CHAPTER – 2
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2.1. Introduction

The study of consumer behavior is to know the way an individual spends his resources in the process of consuming items. This is an approach that comprises of studies of the items that they buy and the reason for buying and the timing. It is also about where they make the purchase and that too how frequently (Schiffman and Kanuk, 1996).

Marketing aims in satisfying the demands of the targeted customer. The domain of consumer behavior deals with issues affecting consumer’s buying behavior. It aims in offering a clearer idea about the way consumer makes the selection, buys, utilises and disposes the respective product/service, experiences/ideas, attain to satisfaction to the desires (Kotler, 2003).

In general, in a day, a consumer makes many and varied buying decisions. Many companies are involved in initiating market research to derive consumer’s current buying behavior. According to Kotler and Armstrong (2001) there are answers to - what consumers in general buy, the way they buy, the item that they buy, the place of buying, etc.

The model for stimulus-response is derived to be the simplest way to identify the buying behaviour of the consumer. This model is related to marketing stimuli (following 4 Ps) added by some major forces (such as political, economic, cultural and technological), leaving great impact over buying behaviour.

Consumer buys are subject to get influenced heavily by cultural, personal, social and the most importantly the psychological features. Most of such concerns are beyond any control of the marketers, yet are considered prior to any market orient decision (as by Kotler and Armstrong, 2001). The process of
making decision by the consumer does not happen in vacuum. As against this, social, cultural, psychological and individual concerns influence this subject very strongly (Lamb et al., 2002).

To begin with the process of understanding buying behavior of the consumer, it is important to see the model for stimulus response. Environment and marketing stimuli get into the consciousness of the buyer. It is the decision process of the buyer that leads him to a specified decision. Buying behavior of the consumer gets influenced by social, cultural, and personal issues (Kotler, 2003).

In reference to any society, the population gets categorized by prestige and power. As a result the hierarchy of class gets decided (Assael, 1998).

Excessive impact has been noted in terms of social factors in the buying behaviour of the consumer. Buyers are generally influenced by relevant family members, reference groups, peers, etc. Their buying behavior further depends on the need for personal factors such as gender, age, lifestyle, education, income and personality. Many literatures are available about these factors, being influential element in the process of making a buying decision. Features of gender or sex are further considered as relevantly important cultural feature. Every society has products that are exclusively and very strongly connected with gender. Thus, the same is worthy enough in terms of suiting gender in respective category of the noted sub-culture (Schiffman and Kanuk, 1996). The factor of age too affects consumption pattern as differences are maintained under different age-related demands (Hawkins et al., 2001). Selection of a particular product is highly affected by the economic status of the consumer. As for instance, his spendable income, saving accountability, etc (Kotler, 2004). Income gets noted as the major element determining the ability of the person to buy respective products/services (Capon and Hulbert, 2001). In reference to marketing, marketing mix remains
as an important domain that influences the decision making process of the consumer.

The venture of marketing mix comprises of all the aspects that a firm can initiate to influence or create demand of the selected product. Collection of various possibilities can get noted under four variable groups, termed as ‘Four Ps’, (Product, Price, Place and Promotion).

Environmental concern is indisputably an important topic for both marketing practitioners and policy makers today. Not only because there are severe concerns about the impact of consumers’ buying and consumption behaviours on the environment (Johnson et al. 2008), but because businesses are facing increased pressure to incorporate environmental and social responsibilities into their corporate strategies. Therefore, it is not surprising with statistics that many companies have started offering environmentally friendly products as an option. In fact, corporate social responsibility is deemed to be “a base requirement of operating in the 21st century and is not an option” (Charter et al. 2002, p. 8). As Nielsen’s (2014) Global Online Environment and Sustainability study have revealed (it surveyed 30,000 respondents in 60 countries), 55% of their respondents stated that they would be “willing to pay more for products and services provided that companies are committed to positive social and environmental impact”. In Australia, Nature’s Organics, the first and largest local player to market its home care products based on green image held only a 3% value share in the total Australian home care market in 2011 (Euromonitor International 2012b, c). Therefore, despite consumers’ positive attitudes and concern about the environment, and consumers growing environmental consciousness (e.g. CEAP 2007; Eurobarometer 2011), several studies have revealed that there is an inconsistency between green attitudes and behaviour of consumer (e.g. Carrigan and Attalla 2001; Chatzidakis et al. 2004; Pickett-Baker and Ozaki 2008). As Carrington et al. (2010) note, it is apparent that many consumers do not always “walk their
In a recent survey done few of UK consumers said they would be willing to pay more for greener, organic and ethical cleaning products (Butler 2013). Yet, the home care market in the UK continued to be dominated (between 2008 and 2013) by traditional brands which are not promoted as environmentally friendly (Euromonitor International 2013). Some consumers continue to buy environmentally hazardous products regardless of their concern for greener options (e.g. Strong 1996). Over the past few years, numerous theoretical frameworks have been developed to explain this attitude-behaviour discrepancy but no definitive explanation has yet been found (Kollmuss and Agyeman 2002). The gap between consumers’ positive attitudes towards green issues and their inconsistent and uneven conflicting consumption behaviour remains a concern for social marketers and policy makers (Moraes et al. 2012) because the current levels of consumption and consumers’ consumption choices are not environmentally sustainable.

2.2. Theories: The Background

Reddy¹ This research is based on “Consumer Behaviour Towards Two-Wheeler Motor Bikes” in Hyderabad and Secunderabad, following the sample of 100 consumers by making the selection over two wheeler bikes such as Yamaha, Hero Honda and TVS. Relevant data are all collected by structured questionnaire.

Soni & Soni² This paper offers survey results based on Consumers of Two-Wheeled vehicles (followed by 100 users of two-wheelers from rural and urban) in the district of Jodhpur, Rajasthan. The sample size is relevantly small, yet the research brings showed some interesting observations related to

general attitude meant for Indian Consumers for making the decisions for buying, being widely implied over many consumer based products.

