deviations are 0.75, 0.61 and 0.66. The calculated f-value is 0.34 shows not significant which indicates that there is no significant difference between the groups in priority given to books. Hence hypothesis is rejected.

The priority basis on cell phones is dominated by semi urban (2.42) followed by urban (2.26) and the rural stand with least priority (2.10). The standard

deviations are 0.65, 0.61 and 0.72 respectively. The tested f-value 0.40 found not significant which indicates that there is no significant difference among different respondents by regional segregation in priority given to cell phones. Hence hypothesis is rejected.

Regarding priority basis on households such as TV, refrigerator, cooker, washing machine is dominated by urban (2.71) followed by semi urban (2.44) and the rural stand with least priority (2.42). The derived standard deviations are 0.52, 0.71 and 0.70 respectively. The projected f-value is 6.52 indicate significant at 0.01 level which indicates that there is a significant difference in priority given to households among different category by their regions. Hence hypothesis is accepted.

From the above analysis it can be concluded that urban group respondents have given more priority in the purchase of second hand houses and households Whereas, semi urban category are given more priority to purchase houses and cell phones, but vehicles are given more priority by rural.

### VI. FINDINGS:

1. There wouldn't be a fixed rate for second hand goods. Seller's need and buyer's necessity will play a vital role. Bargaining generally starts from the lowest price will last on the basis of need of the buyer. Most of the urban students felt that it would be better if the payments are made by cheques for safety transactions.
2. Students as a whole concentrate on two major elements i.e. cost of the product and the workability during the tenure of usage. They



give less importance to safety and quality of the second hand product.

3. Some students from urban area have felt that old goods especially vehicles give a good impression as if they are new, but they may have the damage internally. Some goods may look old but they work well. Mechanics (opinion leaders) should be consulted for vehicles and other specific households as well as the structural engineers for house.
4. Banks may not come forward to give loans for old buildings. Sellers may require half of the money in black. Buying old house is subject to risk and proper action should be taken at the stage of agreement so that the future will be without risk.
5. Now-a-days even branded mobiles are being counterfeited. Laptop which is offered to you may be a duplicate. Whenever you go for second hand gadgets, you should check reliability. It is observed that rural people hardly care about reliability.
6. As far as the quality is concerned there is no guarantee and warranty for second hand products especially in a disorganized sector and we hardly approach any consumer court with regard to the quality of second hand products. Over and above we may not have the chance to resale the same.
7. Student group responded aggressively about households which show that their participation in the same has been high in real life.
8. Most of the students buy old but represent them that they are new which means that the image of the person is degraded if they buy second hands

## VII. CONCLUSIONS:

The participation and involvement of corporate in the second hand market show that the intensity of demand in future and the range of business will creep to the most. Economic shifts, lifestyle up gradation and emotional buying behaviour are some of the traits of the customers who prefer second hand products. Urban, rural and semi urban segmentations have been taken as parameters for

certain results related to the awareness, affordability, bargain ability which is assumed to be different. Further research is to be taken up on different customer segmentations such as demographical, psycho graphical, user status, etc that influence buying behavior of exclusively the used products. A study of customer research priorities on different old gadgets will be helpful especially to the middle class people in terms of the decision making towards the purchase of durable goods.

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Venu Gopal K., Santosh Ranganath N ., (2012)., “Behavioral Changes of Consumers on Indian Organised Retailing” Asian Journal of Research in Business Economics and Management , Volume 2, Issue 1 January, ISSN: 2249-7307, pp.57-66

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