

A Market Study about Laser Toner on Chennai City

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Abstract: The study entitled "A Market Study about Laser Toner in Chennai City" was conducted in Chennai City with special reference to TVS ELECTRONICS LIMITED. The study was undertaken to know the perception level of users in relation to various aspects of Laser Toners. The survey was conducted by collecting responses from various consumers. The objectives of the study is to identify the reason for the brand preference over the competing brands, to find out the consumer perception on various attributes of the products, to identify the reason for going for refilling the Laser Toner and also to identify the pattern of maintenance of the Laser Toner adopted by the users. This study helps the organization to understand the consumer psychology on choosing the product or service so that the product can be easily positioned. It assesses the extent of preference for the branded toners by the respondents. It also helps to assess the real opinion and mindset of consumers and aids to meet their expectation in future. The survey was limited to Chennai city only. The study covers mainly three competing brands that include HP, Samsung and Canon. The other limitation of the study was that the data provided by the respondents may not always be true at times and the study is confined to 100 consumers only.

Keywords: Customer perception, Laser toner market, Market share of laser toner

1. Introduction

1.1 Indian Printer Market- Industry Profile

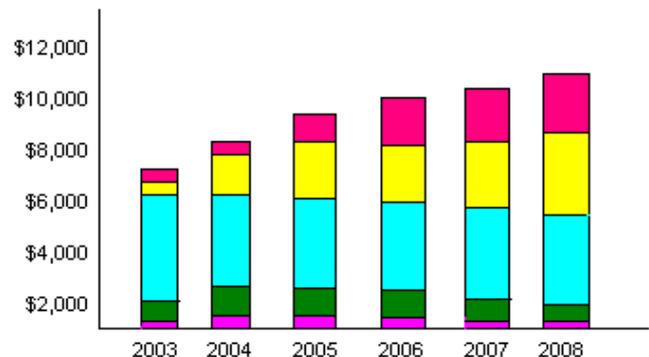
This report examines the INDIA printing market and the industry that supports it. The printer consumers market continues to play a vital role in the peripherals space, generating a considerable amount of revenue for printer vendors. In addition, the proliferation of rapidly evolving peripherals products such as multifunction printers, photo printers, digital cameras, laser printers, will continue to drive the demand for consumables turning in good printing volumes over the forecast period.

As the Asia/Pacific Market is fragmented, timely and accurate information is critical for effective planning and decision making. International data corporation's (IDC's) Asia/Pacific quarterly printer consumables tracker addresses this need by providing pertinent information, coupled with an in-depth analysis and forecast. Armed with this information and analysis, vendors will be better positioned to capitalize on new growth opportunities

1.2 Competitive Analysis

International Data Corporation (IDC's) Asia/ Pacific quarterly printer consumables tracker analyses product and vendor strategies, market shares, competitive positioning, financial viability and overall strategy direction of leading and emerging printer consumables players in the Asia/ Pacific region. It tracks both original and compatible shipments in Asia/ Pacific market. In Addition both gray and counterfeit shipments are sized to provide a fuller perspective of the industry. Examples of Companies tracked include: Calidad, Canon, Epson, Fullmark, HP, Inkara, Inktec, Lexmark, Oki, Panasonic, Red stone, Samsung, Sepoms and Xerox.

1.3 US Market Trends



The above figure illustrates the share of different capacity printers in different years in US. In the year 2008 it is forecast that printers with the capacity of 25 ppm and above will have the major share. Generally the trend appears to be in favour of printers with higher capacity. We can also expect the same trend in Indian Market.

1.4 Company Profile

1.4.1 About TVS-E

TVS Electronics is a part of the 90-year-old TVS Group. The only Group from Asia, outside Japan to win the Deming award for Quality. TVS Electronics, founded in 1986, started as a IT peripherals manufacturer and has today transformed itself into an IT Transaction Solution provider and Business process outsourcing partner. Since its inception in 1986, TVS Electronics (TVS-E) has grown to become one of the top 3 IT brands in India. The turnover of TVS-E in 2004 was USD 56.34 Million. True to its credo "Productivity through Intelligence", the organization has over the years made significant investments in organizational development, in creating a transparent and entrepreneurship driven culture, with a vibrant team of people. For a company of its size, it has the highest percentage of engineers. The company has been making profits since inception. Its commitment to

quality and innovations has won many awards. To fully exploit the emerging business opportunities the company has structured itself into focused Business Groups, each vertically focused yet interdependent– Products & Solutions, Extended Manufacturing Services and Engineering design service.