**Saravanan et al**³ This research is trying to derive consumer behavior in reference to showroom service meant for two wheelers. A sample size of 200 users gets selected on a random basis. The research followed standardized questionnaires for the collection of data. According to the results, users differ in reference to the behavior of the consumer behavior meant towards the services as offered by the showrooms of two wheelers attained through satisfied mode of random sampling. This research is subject to illustrate level of consumer satisfaction in relation with two wheelers under the features of socio-economic conditions of gender, age, family income, occupation, level of educational, etc., noted as descriptive study. Data get treated on the basis of collected statistics through t-test, correlation and F-test. As per the attained result, students as well as employees are satisfied about the services of the showrooms. There are definite amount of demographic variables like marital status, family size in relation to the services of the showrooms.

**Mahrotra and Sharma**⁴ This research is about consumer behavior under diversified kinds of two-wheeler as made available in the market. It illustrates all the basic concerns that are affecting the process of deciding about the buying behaviour of the individual. A sample size of 100 users of motorbike gets selected on a random basis and as per the buying behavior. Collection of data is accomplished through standardized implication of questionnaires and some authenticated resources. Analysis of data is managed by different statistical derivations. The core emphasis of this research is based on three determined corporate players in the field of two-wheelers. These are


Hero Moto Corp Ltd., Bajaj and TVS. It basically concentrates over male customers and derives cues about the consumers for being highly stimulated through the socio-economic condition and issues of demography. The research concludes with the factors about engine power and mileage that are affecting the buying behaviour of the consumers and are not much concerned about the price, delivering the power to buy and issues of demography, influencing the buying behaviour of the consumer. Core challenges as faced by the Indian manufactures are the ways to expose determinants directing consumer in the process of making buying decisions of motorcycle.

Loudon and Della Bitta (1984) "The Consumer behaviour is the decision process and physical activity which the individuals engage in evaluating, acquiring, using or disposing of goods and services". In his study, Keon (1984) laid emphasis on advertising, brand image and behaviour of the consumer. The advertising seemed to remain effective over current brands. As per Wood and Wilson (1985) consumer awareness for a determined brands as well as ads of brands are subject to affect the consumer’s intention to buy and his behaviour. As per a survey led by Bajaj (1986) pattern of growth related to the industry of two-wheeler is very much consumer-centric. Lallin (1989) researched the behaviour of the consumer and perception of the price with a margin of 50% consumers making right identifications of real status of purchased brand in proportion with consumers in percentage, being able to recall correctly about the purchase price of respective brand. As per research of Guinn and Faber (1989), there is the compulsive mode of buying in resemblance to compulsive mode of consumer behaviors in diversified ways Dhananjay Datta (2010). Diversified factors followed in reference to buying behavior are relied on motivation to purchase two-wheeler. All these factors are inclusive of elements like advertisement, referenced by family, peers, word of mouth, own experiences, price, features of the product/service etc. as a result, survey gets done that shows 51% customers accepting two-wheelers
and relevantly falling within the age group between 20 to 30 years, where the level of income is Rs. 5000. A total of 64% consumers are unmarried and prefer to use two-wheelers from Bajaj. The element of motivation, in many cases is from friends (that is 44%) and family (with 31%). People are also searching instalment plans as well as finance schemes prior to the buying of two wheeler.

Prof. S. Saaravanan and Prof. N. Panchanatham (2009) discussed about the promotional essentials for any product. As per the results, customer considers many issues while investing their resources for buying a product, like two wheelers. Still, there are many customers laying emphasis over brand image. This research illustrates socio-economic issues that actually satisfy the customers of two wheelers and students and employees craving to the services as offered by the showrooms.

The core concern of this particular section is about reviewing concepts and theories that are liable in terms of assisting to the process of deriving the study. The basic objective of this study is to understand behaviour of the consumer with reference to the meaning that defines it.

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2.3. Consumer Behaviour

To better understand the choice of brand from the consumers’ perspective it is important to have an idea of the consumers’ behaviour and their view of brands.

Ford et al. (1998), explains two different types of consumer behaviour: cognitive and experience oriented. The consumers who have cognitive behaviour are rational and logical consumers while the experience oriented consumers have more emotional motives for buying a product. In comparison, Dandeo et al. (2004), have defined four types of consumer behaviour: rational,
unconscious, learned and social behaviour. The different behaviours are characterised by the order of the three steps: knowledge, attitude and action.

• Rational behaviour: If consumers have a rational behaviour, they start to get some knowledge about the product and what the market may offer. By evaluating the information they get an attitude towards the product and finally they act; either buying the product or not. This behaviour is more common when consumers are buying expensive products like cars.

(Knowledge→ Attitude→ Action)

• Unconscious behaviour: When consumers have an unconscious behaviour they start with an attitude towards the product and the attitude comes from emotions and feelings. From the attitudes the consumers find information about the product and from that they get knowledge. At last they have the action, their choice. This type of behaviour is common when it comes to voting for politics.

(Attitude→ Knowledge→ Action)

• Learned behaviour: Reflexes settle the choice of product. When the consumers choose a product they do not plan their choice; they do it by habit. This behaviour usually occurs when consumers buy newspapers.

(Action→ Knowledge→ Attitude)

• Social behaviour: When consumers have a social behaviour they choose the products depending on what social environment they live in. Their lifestyle, status and influence from others decide what product they will buy.

(Action→ Attitude→ Knowledge)

Naturally, consumer behaviour is strongly influenced by the culture in which the consumers have been raised. According to Kotler et al., (2009), there are more than just cultural factors that influence consumer behaviour. Other factors are: social, personal, and psychological factors.
• Cultural factors are set of values and ideologies of a particular individuals. It is the culture of an individual which decides the way he acts. In other words culture is values of an individual which he learns from his parents in childhood.

• The Social factors are things that affect individual lifestyle, such as family, religion, or wealth. These can change with time.

