CHAPTER- II

REVIEW OF LITERATURE

Purpose and overview

This chapter outlines the details of the research studies already undertaken in the two-wheeler industry.

It covers an overview of various research papers and case studies that have been undertaken in the areas of evolution and structure of two wheeler industry in India, Communication system, Marketing mix, Customer relationships and in particular of Motorcycle industry.
Introduction:

Review of literature has been covered under the following two categories-

A> General.

B> Specific.

I General:

1> Relevant theories and Business development models.

- Japanese Marketing: Towards a better understanding.
- A Communication-Based Marketing model for managing relationships.
- The 4P classification of the marketing mix revisited.
- The role of Models in Marketing.
- Comparative Marketing: The first Twenty five years.
- Japanese marketing strategies in the UK.
- Marketing as a communication system

Japanese companies are recognized as world class marketers. Yet, sources of information in English about the development of Japanese marketing and marketing management decisions, strategies and operations are relatively sparse. This article, the result of Japanese/American collaboration based on the

1 William Lazer, Shoji Murata & Hiroshi Kosaka “Journal of Marketing” Vol 49 No2 (Spring 1985) pp 69-81
deliberations of a Japanese study team, is designed to help this gap. Four main topics are addressed:

Stages in the growth of the marketing discipline, the nature of the Government/marketing relationships, marketing decisions and Strategies and selected practices.

Japan is one of the very few countries where the marketing philosophy is well understood, widely accepted, and effectively applied. Japanese marketing management success has been described as a classic textbook case of applying the marketing philosophy - carefully studying; consumer wants and needs in international markets, developing products incorporating desired features, and putting effective marketing programs into place to support them. Effectiveness in implementing marketing programs is based on heavy involvement of lower level and middle managers in interpreting and carrying out the marketing philosophy.

- A Communication-Based Marketing model for managing relationships.

McCarthy's (1964) 4Ps model-Product, Price, Place and Promotion has been the instructional guideline for most marketing courses. They argue that all the Ps is persuasive or at least designed to be. Promotion (i.e. persuasion) is separated from the fourth P and becomes a common denominator that underline the four mix categories: Product mix, price mix, distribution mix, and communication mix (mass, personal and media). In other words, their model identifies promotion/persuasion as a common denominator of the product (e.g., extra sizes), pricing (e.g., price deals), distribution (e.g., trade incentives), and communication (e.g., premiums, contests, sweepstakes, events). Communication is the human activity

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2 JESTOR Journal of marketing Vol 62, No2 pp 1-12
that links people together and creates relationships. It is at the heart of meaning making activities.

- The 4P classification of the marketing mix revisited.3

McCarthy’s 4P classification of the marketing mix instruments has received wide acceptance in the past decades. In the recent years, however, increasing criticism has been voiced, among other reasons because of its inherent negative definition of sales promotion and its lack of mutual exclusiveness and collective exhaustiveness. The authors evaluate the 4 P classifications against the criteria proposed by Hunt and present an improved classification.

The concept of the marketing mix was reportedly introduced by Neil Borden in his presidential address to AMA in 1953. James Culliton, who described the business executive as some body who combines different ingredients. The term “marketing mix” therefore referred to the mixture of elements useful in pursuing a certain market response.

Huston and Gassenheimer (1987) identified a set of necessary and sufficient conditions for an exchange to take place, albeit in non-competitive market situations only. Some of these conditions refer to characteristics of human beings, the number of parties involved, and their freedom to accept or reject the offer. Obviously they are beyond the parties discretion and hence beyond the scope of the marketing mix.

Following four necessary conditions for an exchange to take place that can be met unilaterally by prospective exchange party’s efforts. Marketers engaging in behavior directed at consummating exchange should try to fulfill each of them.

Generic function: A defendable first criterion for classifying marketing mix instruments is the generic functions necessary for making the exchange happen. These are called *generic* as they necessarily must be fulfilled for a transaction to come about.

One must keep in mind that each of these *generic functions* can be realized by several marketing mix instruments and categories. Any particular category of marketing mix elements, however, has as its primary role the fulfillment of a certain generic function and the other marketing mix categories play a secondary part in the fulfillment of that function.
The matrix below illustrates this idea:

Relative importance of divers Marketing Mix instruments in the fulfillment of Generic Marketing Functions.