2. Objectives, Scope and Limitations of the Study

The study was conducted at Chennai on behalf of TVS-Electronics. The study aims at understanding the toner market to enable the company to launch their Laser Toner.

2.1 Objectives of the Study

Primary Objective

- To study the Laser Toner replacement market in terms of volumes, criteria in choosing the toner and brand preferences.

Secondary Objective

- To study the pattern of toner replacement in the form of new cartridges and Refilling.
- To understand the relative importance of different attributes of Laser Toners.
- To understand the procedures adopted in buying toners and role played by the respondents in the purchasing process.

2.2 Scope of the Study

- It helps the organization to understand the consumer psychology in choosing the product or service so that the product can be positioned easily.
- It assesses the preference of choosing the Branded Printers by the respondents.
- The study helps us to know about the Customer perception towards Buying new Original Laser Toner or Refilling the Laser Toner.
- It also helps to assess the real opinion and mindset of consumers and aids to meet out their expectation in future.
- The study helps us to know about the Customer perception towards Buying new Lowest cost Local brand Laser Toner.
- It helps the company to understand the efficiency of service provided to the consumers, so that it can create the root for further improvement.
- It identifies the usage and maintenance system adopted by the consumers so that it helps the company to educate the customers further towards the product usage and maintenance, so that it really creates an impact on consumer perception towards the product.

2.3 Limitations of the Study

- The Survey was limited to Chennai City only.
- The Study covers only four variants of competing brands that includes HP, Samsung, Canon and Brother.

- The respondents were less interested in answering the questionnaire, as they felt that it was an interruption to their regular work.

3. Research Methodology

3.1 Research Design

It is a conceptual structure within which research should be conducted. Thus the preparation of such a design facilitates research to be as efficient as possible and will yield maximum information.

3.1.1 Research Objectives

- To study the perception of consumers towards the popular brands of Laser Printers.
- To identify the influencing factors on individual's choice among the alternatives.
- To analyze the interest of respondents towards buying new Original Laser Toner or Refilling the Laser Toner.
- To know the reason for preferring the competitors brand (Other Brands).
- To identify the real opinion of the consumers towards Laser Toners.

3.1.2 Sources Of Data

The task of collecting data begins after a research problem has been defined and plan is chalked out. This study pertains to collection of data from primary sources.

3.1.3 Primary Data

Data are collected for the first time for a specific purpose in mind using the questionnaire method. Information was collected through personal contact and telephone calls.

3.1.4 Type of Research

Here in order to meet the research objectives, descriptive research design is used.

3.1.4.1 Descriptive Research Design

| Toner Vendors | HP | Samsung | Canon | Others | Grand Total | % |
|--------------------|----|---------|-------|--------|-------------|------|
| Leman | 18 | 1 | 1 | 1 | 21 | 21% |
| HP Accessorie | 15 | 2 | 4 | | 21 | 21% |
| Computer Corner | 13 | | 1 | | 14 | 14% |
| Soft Computers | 7 | 1 | | 1 | 9 | 9% |
| Golden Computers | 4 | 1 | | 1 | 6 | 6% |
| Liberity Computers | 4 | 1 | | | 5 | 5% |
| Sterling Computers | 2 | 3 | | | 5 | 5% |
| Others | 10 | 6 | 2 | | 19 | 19% |
| Grand Total | 73 | 15 | 8 | 3 | 100 | 100% |

A research design is an arrangement of condition for collection and analysis of the data in a manner that aims to combine relevance to the research purpose with economy in procedure.