• The Personal factors are the economic circumstances, occupation, lifestyle, personality and self-concept that each individual consumers have.

• The Psychological factors are attitude, perception, motivation, learning and the beliefs of the consumers.

### 2.3.1. Consumer Buying Behaviour

It is important to know theories about consumer buying behaviour when someone is making a research on choice of brand. As per Fiorito (1990), the consumer buying behaviour depends on his attitudes, effort to commitment, intentions, preferences, and way of identifying the consumers have.

![Image: Buyer decision process](source: Kotler et al., 2009, p 254)
In the buying decision process-model as shown above, consumers are passing through five stages in their buying decision process. In routine purchases consumers usually skip some stages and do not pass all stages at every purchase. In a minor purchase, information search and evaluation are often left out. However, the above figure shows consumers take all the considerations when facing a complex purchase situation.

Need recognition is the first step in the model. In this stage the consumers define a problem or something that they require. A need could be triggered either by an internal or external stimulus. An internal stimulus means for example when we are hungry and need something to eat. An example of an external stimulus is when consumers see a commercial on television and after that they decide a particular brand is required. That is why it is important for marketers to find out what exactly stimulus most often consumer activates interest in a particular brand.

Information search stage is the stage when the consumers start gathering information. The information can be gathered from different sources like personal source, commercial source, public source and experimental source. As more information is received by consumer, the awareness and knowledge of the brands increases.

Evaluation of alternative is the stage where in the consumers use the information and basis that evaluates and grade the available brands. Here it is important for marketers to know about the alternative evaluation. The consumers are trying to satisfy some needs and first they are looking for certain benefits by buying a special brand. Further, the consumers look for the product features which can be price, quality and other salient features which comes up in the consumers mind when opting for the brand.
Purchase decision is the stage when the consumer actually purchases the product. The consumers choice of brand might get affected by two major factors one is attitude of others and other is unexpected situational factors.

Post-purchase behaviour is the stage wherein the consumers compare their expectations with the perceived performance. Consumer stands satisfied, If the expectations are the same as the product’s performance, (Kotler et al., 2009).

Consumer buying behaviour differs depending on what kind of product the consumer will buy. There is a big difference in behaviour when purchasing a car compared to purchasing a toothpaste. Kotler et al., (2009) have made a buying behaviour model with four different buyer behaviours.

![Figure: 2.2 Four types of buyer behaviour](source: Kotler et al., 2009, p 251)
Every consumer differs individually in willingness to try new products and brands. This has classified consumers into different groups. Innovators are those consumers who first adopt the new products. The early adopters are the next ones. The early majority adapt to the new product before the average consumer. The late majority adapt to the new product only after most people have already used it. At last, the laggards are the last ones that adapt to the new product. They are tied by tradition and adapt to the new product only when it has become a common tradition itself. The innovators are risk takers. They like to try new things and are more willing to take risks. They are often young and mostly well educated. Further, innovator they more benefits of special promotions such as discounts and freebies.

2.3.2. Factors affecting consumer buying behaviour

There are many variables that impact consumer behaviour. These may be individual, professional requirements and ethics, individual attributes, professional ranking in addition to social impacts that extend to the family, friends, associates and the entire community. An amalgamation of such aspects assists the consumers to make their choices. Additionally, psychological aspects including personal consumer requirements, inspirations, individual outlooks, the learning procedure, personality attributes are the parallels that function across varied individual kinds and impact their conduct.

The purchasing conducts of the consumer are impacted by four principal aspects:

1. Cultural aspects
2. Social aspects
3. Personal aspects
4. Psychological aspects
1. **Cultural aspects:**

The cultural aspects impacting consumer conduct can be described to be the sum of the learned ideas, principles and conducts that act as guidelines for the consumer conduct of all members present in the society.

The cultural aspects are acquired in the subsequent three manners:

1. Formal knowledge
2. Informal knowledge
3. Technical knowledge.

The cultural aspects are the most basic elements that influence the desires and conduct of an individual, a child who grows up develops a group of principles, opinions, likings and conduct, through his family and crucial organisations.

2. **Social aspects:**

Social aspects including reference groups, family and social functions and ranking impact the conduct of a consumer.

**PERSONAL ASPECTS:**

Individual attributes, the age of the purchasers, life cycle stages, profession, economic settings, way of living and character and self-concept also impact the decisions of a purchaser.

**PSYCHOLOGICAL ASPECTS:**

The ranking of needs according to Abraham Maslow is in the order beginning from low biological requirements to higher levels of psychological requirements. Consumer motivation can be easily comprehended when MASLOW’S hierarchy of human requirements is employed. This can prove to be advantageous to the marketer as he can distinguish what generic level of requirement his brand can meet and thereby post his brand with pertinent
marketing contributions. Psychological requirements can be met by brands catering to apparel and food.

There are three subsequent aspects that are likely to impact the buying conduct of a consumer. These include (Hassay and Smith, 2006)—

- **Civilization and sub civilization attributes** – The value, designs and outlooks that a common set of individuals agree to and are transferred to the next generation are regarded to be facets of civilization which also ascertain what may be allowed to advertise a product. This also decides the clothes people would wear, the kind of food they would eat, the domain where they would stay and the way they would travel. For instance in the US, keeping well, information, following personal objectives and freedom are civilization facets. A change in the manner of eating is the result of lowered time in the US culture. This is being exploited by overseas publicity advertisements.

- **Societal reasons** – Consumers need details and objectives which are designed by perspective lenders, the family of the consumers’ and friends, reference points, class of belonging and culture.

- **Personal causes** - These vary from individual to individual and include aspects such as population trait, sex, class, age group etc. The motivations of individuals who make choices in families vary – for instance similar items are purchased for varied causes by the younger and older generation.