<table>
<thead>
<tr>
<th>Generic Functions</th>
<th>Product Instruments</th>
<th>Price Instruments</th>
<th>Distribution Instruments</th>
<th>Communication Instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Configuration of something valued by the prospective exchange party</td>
<td>XXXXX</td>
<td>X</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Determination of the compensation and sacrifices to be brought by the prospective exchange party</td>
<td>X</td>
<td>XXXXX</td>
<td>X</td>
<td>X</td>
</tr>
<tr>
<td>Placing the offer at the disposal of the prospective exchange party</td>
<td>X</td>
<td>X</td>
<td>XXXXX</td>
<td>X</td>
</tr>
<tr>
<td>Bringing the offer to the attention of the prospective exchange part and influencing its feelings and preferences about it</td>
<td>X</td>
<td>X</td>
<td>X</td>
<td>XXXXX</td>
</tr>
</tbody>
</table>
The Japanese success in international competition has attracted much attention. To date, little of this attention has addressed the role of marketing in the Japanese success. The author identifies the major elements of the Japanese approach and concludes that there is nothing new in Japanese marketing. The Japanese advantage is not in secret or esoteric knowledge or techniques, but rather in simply practicing what is known and avoiding the seductive attraction of simplistic solutions or "fixes". The author concludes that it is important for Western companies to get back to the basics: through application of known principles and procedures, action and hard work. The Japanese approach also raises the issue of appropriate national policy in the area of government/business relations and "industrial policy."

Japanese business practitioners consider defining the philosophy of the business to be a critical strategic task. Every Japanese company has a business philosophy that spells out the beliefs and the philosophy of the founders and current leaders of the business. They follow three basic principles of marketing:

Concentration or focus, Customer value and Differentials or competitive advantage.

Much of the success of Japanese marketing is based on their skill in the selection of markets to enter. When selecting industries and product/market segments, instead of relaying exclusively on facts and past performance, they also give weight and consideration to their own intuition about the possibilities for market growth and development.

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4 Warren J. Keegan is Professor of International Business and Marketing at Pace University "Journal of International Business studies Vol 15, No3(winter 1984) PP 189-193
The motorcycle market is a good example. Before the Japanese entry, motorcycles were a mature market. After the Japanese made major investments in the industry to lower costs, raise quality and reliability, and generally offer more value to the customer, they turned a mature industry into a growth industry.

Their approach is to scan the world for existing technology and license what is already available, and then to make a constant stream of improvements on the basic technology. Prof Kenichi Ohmane maintains that the success of Japanese companies is due to primarily to their determined focus on short-term incremental gains and not on long-term planning.

The Japanese have from the beginning had a good intuitive sense of the underlying nature of experience theory, which has demonstrated the relationship between "experience" or volume measured by market share and costs. The greater the experience, the lower the costs. The lower the costs, the stronger the competitive position. The stronger the competitive position, the greater the long-term profitability. A critical marketing skill is the integration of these 4 P's into a coherent strategy or "marketing mix" that creates value for the customer and profit for the marketer. The Japanese approach to this challenge has been to make a strong offering in each of the four P's: Quality products with distinctive features; prices that offer the customer value for money; appropriate and often innovative distribution (with heavy investment in a dealer organization if after-sales-service is an important factor in creating customer value); and relatively heavy expenditures on advertising and promotion.
The role of Models in Marketing.

This article explains the usefulness of models for marketing. The methods of classifying marketing models and the relationships between models and systems.

Models and systems have relevance to such significant marketing problems as:
Developing marketing concepts, providing new methods and perspectives for problem solving, conducting market research and measuring effectiveness of marketing programs. The current level of model building in marketing is not yet a sophisticated one. It cannot compare favorably with the level of model building in the physical or biological sciences. Marketing as compared with economics, examines the detailed processes by which extremely diversified needs and wants of individual consumers can be satisfied by identifying the most appropriate parts within the equally heterogeneous array of available products.

Comparative Marketing: The first Twenty five years.