The study is descriptive in nature i.e., descriptive research. This includes surveys and fact-finding enquiries of different kinds. The main characteristic of this method is that the

researcher has no control over the variables; one can only report what has happened or what is happening. Thus, the research design in case of descriptive study is a comparative design throwing light on all the areas and must be prepared keeping the objectives of the study and the resources available. This study involves collection of data from Hardware Executives in the Companies.^[4,5]

3.2 Statistical Tools

The Statistical Tools used for data analysis were

- Percentage Analysis
- Cross tabulation
- Weighted Average

Data Analysis and Interpretation

Printer Usage - Brands.

| Brand | No. Of Respondents | Percentage |
|-------------|--------------------|------------|
| HP | 73 | 73% |
| Samsung | 17 | 17% |
| Canon | 7 | 7% |
| Others | 3 | 3% |
| Grand Total | 100 | 100% |

From the above table it is found that, 73% of the respondents are using HP Printers, 17% of the respondents are using Samsung Printers, 7% of the respondents using Canon Printers and 3% of the respondents are using other types of Printers.

Role in the Toner Buying process

| Role | No. Of Respondents | Percentage |
|---------------------|--------------------|------------|
| Buyer | 63 | 63% |
| Advisor/Influencer | 28 | 28% |
| Technical Evaluator | 9 | 9% |
| Grand Total | 100 | 100% |

From the above table it is found that, 63% of the respondents are buyers in the company, 28% of the respondents are Advisor/Influencer in the company, 9% of the respondents are Technical Evaluator in the company.

Vendor – Wise Purchase Of Branded Toners

From the above table it is found that, 21% of the respondents are buying from the vendor Lemman, 21% of the respondents are buying from HP Accessories, 14% of the respondents are buying from Computer corner, 9% of the respondents are buying from Soft Computers, 6% of the respondents are buying from Golden computers, 5% of the respondents are buying from Liberty Computers, 5% of the respondents are buying from Sterling Computers and 19% of the respondents are buying from some other vendors.

Toner Usage Pattern

| Options | No. Of Respondents | Percentage |
|-------------------------|--------------------|------------|
| More than 300 Pages/Day | 88 | 88% |
| 201-300 Pages/Day | 11 | 11% |
| 101-200 Pages/Day | 1 | 1% |
| 51-100 Pages/Day | 0 | 0% |
| Less than 50 Pages/Day | 0 | 0% |

| | | |
|-------------|-----|------|
| Grand Total | 100 | 100% |
|-------------|-----|------|

From the above table it is found that, 88% of the respondents are printing more than 300 pages in a day, 11% of the respondents are printing 201-300 pages in a day, 1% of the respondents are printing 101-200 pages in a day and none of them are printing below 100 pages in a day.

Weighted Average

Weighted average between printer brand and the priority of the respondent for various features of toner.

The respondents are asked to mark the importance of the following attributes of the toner.

- 1) Image Quality.
- 2) Price.
- 3) Maintenance.

The respondents were asked to rank the attributes from 1 to 5, 1 being most important and 5 being least important. The weighted average score for each attribute for each brand in tabulated and presented in the following tables. A ranking between 1 and 2 implies that the attribute is considered most important by the respondents. A rank above 4 implies very low importance.

Image Quality

| TONER BRAND | NO OF USERS | WEIGHTED AVERAGE |
|-------------|-------------|------------------|
| HP | 73 | 1.21 |
| SAMSUNG | 17 | 1.29 |
| CANON | 7 | 1.14 |
| OTHERS | 3 | 1.33 |

Weighted average importance rating given for Image Factor Quality is 1.22

PRICE

| Toner Brand | No Of Users | Weighted Average |
|-------------|-------------|------------------|
| HP | 73 | 1.61 |
| SAMSUNG | 17 | 1.58 |
| CANON | 7 | 1.57 |
| OTHERS | 3 | 1.66 |

Weighted average importance rating given for Price Factor is 1.60

4. Maintenance

| Toner Brand | No Of Users | Weighted Average |
|-------------|-------------|------------------|
| HP | 73 | 1.56 |
| SAMSUNG | 17 | 1.88 |
| CANON | 7 | 2.14 |
| OTHERS | 3 | 2.00 |

Weighted average importance rating given for Maintenance Factor is 1.67

4.1 Cross Tabulation

Cross Tabulation Between Respondents Buying/ Refilling Decision And Number Of Pages Print In A Day.