### 2.4. Marketing policy

As per researchers (Varadarajan & Clark, 1994), marketing policies are linked with developing a marketing mix that allows the trade to attain its aims in the intended market. It is contended by Hamel (1998, p. 8) that the only manner how latest entrants can be successful while having to deal with huge resource drawbacks is policy originalities; in fact innovation can be the only manner that existing players can renew their level of success in the market.
Marketing innovation can be described to be the degree to which the activities undertaken to sell a good symbolise the crucial variation between marketing customs in the segment of goods (Andrews & Smith, 1996, p. 175). An original or innovative policy allows the enterprise to position itself in a way that is almost impossible for its competitors to replicate (Barney, 1991; Porter, 1996).

The Cirque du Soleil was employed by Kim and Mauborgne (2004) as an instance of an innovative or what is also referred to as the “Blue Ocean,” policy. Cirque was aware that merely attempting to defeat the competition by altering the conventional performance actions would be useless in a crowded and deteriorating sector. Their change commenced with a new worth plan that stated “they reinvented the circus”. In addition to other innovations, Cirque moved to an attractive, elegant technique (good), a trendy comfortable location (place) and relatively higher costs that matched the distinctive experience.

Consequently, the profitability of Cirque was enhanced by a part of 22 in one decade. The most innovative and imaginative trades have a chance that permits them to think of techniques which allow them to take advantage of the ability to exploit and develop new competitive places or redesign the extant spaces. Imaginative marketing policies employ imaginative value plans, modern costing prototypes, supply networks which are driven by clients, or widened techniques and methods for interacting with clients that react to their particular penchants and concerns. These marketing mix aspects have the ability to offer distinct client worth or provide the purchasers a cause to buy the product. An imaginative or original policy signifies that the enterprise is distinct and impossible for rivals to replicate and hence may provide firms a chance to gain an upper hand over its rivals (Barney, 1991).
2.5 Marketing Strategy

Marketing strategy is an important factor for any firm successful performance. However, good strategic planning itself do not confirm success. Successful strategies includes firm and effective implementation, evaluation, and control mechanisms. Effective implementation of marketing strategies is a function of control mechanisms (Jaworski, Stathakopoulos, & Krishnan, 1993). Evaluation and control is a critical link between the firm and its external environment because it helps to learn with certainty how efficiently the firm is able to adjust to ever-changing environmental constraints. Therefore, optimal firm outcomes are most likely attained when strategy formulation and execution are initiated together and in conjunction with the firm’s external environment. This is a critical consideration given that the capability to respond to environmental change is a major determinant of strategy success (Cravens, Piercy, & Baldauf, 2009; Harrington, Lemak, Reed, & Kendall, 2004). It has been postulated that only when Strategy development, strategy execution, and strategy-control mechanisms are modelled jointly would it be possible to understand well how the firm’s marketing strategy has impacted its performance. Strategy development, strategy execution, and strategy-control mechanisms thus need to be strongly connected with the firm’s internal and external market environments.

It is necessary to follow this approach since the empirical studies related to marketing strategy on firm performance either focus on formulation (e.g. Thorpe & Morgan, 2007) or implementation (e.g. Noble & Mokwa, 1999).

Thorpe and Morgan (2007) draw upon management and marketing literatures to conclude that implementation is a mere bi-product of planning, means that the implementation and planning should be completely integrated. if firms wish to gain superior performance (Bonoma & Crittenden, 1988; Feurer & Chaharbaghi, 1995) strategy formulation and its execution should be
simultaneously applied. Inferences drawn from the literature for future research indicate this is important to understand, but no studies joins both aspects of marketing strategy with firm performance. For instance, the alignment between the companies operative culture with control and input is unknown (Jaworski, 1988), and firm reactions to the market environment and key marketing strategy factors need to be understood (Bowman & Gatignon, 1995). The combined impact of these two important factors, i.e developing and strategy implementation, relative to the firm’s internal and external environments, need to be understood to measure the effects on firm performance (Atuahene-Gimm & Murray, 2004). Moreover, marketing strategy cannot be done in separately without considering its operational part. The firm’s external market environment is constantly changing. Therefore the implementation of planned action needs to be together so as to avoid any mismatch between market need and firm ability. Moreover, once specific actions are identified, if action is not taken on that, it could result in getting fulfilled with competitor offerings (e.g. Cravens et al., 2009). This reduces the capacity of the firm to maximise output performance. Such outcomes are likely to be idiosyncratic to the firm, this study shows performance as two dimensional in nature, comprising financial and strategic terms.

2.5.1 Marketing strategy implementation

However, On the other hand, Bonoma (1984, p.70) contented that it is consistently simpler to develop clever marketing policies in compared to ensuring that they are successful under the restrictions placed by firms, competitors and clients. Joyce, Nohria, and Roberson (2003), in half a decade research of 160 firms discovered that success was extremely linked with the skill to implement them immaculately. Execution success is regarded to be the attainments of the policy’s aims by enacting suitable activities opine Cespedes and Piercy (1996). Likewise, marketing policy execution is described by
Noble and Mokwa (1999, p. 57), to be the endorsement and authorisation of a marketing policy or tactical marketing initiative.

As per the Fortune magazine, the most admired firm in its sector is Anheuser-Busch, the Saint Louis-based brewer. The firm is well-renowned for its ability to be creativity, the firm is moving from developing brands to developing brand extensions, endorsed by a chief restructuring of the marketing function so as to deal in a superior manner with the merged MillerCoors. According to David Peacock, VP of Marketing, because the merged advantage of MillerCoors would make the implementation harder, they need to emphasize totally on every chance the firm has to enhance its performance (Beirne, 2008, p. 9). In this instance, success would be ascertained of A-B is successful in executing its policy and resist MillerCoors.