This article reviews the field of Comparative Marketing in terms of scope, types, and depth of studies: methodological issues, conceptual and managerial pay offs and technical approaches. After its first quarter of a century as an international business topic, Comparative Marketing is still relatively green. There is a general agreement that comparison is about similarities and differences of marketing mix across various nations. Studies conducted to

6 Jean J. Boddewyn –Professor of International Business at Baruch College. City University of New York.
know the relationships within countries on specific elements of the marketing systems & marketing environments, and similarities & dissimilarities between the countries.

Recent cross-cultural studies based on cognitive consistency theory have concluded that: people do utilize a number of judgment continua that are related to each other in roughly comparable ways across the cultures studied so far. People from different cultures combine simple stimuli to make complex judgments in roughly similar ways. Besides their theoretical payoff, comparative-marketing studies should lead to the uncovering of actionable similarities and differences. Comparison of well matched samples from two or more countries can provide interesting insights and more importantly, provide some basis for future hypothesis as the field continues to develop.

- Japanese marketing strategies in the UK.

Japanese subsidiaries in Britain are shown to be more market-oriented, more single minded in their pursuit of market share and more alert to strategic opportunities than their British counterparts. Organizationally, however their subsidiaries are more like successful British companies than the Japanese stereotype. Difference in performance between two groups appears due to marketing skills rather than national cultures. The study focuses on marketing as one of the explanatory factors in the Japanese success. Its contribution lies in its examination not of the broad manufacturing and socioeconomic strengths of Japan’s multinationals but rather concentrating on the specific marketing policies.

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7 P. Doyle, J. Saunders and V. Wong "Journal of International Studies Vol-17,No-1 P27
The marketing decisions of the Japanese companies appeared to be consistent with their strategic thrust. Japanese tended to spend more on promotions and the British more on personal selling. Their product policy focused on quality and range extension to broaden their market appeal. The Japanese parent generally ensured its subsidiary had ample product in stock for immediate delivery; they provide more technical and training support to dealers and frequently underwrote the promotional and advertising spending of dealers. The marketing strategies of the Japanese subsidiaries were more clearly defined and professional, more committed in their market share objectives, targeting the higher value added products. Their competitive advantage lay in good products and a broad offering to attract different market segments. Japanese focus on precise market opportunities and product positioning. As the market changed and new segments emerged Japanese quickly brought out new models to match and exploit these developments. Japanese product-focused organization centered information and responsibility on the overall performance of the product.

- **Marketing as a communication system**

The spirit and ultimate purpose of the marketing concept is to facilitate a dialogue between producers and consumers. The most significant method by which consumers communicate with producers is decisions to buy or not to buy their products. Yet sales and profits are very inadequate indicators for communication in that consumers may decide to buy or not to buy for many other reasons. The communication issues are not, however limited to message

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8 Bent Stidsen and Thomas F. Schutte "Journal of Marketing Vol36, No4, p22"
transfer and relative control of message content, although these are important problems. Effective communication also involves the availability of suitable media for a consumer producer dialogue. Perhaps the basic reason for the paucity of consumer-producer communication channels is that marketing is still viewed as selling. There are many ways in which the communicative qualities of advertising could be improved to enhance its value to consumers and producers. The communication value of messages might be greatly enhanced with integration of messages representing complimentary products shown in suitable and appropriate contexts. Thus the marketing task is that of creating and maintaining a fully functioning producer-consumer communication system.

**Competition** is the core of the success or failure of firms. Competition determines the appropriateness of a firm's activities that can contribute to its performance, such as innovations, a cohesive culture, or *good implementation of various marketing tools* - 4P*. Competitive strategy is the search for a favorable competitive position in an industry; the fundamental arena in which competition occurs. Competitive strategy aims to establish a profitable and sustainable position against the forces that determine industry competition.

"Strategy rests on choosing a unique position by offering a different marketing mix (Product, price, promotion and place) of *value* than competitors"
Competitive strategy aims to establish a profitable and sustainable position against various controllable and uncontrollable forces—the research is aimed at the appraisal of policies and practices being followed by Two-wheeler industry—Bajaj Auto Ltd and TVS Motor Co Ltd.

Two central questions underlie the competitive strategy. The first is the attractiveness of industries for long-run profitability and the factors that determine it. The second central question in competitive strategy is the determinants of relative competitive position within an industry. In a two-wheeler industry, some firms are much more profitable than others, regardless of the average profitability of the industry.

