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INTRODUCTION
CHAPTER – I

INTRODUCTION

The two-wheeler industry in our country is constantly growing. The need for speed and power packed with economy is what the buyers demand in different segments. The Indian two-wheeler market comprised 1.2 million scooters & just 7,60,000 Motorcycles. In 2004-05 it is 0.92 million scooters and 4.96 million motorcycles.

It is really amazing how motorcycles market have moved on in the last three or four decades. Because of evolution coupled to better thought and insight into the psyche of the buyers began to throw up many new ideas. Social behaviour took a turn towards modernity. The benefits of economic liberalisation paved way people in rural areas didn’t want to wait for the weekly bus (or) timely bus (or) juqad to trundle into their distant hamlets.

The entry level motorcycle offered them

• the means to escape
• the means to freedom
• the means to style
• the means to enthusiasm
• the means to earn their livelihood independent of public transportation.

Rural market already account for almost 1/3 of all motorcycle sales. According to Munjal, rural user account for at least half all motorcycle user. It was very boosting and encouraging factor to the basic job for the enlightened bike makers. Forty years ago if you wanted to buy a motorcycle (or) scooter, we would get to choose between a maximum of three models in all over India. But this dynamic hyper competition world we have thousands of model today. Motorcycle and scooter are much loved for their practicality, storage space, stylish, fashionable, ease of use and good fuel economy. They are simple to ride and the bodywork generally helps you remain clean during the monsoon.

The Indian two-wheeler industry has finally transformed to this level of achievement. Unlike in the past the two-wheeler companies are no longer dependent on foreign companies for technology to survive in the intensely competitive industry. Some of the indigenously developed two-wheelers are at par with best available models in the industry such as Bajaj Auto and TVS Motors to set up manufacturing facilities in the immensely competitive South East Asian and Latin American Markets. In addition, Indian
companies now export their indigenously developed two-wheelers to some of the world’s toughest markets.

In 2002-03, Hero Honda had vaulted past Bajaj Auto to become India’s largest two-wheeler company. And this 2005-2006 year, the company’s annual sales are expected to be close to 3 million units, larger than what the entire motorcycle market was in 2001-02. The pace of growth of motorcycle sales has been remarkable, clocking a compounded annual growth rate of over 20% over the decade between 1995-96 and 2004-05. In the first seven months of last year, motorcycle sales grew 18.83% (car grew 9.6%) Hero Honda and Bajaj Auto, who together account for 80% of the domestic market. Only Hero Honda keep more than 50% market share*

In Tamilnadu about 5000 vehicles are registered everyday and roughly 12,00,000 vehicles are registered every year. In the total vehicle population Tamilnadu ranks second in the country besides Maharashtra. In respect of two wheelers, Tamilnadu tops the list, while the two-wheeler segment grew 26%.

Hence the world’s largest two-wheeler manufacturer Honda is so excited about the prospect of India being a growth market that it started a

*Business today, January 29, 2006, p.76.
second two-wheeler company in India, Honda Motorcycle and Scooter India (HMSI).

Today dynamic consumer preference are dividing the industry, in to mass, segment demands, reliability, modern styling and economy while convenience is the important feature for the emerging segment of women users. There is small segment seeking, the power and pleasure of riding a two-wheeler. The manufacturers are responding to these consumer needs, preference with the introduction of new models and modifying existing models.

ONE MORE REASON TO BIKE: IT’S GOOD FOR YOUR HEALTH

Health experts disclose seven reasons why biking can help you live longer. It’s very obvious how good biking feels, however, how there is medical evidence to back this up. During men’s recent search for “Britain’s oldest biker”, it was found that every single OAP bikes cited biking as a key factor in keeping them in good shape. Surprised by this MCN decided to do a research on health advantages by biking with the help of students of Kings Colleges London University Hospital.

BRAIN

Riding any machine with two wheels and an engine in between makes us feel happy. More so when we pin the throttle, even if it’s a puny 50cc
moped. This is due to the production of endorphins by the brain. As a result, biking means less chances of depression depression leads to various illnesses.

LUNGS

Have you ever thought that being crammed in a train, bus or any other means of public transportation exposes you to disease such as influenza, chickenpox, anthrax etc? These are airborne diseases. Airborne diseases travel on dust particles, on tiny respiratory droplets when people talk, cough or sneeze. When you are out on your bike, you’re away from such dangers.