Pages Print/Day

| Decision | 101-200 | 201-300 | Above 300 | Grand Total | Percent |
|----------------|---------|---------|-----------|-------------|---------|
| Original Toner | 0 | 8 | 55 | 63 | 63% |
| Refilling | 1 | 3 | 33 | 37 | 37% |
| Grand Total | 1 | 11 | 88 | 100 | 100% |

The choice of buying Original Toner or Refilling does not appear to be influenced by the no. of pages printed per day.

5. Future Study

5.1 Findings of the Study

1. 73% of the respondents are using HP Printers.
2. 17% of the respondents are using Samsung Printers.
3. 63% of the respondents are acting as Buyers in the company.
4. 28% of the respondents acting as Influencer/Advisor in the company.
5. The respondents who are going to buy the new Original Toner constitute 63%.
6. The respondents who are going to refill their Toner constitute 37%.
7. 30% of the respondents are buying their Toner based on the Quality.
8. 32% of the respondents are buying their Toner based on the Brand Name.
9. 71% of the respondents refill/buy their Toner based on cost.
10. Major buying procedures used are Float a Tender (65%), buy from Experienced vendors (32%) and Local Retailer (3%).
11. Major factors influenced respondents while purchasing the Laser Toner are Quality (30%), Brand Name (32%), Lowest Cost (27%) and Warranty (11%).
12. 47% of the respondents have at least one Laser Toner Cartridge at their Office.
13. 88% of the respondents are printing more than 300 Pages in a day.
14. 31% of the respondents are refilling their Toner more than Three times before changing to a new one.
15. 61% of the respondents are changing their Toner once in a month.
16. 83% of the respondents are willing to buy Compatible Toners at a price range upto Rs 2500.

5.2 Suggestion and Recommendations

- Most of the respondents are not aware of the total cost of ownership and cost per copy of various Toner cartridges in the market. Because of that they prefer some unfamiliar brands of Laser toners at low initial Cost. This reason mainly influences some costumers to go for refilling their Toner. So proper communication can be given to the users and proper positioning (price) can be done in order to convince the consumers to use toners instead of refilling old ones.
- The branded toners have a considerable market share and the customers are happy with the products. The consumers rank Image Quality and Price as the most important attributes of a toner. Hence the company should focus on these attributes while marketing their toner.

- As significant quantity is bought through tenders, the company can also think on providing low price models in order to cover all corporate, financial institutions, Banking Industry, Educational Institutions, IT Industry, Medical Industry and also compete with existing players in the market.
- Efforts to be taken to popularize the product, product variants, products prices, product differentiation, service, service differentiation through appropriate publicity measures.

5.3 Conclusion

The study was conducted in Chennai city to understand the toner replacement market. The market volume is assessed through the number of pages printed per day and the frequency of toner replacement. It is found that 89% of the consumers replace their toners at least once in a month. It is also found that 63% of the consumers buy original toners while 37% of the consumers resort to refilling. It is found that Brand name, Quality and Cost form the important basis in the choice of toner. Hence any new entrant in the market will have to spend considerable efforts and resources in creating a brand image in addition to the traditional factors of quality and cost. It is found that HP is the market leader in both Printers and Toners. They have a 75% market share. In the presence of such a strong brand, any new entrant will find market penetration quite difficult. However the other side of the coin is that anyone who wants to enter the replacement market can focus on a narrow set of products to reach volumes without the need for great variety.

It is found that Image Quality and Price are the most important attributes that the customers look for in the toners. It is necessary for the manufacturer to concentrate on these factors to gain reasonable market share.

Many of the large buyers resort to tendering process to purchase their requirements. This segment of the market is a high volume- low margin market. Further the original printer manufacturers are also very strong in the toner supply market. To compete against such brands, low cost and high quality are essential. In conclusion it can be said that the Laser Toner market is a large market where branded suppliers dominate. Any new entrant to the market can compete only in terms of low price and high quality. Since there is a single brand with a very high market share, the new entrant should concentrate on the replacement market for that single brand thus avoiding the complexities of large variety.

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