Both industry attractiveness and competitive position are dynamic, the study aims to establish a relation among Four P’s in the current context. Michael E. Porter in his book titled competitive advantage has clearly spelt out the “five competitive forces that determine the attractiveness of an industry and their underlying causes.” It also shows how to analyze competitors and to predict and influence their behavior.

Professor, Michael Porter’s Five Competitive Forces theory still remains a seminal tool for business analysts, whether they are examining a whole industry or a single, individual company.

The basis of the theory is that all business, in all economies, operates within a basic, standard format or framework consisting of five basic elements: buyers, suppliers, competitors, new entrants and substitutes. Grounded in competitive strategy rather than in competitive practices, Porter’s theory has withstood a test of time and still a valuable and enduring tool for understanding the fundamentals of competition, unlike many other models of this genre, that do not wear so well with time.

- **Competitive rivalry within the Industry.**
  This is the intensity of competition among the existing players within the industry. This is what forces down prices, profit margins and profitability for all players in the industry. “Buyers compete with the industry by forcing down prices, bargaining for higher quality…”

- **Bargaining power of suppliers:**
  Suppliers are defined as all sources that provide goods or services. “Suppliers can exert bargaining power over participants in an industry by threatening to raise prices or reduce the quality of purchased goods and services.”
➢ Threat of potential new entrants:

"The threat of entry into an industry depends on the entry barriers that are present, coupled with the reaction from existing competitors that the entrant can expect." "If barriers are high and/or the newcomer can expect sharp retaliation from entrenched competitors, the threat of entry is low.

➢ Threat of Substitutes:

Substitute products include products with lower price tags and equal performance. "All firms in an industry are competing, in a broad sense, with industries producing substitute products." These substitute products attract a substantial amount of market share, slicing the profit volumes of existing players.

➢ Bargaining powers of customers:

This is the determining power of customers on volumes and profits of an industry. Customers can exert bargaining power over participants in an industry by sourcing low-cost, equal value options.

Competitive advantage grows fundamentally out of a value a firm able to create for its buyers that exceeds the firm's cost of creating it. Value is what buyers are willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price.
Mastering the Innovation Challenge

"Two out of every Three CEO's expect their organizations to be inundated with change over the next two years" 9

Factors for Developing an Innovative Climate

1 Customer focus
2 Team work/ Collaboration with others.
3 Appropriate resources
4 Organizational communication.
5 Ability to select right ideas for research.

"Manage Customer-Centric Innovation- Systematically" 10

It takes more than good intentions to innovate in a customer-centric way. A disciplined process of customer R & D at the front lines will turn wishes into an enduring competitive edge- and a growing market cap.

This is dealt in Bajaj's product development- *Bajaj shift focus from 100-cc bikes* 11

Prof Govindarajan, from Tuck School at Dartmouth US, firmly believes that innovation cannot happen purely by accident, nor should innovations be created only by the CEO. Companies must embed innovation as an organizational

9 IBM Global Study, 2006
capability. First innovation should be viewed as an important responsibility for every employee and companies should have a well understood innovation process.

Innovation\textsuperscript{12} is something that is \textbf{New, Useful and Generates value} for the business.
Innovation can take many forms such as:

(Names of the US Company's with recent Innovations is shown against each firm)

<table>
<thead>
<tr>
<th>Area</th>
<th>Company (all from USA)</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ New product or service</td>
<td>\textit{Swiffer CarpetFlick}</td>
</tr>
<tr>
<td>➢ New Business model</td>
<td>\textit{Zipcar}</td>
</tr>
<tr>
<td>➢ New Brand experience</td>
<td>\textit{Evian Spa}</td>
</tr>
<tr>
<td>➢ New strategic partnership</td>
<td>\textit{P&amp;G / BASF}</td>
</tr>
<tr>
<td>➢ New Distribution channel</td>
<td>\textit{Podcasts}</td>
</tr>
<tr>
<td>➢ New customer segment</td>
<td>\textit{Pub Cups}</td>
</tr>
<tr>
<td>➢ New communication channel</td>
<td>\textit{Subway Tunnels}</td>
</tr>
</tbody>
</table>