HEART

With the ever increasing traffic and subsequent traffic jams on roads, going to work in buses or cars can be a stressful experience. According to the British Heart Foundation, Stress can be bad for the heart as it releases certain hormones that lead to the increase in blood pressure and encourages clogging of the arteries.

CIRCULATION

Hypertension hardening of the arteries and varicose veins are the result of poor circulation. Hydrotherapy (or) exposing the body to hot and cold extremes is a popular treatment for circulatory problems Riding in the severe cold, getting wet in the rains, or just drenching their leathers in sweat in the summer exposes bikers to extreme temperatures.
The twisting and turning you do on a bike is good for people suffering from a bad posture gained from sitting in cars, buses or trains. Riding a bike can be beneficial for your spine. Janet Lowe, who runs the Harborough Osteopathic Clinic in Leicestershire adds that if one is slumped in a car seat with a bad posture it's much worse for the back than being on a bike.

**FAT BURNING**

Riding especially on twisty roads or fast open highways demands mental and physical inputs constantly and is a good way of burning calories fast. An hour on a twisty road can help burn around 354 calories for a 82 kg male. So next time you don't look good in a mirror, you know where to head.

**LEG MUSCLES**

On an average a big bike weighs around 180 kilos, with the tourers tipping the 200 marks. Pushing such a machine in and out of the garage means a good workout for our legs. According to the staff at the Kings College Hospital, London pushing a fully loaded tourer into a narrow parking area is the exercise equivalent of five minutes on a rowing machine.
To support all these seven compelling reasons, MCN further scoured the Massive British Medical Library to come across a research paper acknowledging the benefits of biking.

**OPERATIONAL DEFINITION OF CONCEPT**

**CONSUMER BEHAVIOUR**

It is defined as "activities people undertake when obtaining, consuming, and disposing of products and services".

**CONSUMER PREFERENCE**

Consumer loyalty based on genuine and ongoing satisfaction is one of the greatest assets a firm can develop. Many consumer are becoming more fickle, choosing to try new products featured in special promotions or a new model entering a market rather than remaining brand loyal to a product (or) service. It gives sometimes customer loss. This customer loss can be disastrous because there are fewer new consumers to replace lost customers. Simply consumer preference means choose one among from lot of variety of product or service.

**CUSTOMER SATISFACTION**

Whether the buyer is satisfied after purchase depends on the offer’s performance in relation to the buyer’s expectation. In general "satisfaction" is a person’s feelings of pleasure (or) disappointment resulting from comparing a products perceived performance (or outcomes) in relation to his
or her expectation. If the performance falls short of expectation, the customer is dissatisfied if the performance matches the expectations, the customer is satisfied. If the performance exceeds expectations, the customer is highly satisfied (or) delighted.

If the company increase customer satisfaction by lowering its price (or) increasing its service, the result may be lower profit. The company might be able to increase its profitability by means other than increased satisfaction (for example, by improving manufacturing processes (or) investing more in R&D).

CUSTOMER RETENTION

A company would be wise to measure customer satisfaction regularly because one key to customer retention is customer satisfaction. A highly satisfied customer generally stays loyal longer, buys more as the co introduces new products and upgrades existing products talks favourably about the co and it’s products, pays less attention to competing brands and is less sensitive to price, offers product or service ideas to the co and costs less to serve than new customers because transaction are routine. The link between customer satisfaction and customer loyalty, however is not proportional.
CUSTOMER PERCEIVED VALUE

Customer perceived value is thus based on the difference between what the customer gets and what he (or) she gives for different possible choices. It include total customer value and total customer cost. Total customer value is the perceived monetary value of the bundle of economic, functional and psychological benefits customer expect from a given market offering. Total customer cost is the bundle of costs customers expect to incur in evaluating, obtaining, using and disposing of the given market offering including monetary, time energy and psychic cost.

STATEMENT OF THE PROBLEM

A study on consumer preference guide to known who are the customers? What they want? How the customers are? How they use and react to the product? The perception of the customers are to be carefully studied by conducting survey on consumer preference. The study also helps to know how various brands in Hero Honda company and how it attracts various customers. Marketing variables such as style, fashion, price, product, model and features of advertising message affects the buyer. This study reveals to the manufacturer about the taste, preferences, fashion in consumers mind, choices, convenience of consumers wanted style according to this dynamic situation and overall variances / differences of different
people. It will help to gain knowledge about the market share, factors influencing on a consumer to prefer a particular brand and problem faced by them on using and prefer such brand and so on.