According to Hrebiniak (2005), implementation is tough and success is possible only because it includes several small and big choices and undertakes activities that rivals cannot see and thus find it hard to replicate. Marketing researchers have chiefly analysed policy execution from the outlook of matching tactical conduct (e.g., market orientation, innovation orientation) (Hurley & Hult, 1998; Matsuno & Mentzer, 2000), marketing organization structure (Olson, Slater & Hult, 2005; Vorhies & Morgan, 2003), and marketing program content (Conant, Mokwa, & Varadarajan, 1990; Slater & Olson, 2000, 2001) to product-market policy. These studies validate that superior performance is attainable only when a match between policy and organizational attributes is attained.

2.5.2. Marketing Mechanism

Promotion

Promotion signifies the manner how the company interacts with its probable clients. It offers data and encourages individuals; it leads to enhanced knowledge, motivates demand and creates a variation between the goods and
impacts the conduct of the public. Promotion will not be successful in converting a bad product into a good one; however it is possible that lack of promotion adversely impacts a good product; promotion comprises of all actions or techniques employed by a firm to interact or endorse its goods in the market.

**Promotional tools or promotion mix**

1. **Individual Selling:** This comprises of individual interaction by phone or directly; this technique is costly and needs a long time to promote or advertise a good.

2. **Advertising:** This can be regarded to be a paid non-personal interaction with the intended (usually mass) market. It is cost effective and can help the firm to interact with a large number of people. It can also be employed by the firm to attain its long run or short run aims.

Advertisement can be conducted through different channels or techniques.

A. **Broadcast Media:**
   - Television
   - Radio
   - Cinema

B. **Print media:**
   - Tabloids
   - Journals
   - Pamphlets

C. **Outdoor media:**
   - Placards and flyers.

3. **PUBLIC RELATIONS AN PUBLICITY:**

   Public relations refer to a group of steps taken and signify the sum total of a firm’s conduct in context to the community wherein it functions. This can
be considered to be either good or bad and is mirrored in the firms standing and impression.

4. **SPONSORSHIP:**

Sponsorship is a crucial part of public relations and it is surely an instance that any kind of sponsorship results in affirmative publicity for the firm.

5. **DIRECT MARKETING:**

This is a collaborative marketing system that employs more than one advertising channel to ensure a measurable reaction at different locations.

6. **DIRECT MARKETING COMPRISSES OF:**

- Direct mail.
- Telemarketing.
- Door to door selling.
- Direct response advertising: ‘phone now’ or ‘fill in the coupon ads’
- Home shopping of different kinds.

The aspects that influence the marketer’s choice in deciding on the advertising mix:

a) Product Character
b) General marketing policy
c) Purchaser inclination phase
d) Product life cycle phase

7. **SPONSORSHIPS:**

The firm has taken all possible steps in supporting the important happenings both at an international and local level. The biggest amongst them was sponsoring of the “WORLD CUP”. Hero Honda is the only two-wheeler company across the globe to so. In addition to this event, Hero Honda has also
sponsored events including “Master Golf”, television academy awards, and the like.

There has been a rise in the reputation of the company after it has sponsored such events.

8. **DISCOUNTS/OFFERS:**

The firm provides discounts and other offers to clients who buy new bikes; for instance the World Cup offer wherein any client purchasing a new bike was given a free 1 gram gold coin.

However despite all the above schemes and advantages the company does face intense competition in the segment with other stalwart companies including Bajaj, kinetic, Yamaha, and TVS.

Officially, the firm mentions that their objective is to positively and continuously provide worth to their clients. They provide consumers since they are successful. Majority of firms tend to give a discount when the company was performing poorly in the market. There is intense competition in this segment particularly from Bajaj. However, Hero Honda has been successful as it focuses more on the consumer in comparison to other firms such as Bajaj that focus on their competitors.

**ADVERTISING STRATEGY:**

- The firm advertises in varied media channels on a regular basis. For instance, the firm uses advertisements on the TV. Magazines, newspaper, and the like.
- Hero Honda also arranges free service camps on an annual basis.
- Hero Honda also participates in trade fairs.
- With the help of ICICI Bank, Hero Honda has a loan option for their consumers in addition to offering an easy monthly instalment scheme for their clients.
The dealers are provided huge commissions by Hero Honda.

The number of companies in the two wheeler automobile segment (India):
- Hero Honda motors ltd.
- Bajaj auto ltd.
- TVS motors company ltd.
- Yamaha motors India
- Honda motorcycle and scooters India
- Royal Enfield
- Suzuki Motors
- LML

Implementing changes in marketing strategy:

Firms periodically need to change their marketing strategies in response to competitive moves, internally generated opportunities, and development of technology. For example, new growth in technology (e.g., Internet) may suggest that a firm should serve its customers differently. Similarly, a new competitor entering the market may prompt a firm to target different customer segments and/or serve them differently. It is relatively easy for firms to formulate ideas about how their marketing strategies should change but implementing changes in strategy is very difficult.

Researchers have long understood the importance of marketing implementation (e.g., Bonoma 1984; Bonoma and Crittenden 1988). The topic has received attention, though the limited work has been done (e.g., Chimhanzi and Morgan 2005). Existing research on the topic falls into three sections. One set of studies focuses on marketing implementation at the organizational level and implementation by managers (e.g., Hutt and Speh 1984, Noble and Mokwa 1999, Walker and Ruekert 1987). Another set of studies focuses on factors that gives confidence to employees to initiate a change or take on to it (e.g., Ahearne et al. 2010; Morrison and Phelps 1999; Scott and Bruce 1994).
A third set of studies examines the implementation of a change by employees who directly handle the consumers after an organization has decided on it—a major challenge marketing/Sales managers come across (Colletti and Chonko1997; Hurley 1998). For example Ye, Marinova and Singh (2007) examine the effect of a cost control versus revenue generation emphasis on frontline employees’ strategic change implementation.