\textsuperscript{12} Mr Heather Schultz of American Management Association and Ms Lisa Bodell, founder and CEO of Future think, US have shared their views in the area of Innovation.
World wide Motor Cycle manufacturers such as Honda, Yamaha, Suzuki, Ducati, Kawasaki, B M W, Kawasaki, and Triumph do have undertaken a comparative study of only Motor cycles manufactured by them on the following:

a. Competitive Analysis.
b. Current & Future Analysis
c. Market Drivers
d. Market issues and trends
e. Distribution Dynamics
f. Segmental Analysis
g. Product Introduction and Innovations
h. Product profile.
i. Recent Industry Activity.
j. Environmental Concerns

➤ Customer Loyalty Programs

Abstract: Customer loyalty presents a paradox. Many see it as primarily an attitude-based phenomenon that can be influenced significantly by Customer Relationship Management initiatives such as increasingly popular loyalty and

affinity programs. However empirical research shows that loyalty in competitive repeat-purchase markets is shaped more by the passive acceptance of brands than by strongly-held attitudes about them. From this perspective, the demand enhancing potential of loyalty program is more limited than might be hoped.

The research study concludes loyalty programs as, a vehicle for maintaining customer loyalty or for maintaining the brand share. The aim of the program is to get the brand into the customer's set of acceptable brands.

II Specific:

1> Evolution and structure of two-wheeler industry in India.
2> A case of Harley-Davidson Motorbike of US.
3> Auto Policy of Government of India
4> Problem faced by TVS & BAL.
5> Areas requiring further examination with respect to Two-wheeler Industry.

1> A research study titled "The Evolution and Structure of Two-Wheeler Industry in India" by Prof Raghbendra Jha, Australia South Asia Research Centre, The Australian National University, Australia, Prof Sunil George, IIM Bangalore and Prof Hari Nagarajan, IIM Bangalore and NCAER, Delhi.

Abstract: This research study on the evolution of the competitive structure of the two-wheeler industry in India. The evolution of the industry's competitive structure is traced using Kendall's index of Rank Concordance
and the Evans-Karras test of convergence. The industry seems to be characterized by oligopoly with the onset of economic reforms not making much difference to industrial structure. Convergence of sales and capacity at the level of the industry is conditional while it is absolute at the level of the segment.

The study concludes that the deregulation of the industry has not led to substantially higher competition. This may reflect the inadequacy of regulatory policy and/or the nature of the technology of the industry. Thus, it is quite possible that when competition-inducing policies are introduced, there could be an unequal number of entrants in each segment. It is seen that prices (net of inflation) have not decreased though the number of brands has increased.

Therefore, future reforms in the industrial policy covering the two-wheeler industry will probably need to incorporate some mechanism to induce new firms to enter the industry.
2- A case of Harley Davidson Motor bike of US:

(The author of this research paper Josef Schinwaid is consultant in Performance Measurement and Professor in Business Strategy at the University of Belgrano, Buenos Aries, Argentina.)

"It is one thing for people to buy your product or service, but it is another for them to tattoo your logo on their biceps"

Is there any other company in the world that works harder to build genuine relationships with their customers than the Harley Davidson Motor Company? Harley Davidson is an outstanding example of company that has created loyalty through a pattern of steadfast interactions with its customers. Could you reinvent the customer experience in ways that would strengthen the sense of affiliation that the customer has with the products and services of your company?

William Harley and Arthur Davidson, both in their early twenties, built their first Motor cycle in 1903. During their first year, the company’s entire output was one motor bike; however by 1910, the company had sold 3200. Movies such as Easy Rider made Harley’s a culture icon and soon the company attracted people who loved its bad-boy mystique, powerfulness, rumbling voice, distinctive roar, and toughness. It sounded
nothing like else on the road, and even Elvis Presley and Steve McQueen longed to ride one.

The Harley-Davidson Motor Company has had its ups and downs, and at times, the down seemed as if they would end in bankruptcy. In the sixties, Honda, Kawasaki and Yamaha invaded the American market, and when sales at Harley-Davidson dropped drastically due to decrease in quality and increase in competition, the company began to look for buyers and was finally sold. However the new owners of Harley-Davidson knew little about how to restore profitability. The quality became so bad that dealers had to place cardboard under the bikes in the show room to absorb the oil leaking!

Daniel Gross, in Forbes Greatest Business Stories of all times, recounts how in 1981, with the aid of Citibank, a team of former Harley-Davidson executives began negotiations to reacquire the company and rescue from its bankruptcy. Harley's rescue team of loyal executives knew that the Japanese motorbike manufacturers were far ahead in regard to quality management, and they made a bold decision to tour a nearby Honda plant. Paradoxically, the Japanese have learned Total quality management from the Americans, Edward Deming and Joseph Juran.
The new business concept outlined by these two pioneers was a new management approach that, interestingly enough, had been rejected by American manufacturers. As a result, they offered this approach to Japanese manufacturers who were eager to learn and implement it. Therefore, soon after the tour of Honda plant, the Harley Davidson Motor Company decided to put into practice this originally rejected approach.

After implementing just-in-time delivery (JIT) and employee involvement, cost at Harley had dropped significantly; this meant that the company only needed to sell 35,000 bikes instead of 53,000 in order to break even.

The combination of visiting a Japanese motor bike manufacturing plant and lobbying in Washington for import tariffs was a daring move on behalf of Harley’s executives in their attempt to bring back profitability and growth to the company.

Another important strategic move was the company’s unique marketing and branding campaigns. Studies showed that about 75 per cent of Harley’s customers made repeat purchases, and executives quickly recognized a pattern that refocused the company’s overall strategy. Simply
put, they needed to find a way to appeal to the extraordinary loyalty of customers, which they found in creating a community that valued the experience of riding a Harley more than the product itself.

The sponsorship of a Harley's owner's group has been one of the most creative and innovative strategies that have helped create the experience of this product. Without realizing it, Harley executives had pioneered a new paradigm that would be increasingly embraced by other industries in their quest to increase profitability by converting their product into an experience.

The company started to organize rallies to strengthen the relationship between its members, dealers and employees, while also promoting the Harley experience to potential customers. The Harley owners groups became immensely popular; it allowed motor cycle owners to feel as if they belong to one big family. In 1987, there were 73,000 registered members, and Harley now boasts to have not less than 650,000 members.

In 1983, the company launched a marketing campaign called 'Super Ride', which authorized over 600 dealerships to invite people to test-drive Harleys. Over 45,000 potential new customers accepted the invitation,
and from then on, many customers were not just buying a motorcycle when they bought a Harley, they were buying the Harley Experience.

Harley-Davidson offered its customers a free one-year membership to a local riding group, motorcycle publications, private receptions at motorcycle events, insurance, emergency roadside service, rental arrangements on vacation, and a host of other member benefits. Branding the experience, not just the product, has allowed the company to expand how it captures value, including a line of clothing, a parts and accessories business, and a Harley-Davidson Visa Card.

Marketing Mix (marketing tools):

Product: Many of the models and changes were developed when Harley realized their customers were customizing the bikes and none of the revenue from the work was going to the company. When a style is changed or developed, Harley always develops it around their signature image to make sure that the product is not only a high quality piece of equipment but is also charismatic.

Price: Harley-Davidson quickly learned it could not compete with the foreigner manufacturer on cost. Not only did Honda have a low priced product, it was able to defeat Harley in advertising too. Therefore Harley
developed a strategy of *Value over Price*. This was created through the heavy construction of the parts. Japanese manufacturers used plastic while Harley used steel, which is able to be rebuilt and rebore. This aspect is more relevant in our country for rural customers.

**Promotion:**

The primary promotional tool for Harley-Davidson is HOG (Harley Owners Group) activities. Not only does it serve as a customer relations device, but as way to showcase and demonstrate new products. Harley has capitalized on the fact its product/image is chic. There are numerous examples of fashion models draped over the bikes and wearing company’s T shirts. JC Penny exposes Harley-Davidson to people who may not have thought about visiting a dealership. In fact Harley-Davidson Cafe in New York City won one of the 1994 Restaurant and Institutions interior design awards for its American appearance. The company was also able to promote the sale of its motorcycles by the financial services offered by Eagle mark, a wholly owned subsidiary. The dealerships are becoming a one stop shop for bikes, accessories, clothing and financing.