A strategic change can be cause emotional stress to salespeople/employees (Lafferty and Griffin 2006; Marshall and Cooper 1979). Stress theory initiated by Lazarus (1980) and Lazarus and Folkman (1984), suggests that upon encountering a stressor event, such as a strategic change, employees organise two kinds of appraisals: primary and secondary. Primary appraisals involve employees evaluating the incidents impact on their well-being, which could be favorable or unfavorable (Beehr and Franz 1986, Lazarus and Folkman 1984). For instance a strategic change may require employees to learn new skills, interact with new customers, work for longer hours. Secondary appraisals involve employees evaluating their ability to deal effectively with the event’s impact on them by taking into consideration their personal, social, economic, and organizational resources (Latack, Kinicki, and Prussia 1995). Thus in the previous example salesperson would judge their ability to learn new skills, identify well to new customers, give more hours to their work. Several researchers note that primary and secondary appraisals are independent and can occur at the same time (e.g., Chang 1998; Folkman and Lazarus 1985; Folkman et al. 1986; Lowe et al. 2003). These appraisals effect employees psychological, physiological, and behavioral responses to stressor events (Kahn and Byosiere 1998; Lazarus and Folkman 1984). Stress theory suggests that a salesperson facing a change in market strategy of his or her firm conducts primary and secondary appraisals of the change in strategy. If the appraisals are favourable, the salesperson is more likely to implement the change in (see Lafferty and Griffin 2006; Mack, Nelson, and Quick 1998). In
case, if the appraisals are unfavorable, the salesperson is likely to adopt a “hold on” attitude, resist the change, or even deliberately obstruct it (e.g., by portraying the change negatively to customers). What actions can supervisors take to influence salespeople’s primary and secondary appraisals and thus influence the extent to which they implement the change? The above literature suggests that supervisors can focus their attention on salesperson’s selling-related results, selling processes, or even both (e.g., Anderson and Oliver 1987; Jaworski 1988). Thus, supervisors can encourage salesforce to implement change in two major ways. First, they can engage in result oriented actions that is, they can limit salesforce risks associated with change implementation results and emphasize rewards associated with them. Second, they can involve in process-oriented actions.

2.6 Marketing Strategy and Consumer Behaviour

Purchasers and people related to marketing desire to understand the way in which and the reasons why consumers make their purchases (Faber et al., 2007). Understanding client approaches is a tough affair. Varied aspects are present that impact the preference of their consumer. In contrast to the older times, the preference process is has become extremely complicated and assumed greater significance for the clients (Weinberg and Gottwald, 2002). Clients today are exposed to several promotions, news stories, and emails – all which portray significant details and majorly which signify varied ideas.

Further the preferences of consumers have increased given the enhancement in the item volume and kinds available, malls and widening presence of multi-speciality shops and electronic articles. These aspects have further confounded the preference process (Target Group Index, 2007).

According to Sproles and Kendall, the perspective that distinguished clients in context to their preferences is referred to as CDM or consumer decision making method.
Usually, there are three chief techniques that are used to assess the client preference procedures (O’Guinn and Faber, 2009):

- **Psychological or lifestyle technique** – Several characteristics in context to client conduct are described through this technique.
- **Customer typology technique** – The clients are segregated into different classes as per this technique.
- **Type of consumer method** – The emphasis of this method is on the realistic facets of the client preference process.

According to extant studies linked to client approach, several researchers presume that all clients buy products in a specific manner which can be generalised to explain the client’s preference processes (Krueger, 2008).

So as to set the basic facets of the selection process of clients, academics and researchers have been concerned with segregating clients in varied categories including: financial buyers, individualistic buyers, moral purchasers, unresponsive buyers, domestic buyers, buyers who shop for relaxation, buyers who seek effortless techniques to choose, buyers who are brand conscious, and conscious about the rates they pay, clients who seek to end disagreements and those who shop randomly (Martin, 2008).

A list of 50 facets was created by Sproles to ascertain the foundation by which clients made purchases; he compiled this list by using the client attribute methodology (Kapferer and Laurent, 2005).

He highlighted six client selection processes by using data he had gathered from a sample of 111 college women students who were segregated in 2 groups at the Arizona University and by using a specific benchmarking studying tool.
Sproles marked the following and then extensively discussed their characteristics (Faber et al, 2007):

- Thoroughness
- Identifying the value
- Information pertaining to the different types
- Distinct design awareness
- Aversion to purchasing, needing to save time and making purchases for relaxation
- Perplexed and requires assistance to choose

The knowledge of these characteristics can help in comprehending the purchaser’s selection process (Sproles and Kendall), it can assist the purchasers in recognising the type of clients they are and can also help the family in managing their finances in a superior manner (Damon, 2008).

CSI or consumer style inventory recommended by Sproles and Kendall have been used by several academicians to assess the purchaser preference procedures. The next part enumerates some of the studies that have been undertaken (Hassay and Smith, 2006).

Hafstrom and others used the CSI to decide the way how students in Korea choose their preferences. Out of the eight benchmarks, seven were ascertained by using the assessment approaches recommended by Sproles and Kendall and the formulation-based approach. (Martin and Turley, 2004).

The only benchmark can could not be validate was awareness about novel brands. This was ascribed to the relation amongst information of brands and style awareness between the young Korean clients (O’Guinn and Faber, 2009).
It was further seen that five out of the eight benchmarks could be depended on and utilised in context to the Chinese. This was proved when CSI was employed on a sample of 387 grown-up Chinese clients by Hiu and others. These five benchmarks included thoroughness, awareness about brands and kinds, relaxation based, cost awareness and perplexed due to options (Rook and Gardner, 2003).

Fan & Xiao used a tailor-made CSI for Chinese students. The five characteristics linked to client preference that they validated included awareness about kinds, knowledge related to duration, cost awareness, emphasis in quality and data availability (Sharma et al., 2007).

Seven characteristics related to the client preference process were recognised in reference to German clients including the knowledge of the brands, thoroughness, presence of variety, relaxation and comfort, randomness and keen to purchase distinct designs.

CSI was used on a large sizeable higher education institute of New Zealand by Durvasula et al. The sample comprised of 210 college business students who were assessed depending on which eight kinds of clients they were in context of their choice to buy goods was ascertained.

The eight kinds of clients included thoroughness, being item conscious, desiring distinct designs, shopping for relaxation, aware about the cost, random buyers, perplexed over preferences and dedicated to products and perfectionists, knowledgeable about brands, aware and keen to purchase new and stylish products purchasing for leisure, conscious about the worth, spontaneous purchasers, perplexed over choices and regular or those dedicated to specific brand (Youn and Faber, 2000).

Canabal M.E. used CSI to evaluate the preferences made by clients in Southern India. He ascertained five preference techniques employed by clients
in South India by analysing data gathered from a sample of 173 college students from two undergraduate colleges in Coimbatore in South India.

These techniques according to Edwards (2002) included:

- Awareness of goods and style
- Focus on superior quality, need for exact products
- Puzzled by the variety of options
- Random or no concern for how the item was branded
- Purchasing for relaxation

The assessment of clients assists enterprises and institutions to enhance their marketing policies by comprehending the topics enumerated subsequently:

- The mind-set of the thinking, feeling, reasoning and selection of the clients amongst varied choices (for instance brands, goods);
- The attitude of how the client is impacted by his or her surroundings (for instance the culture, family, indicators, media);
- The client conduct while making purchases or other marketing choices;
- Inadequacies linked to client awareness or data processing capabilities that impact choices and marketing result;
- The variation amongst client motivation and preference policies and the variation in their extent of significance or interest that they need for the client; and
- How the marketers and adjust and enhance their marketing promotions and policies to successfully draw the attention of the client.

Comprehending these matters assists in altering a firm’s policies by giving preference to client choices. For instance, by comprehending that several varied details are provided to the clients’, firms comprehend that they need to be useful and that adverts need to be repeated expansively to be successful. It is also comprehended that at times clients are influenced by rational contentions and at other times they are impacted by emotive or
graphic requests. By comprehending the client, firms can successfully take knowledgeable choices in context of selecting the policies to be used.

One approved description of consumer conduct refers to “the assessment of people, groups, or institutions and the procedures they employ to choose, gain, employ and discard products, facilities, experiences or notions and the manner how these procedures impact the clients and the community.” Despite it not being essential to learn this description, it highlights some essential details as discussed subsequently:

• Conduct may be either of a single person, or with reference to that of a group (for instance – friends may impact the type of apparel worn by an individual) or a firm (individuals on a job choose what products should be employed by the enterprise).

• Client conduct is inclusive of the employment and discarding of goods in addition to the assessment of how they are purchased. The marketer often desires to know how the product is utilised, since this may impact the product positioning or the way its consumption can be endorsed. Discarding of products often results in environmental degradation (for instance to save the recycling payment, motor oil may be discharged in the sewage systems, or garbage may collect at the landfills), hence this theme is also important to be comprehended.

• Consumer conduct also encompasses facilities and notions in addition to perceptible goods.

• It is also pertinent to study the influence of client conduct on the community. For instance assertive promotion of high fat foods or assertive marketing of effortless credit may adversely influence the well-being and economy of a country.

There are four chief functions of client conduct:

• The most noticeable application is for forming the marketing policy- i.e. for creating superior marketing promotions. For instance, firms
learn to plan snack adverts late in the afternoon as it has been comprehended that clients are more responsive to food adverts when they feel hunger pangs. By comprehending that the new goods are usually accepted only by some clients and then they slowly become popular with the remainder populace, it is comprehended that:

- Firms introducing new goods in the market have to have strong financial backing to ensure that they survive till the products are accepted commercially.
- It is crucial to ensure that initial clients are satisfied as they are the ones most likely to impact the brand preferences other consecutive clients’.

- The next implementation is for execution of the public policy: Accutane, a wonder treatment for acne was introduced in the 1980s. However, when used by pregnant women, Accutane led to intense birth deficiencies. Despite being informed of the same, several physicians failed to do so and several women using this product became pregnant. To draw the attention of the clients, the Federal Drug Administration (FDA) instructed that extremely striking images of abnormal babies should be depicted on the medical containers of the product.

- Social marketing is related to informing the clients rather than selling any product or idea to them. Marty Fishbein, a marketing professor went on a timeout to work for the Centers for Disease Control attempting to lower the rate of diseases transmission due to prohibited drug use. The most suitable answer, evidently, was to ensure that the drug users stopped procuring prohibited drugs. This, on the other hand was regarded to be impossible. It was further ascertained that the custom of sharing needles was also embedded in the drug culture and hence could not be ended. Consequently, since there was awareness about client outlooks, Dr. Fishbein developed a promotion that endorsed cleaning
of the needles using bleach prior to sharing them. This aim was considered to be more practical.

- The ultimate advantage of analysing consumer conduct lies in the fact that it improves us as clients. For instance, good judgement would indicate that if one purchases a 64 liquid ounce bottle of laundry detergent, one is paying a lesser amount per ounce when compared to purchasing two 32 ounce bottles. In reality however, one frequently pays a size premium by purchasing the larger bottle. Thus, in this instance, if one was aware of this fact, one would realise that one must check the unit cost labels to ascertain if one is actually getting a good deal.

There are many units in the market that can be evaluated. The chief focus of this course is the client. On the other hand, we also require evaluating the assets and flaws of our own enterprise and those of the rival enterprises. Presume, for instance, if we design a good that targets older clients, a segment that is increasing. A rival enterprise whose target is kids, a market that is decreasing, may perhaps reposition their products our intended market. We need to assess the strengths (e.g., technology, patents, market knowledge, awareness of its brands) to evaluate the likely threat of the rival in contrast to the pressure it has to deal with from the market. We also need to evaluate the settings ((the marketing environment). For instance, though we may have produced a good that provides immense charm for clients, a slump in the market may reduce the demand to a great extent.