**Distribution:** The dealers are considered to be business partners, and the head quarters plays an active role in developing programs, financing improvements, improving support and management consultants.
Traditionally, Harley-Davidson bike owners came from the working and middle classes, but as quality and prices of the bad-boy-bikes rose and with energetic marketing, the company soon attracted a different class of buyers, currently one third of Harley buyers are Professionals or Managers, and 60 per cent are college students. The new customer segments of Harley are the Rolex Riders or the Rich Urban Bikers. Hell's Angles do not run in the same group anymore. Now there are groups of accountants, lawyers and doctors.

Women also account for a significant portion of the new riders, and there are "Women - only riders clubs spreading all over the globe".

Stay alert and get it early. The new Branding paradigm is to sell a life style, a personality and also it is also about appealing to emotions of your customers. Increasingly, it will be more and more about creating an experience around the product. Brand managers and executives will need a new set of lenses.

Customers are no longer sitting ducks for commercials: they are looking for new experiences. Whether it is a bad-boy-aura of the Harley riding experience, the exquisite coffee experience in Starbucks cafes or the city participation in Net communities, more and more companies need to
follow these early branding pioneers. They will need to look into the
dynamics of their relationships with customers and the nature of their
interaction. They will need to ask themselves some serious out of the box
questions if they want to move with the shifting value that is the result of
constantly changing market conditions.

Branding has changed, so have marketing and advertising campaigns. New
variability, heterogeneity where there was once homogeneity, newly
emerging stratifications of wealth, new preferences, and new life styles are
characteristics of 21st century customers that are here to stay. We better
get used to it, at least until the next paradigm is discovered. Remember,
the companies that are creating new wealth are not just getting better,
they are becoming better, they are becoming different, mind-boggling
different!

2> Auto Policy of Government of India

3> Problems faced by TVS & Bajaj.

Areas requiring further examination with respect t
3> Auto Policy of Government of India

To establish a globally competitive automotive industry in India and to double its contribution to the economy by 2010.

Policy Objectives:
This policy aims to promote integrated, phased, enduring and self-sustained growth of the Indian Automotive Industry. The objectives are to:

- Exalt the sector as a lever of Industrial growth and employment and to achieve a high degree of value addition in the country.
- Promote a globally competitive automotive industry and emerge as a global source for automotive components.
- Establish an international hub for manufacturing small, affordable car, tractors and two wheelers in the world.
- Ensure a balanced transition to open trade at a minimal risk to the Indian economy and local industry.
- Conduce incessant modernization of the industry and facilitate indigenous design, research and development.
- Steer India’s software industry into automotive technology.
- Assist development of vehicles propelled by alternate energy sources.
- Development of domestic safety and environmental standards at par with international standards.

**Emission norms:**

India is harmonizing its emission norms for four wheelers with the European Regulations and has adopted Euro III, equivalent norms in 11 metropolitan cities from April 1, 2005. For two wheelers, which constitutes 70 per cent of vehicle population unique Indian emission norms, which are one of the tightest in the world, have been adopted.

In India, the idle emission test has been introduced since mid-eighties. Only CO (carbon monoxide) was tested (per cent by volume) from gasoline vehicles and had to meet a limit of 3.0 per cent for passing the test. The idle CO emission checking process is a world-wide accepted quick and easy method to indicate if the vehicle emission control is within the acceptable performance requirement. A vehicle with improper combustion is in most cases likely to fail the idle CO test.
4> Problem faced by TVS & BAL.

➢ How to be the leader among Hero-Honda (currently the leader), Bajaj and TVS.
➢ Decrease in Market share in comparison with Industry growth.
➢ Decrease in Sales revenue and profitability.
➢ Increase in input costs.

5> Areas requiring further examination with respect to Two-wheeler Industry.

Further research can be carried out to find out any relation exists among Culture, Region, Religion, Disposable income, Education level, Industry concentration and Business activities to know the expectation level of customers.

As no research study has been under taken on "Appraisal of marketing policies and practices of two-wheeler industry – a comparative study of Bajaj and T V S Motor Co Ltd", I have opted to undertake this research study.