2.7 **Indian Two wheeler industry**

The auto component sector in India is not mature and is an integral element in the economy of India. Off late, its development has been extraordinary; it has witnessed a double digit growth. Remarkably, it has also drawn the notice of trade from prominent global auto makers. This industry enacts a significant function in the automobile segment. A typical vehicle
manufacture comprises of several parts that are purchased from several ancillaries or component producers. Competition while sustaining the quality has been the maxim of the Indian sector and in particular with the auto parts sector especially after the liberalisation of the Indian economy in the initial 1990s. While, the local demand for automobiles is being enhanced due to economic revival, reduced interest rates and superior road infrastructure, a rise in outsourcing by international automobile players has led to the development of a large export chance for the Indian parts producers.

2.7.1. Growth Prospects and Key Drivers of the Indian Two Wheelers Industry

The rising demand for low cost personal transportation solutions by the 300 million Indian middle class clients signifies the growth that the Indian two wheeler sector has seen. On the other hand, the two wheeler penetration (number of two wheelers per 1000 inhabitants) in India is much less compared to other Asian nations, notwithstanding the impressive growth. This detail offers a promise for persistent growth in the Indian market. When compared to other nations such as Taiwan, Thailand, Malaysia, Vietnam, Indonesia and China, the penetration rate of two wheelers in India is extremely low. There are many aspects that would motivate the development of the two wheeler sector in India in the current times. These include:

Rise in India’s Young Working Population

The Indian two wheeler market symbolises a huge growth potential thanks to the increasing proportion of per capital income of people in the country. This development is crucial considering the fact that almost three-fourth (70%) of India’s populace is below the age of 35 Years and the working populace in the coming half decade would see an augmentation of around 150 million people. The growth of gearless scooters is a surety considering the fact that there is a steady rise in the number of women in the urban work force.
Rise of India’s Rural Economy and Growth in Middle Income Households

The motorcycle sector in India also stands to have a crucial promise to develop due to the rising growth projection of the Indian rural economy. The penetration of motorcycles has risen to more than 50 per cent amongst the rural households that have an income level exceeding US$ 2,200 on an annual basis. It is anticipated that the current targeted two-wheeler segment is likely to grow at a CAGR of 10 per cent in households which earn an income ranging from US$ 2,200–12,000.

Greater Affordability of Vehicles

A rise in the cheaply priced vehicles has resulted in the growth of two-wheeler sales in India. An evaluation of the price trends signifies consistent prices in the past. This can be attributed to the fact that the manufacturers are trying hard to reduce their outlays or it is an element of the marketing policy adopted by the producers with the intent to improve their volumes. There has been a fall of around 15% in the past half a decade in the operating outlays of chief producers. Further, the client’s ability to possess a two wheeler has been enhanced due to a rise in the avenues of financing.

Rapid Product Introduction and Shorter Product Life Cycle

The two wheeler sector in past half a decade has also seen a large rise in new product launches. It is estimated that producers in this time have introduced approximately 50 new products which has resulted in the filling up all price points and covering of different client segments.

Inadequate Public Transport Systems in most Urban Areas

The extant infrastructure has been deteriorated due to the economic boom experienced by the country and the result of enhanced migration to urban areas from rural ones. This has also resulted in traffic congestion in Indian cities and worsened the bottlenecks. Poor urban planning has resulted in the transport systems becoming outdated compared to the economic
development and the rising urban populace. This has further resulted in the rise of dependency on individual transport techniques. This in particular has allowed the two wheelers market to take advantage of the extant infrastructure gap.

**Challenges faced by the industry**

The two wheeler market has to deal with a few problems notwithstanding the high growth attained previously and the high possibility of growth in the times in come.

**Rising Customer Expectations**

Several new players have been attracted to the Indian market thanks to the growth experienced by the two wheeler industry in India. Thus, it is anticipated that the level of competition in this industry is likely to rise in the days to come. The client anticipations in context to the dependability, styling, performance and economy has increased due to the overabundance of products launched in the industry.

**Environmental and Safety Concerns**

It is crucial to deal with the matters pertaining to overcrowding of roads to handle the ever rising need for two wheelers. Another crucial issue pertains to the inadequate infrastructure for examining to guarantee observance to the emission regulations. With the growth of this sector, it is crucial to control the sale of second-hand two wheelers in a systematic way; this is possible only when a proper system is introduced. It is a possibility that problems linked to emissions and vehicle safety would arise particularly in the rural areas if the sale of two wheelers is not controlled.

**Creation of Distribution Infrastructure**

Prominent firms need to guarantee that in addition to developing sufficient infrastructure with context to dealerships and service stations in...
urban areas, they also guarantee that the distribution infrastructure in rural areas is adequately developed.

2.7.2. Marketing strategy of Two-wheeler in India

BCG Matrix Representation of Automobile Sector among various Sectors:-

When contrasted with the economic growth, varied industries that exist have a varied growth rate. An economy that witnesses the presence of several main industries also sees that they are placed in varied positions in the BCG matrix. This position depends on their growth and the input they make to the economy. The chief segments in the Indian economy include FMCG, automobiles, banking and insurance, steel, telecom, software, pharmacology and retail sectors. Their position in the matrix is denoted in the subsequent figure:

![Figure 2.3: Industry BCG Matrix](image-url)
The BCG matrix is employed to ascertain the comparative standing of a firm in a sector or the standing of varied SBUs of any organisation, in context of the market growth rate and the market share of a firm in the industry. Maruti Suzuki Limited, General motors, Mahindra and Mahindra, Tata Motors, Hero Honda and Bajaj auto are the main players in the Indian automobile segment. The above firms can be seen as Star, Cash Cows, Dogs and Question marks in the BCG matrix. While the Star refers to companies that have a high market growth and high market share, cash cow category refers to firms with low market growth rate but comparatively a high market share; the segment question marks consists of the firms that have comparatively a low market share but a high market growth rate; lastly dogs represents firms with a comparatively low market share and a low market growth rate.