The liberalization in Government Policy in the form of licensing during 1990's allowed free imports and infusion of the latest technology. The consequent of this new policy has been a spurt in the number of foreign collaborators entering to the Indian two-wheelers market. The foremost important of these foreign partners have been Honda, Suzuki, Yamaha (all Japanese) and Piaggio (Italian). Two wheelers basically constitute 3 different types of vehicles namely

Scooters
Motorcycles
Mopeds

Demand for two wheelers has been found to depend upon many factors.

- Changing the style according to dynamic changing day-today life.
- Changing the fuel price, efficiency.
- Changing the individual income.
- Changing the individual occupation and standard of living.
- Changing the particular life style surrounding like transfer to metropolitan city.
• Availability of modern technology product.
• Entering the up to date innovated product.
• Availability of easy financing scheme.
• Day-to-day changes of Roadways in the country.
• Fast growth of industrial cities.
• Fast dynamic growth of population.
• Maintaining the punctuality.

This study reveals the essential problem:

• To examine the common features and distinctive features among the different models of Hero Honda Company Vehicle.
• How the distinctive features among the different models of Hero Honda Vehicle influence the different groups of consumers?
• How consumers prefer a particular model among variety of model of vehicle?
• Which brand to-day facing the style, fashion among other brand in Hero Honda Company?
SCOPE OF THE STUDY

The scope of the study is confined to Hero Honda Two-wheeler.

- The study has got very wider scope in the vehicle and it is common to all consumers.
- This study provides best choice to the consumer while selecting the brand.
- This study has been constructed and designed to evaluate the present scenario of two-wheeler industry especially Hero Honda Motors
- To find out the influencing factors of brand preference and consumption habits of consumer while selecting two-wheeler.
- This study focus the overall maintenance of profitability and annual report of Hero Honda Motor.

OBJECTIVES OF THE STUDY

Everybody in this universe is a consumer. We need a variety of goods and services right from our birth to death. Then who are the consumer and how they behave while purchasing a particular product is very important for marketers. Two-wheelers market is a buyers’ market with numerous of brands as well as a number of product differentiations in terms of models in each brand. Hence an attempt has been made in this study to examine the
consumer preference towards two wheelers. The objectives of the study are as follows:

- To study about the consumer preference towards Hero Honda in general.
- To find the awareness level of the consumer regarding the Hero Honda brands that are available in the market.
- To know the important factors influencing the purchase decision of buyers.
- To analyse the relationship between the brand preference with reference to demographic factors.
- To rank all the brands in Hero Honda Motors and to know the level of satisfaction of consumers.
- To offer valid suggestion for the improvement of the product.

HYPOTHESES OF THE STUDY

This study assumes the following hypotheses:

- There is No association between sex-wise classification and the model of Hero Honda Motors vehicle purchased.
- There is a significant association between age-wise classification and the different model of Hero Honda vehicle purchased.
• There is a significant association between size of family and different model of Hero Honda vehicle purchased.

• There is a significant association between income level of the consumer and the types of two-wheeler purchase in Hero Honda.

• There is an association between education of respondent and model of vehicle purchased.

• There is No association between occupation of respondents and purchases of model of vehicle.

• All model of vehicle purchases are equally.

METHODOLOGY

This study is primarily an exploratory type of research.

SAMPLE

Convenience sampling technique was adopted to collect the data.

SAMPLE SIZE

A sample size of 100 customers is taken for the study.

DATA COLLECTION

Both quantitative and qualitative data were collected from the respondents by using self-administered questionnaires. Secondary data were
collected from various journals, articles, periodicals, websites, dissertation and thesis pertaining to the relevant matter of the subject under study.

The collected data were arranged in a logical order and classified according to sequential method. Statistical tools such as Percentage Analysis Bar diagrams, pie chart etc. Chi-square test were applied to test the data.

THE QUESTIONNAIRE

The two-part questionnaire has been developed to access the consumer preference in terms of information source, usage, pattern and brand image, satisfaction and choice.

Part-I — Personal data regarding age, education, occupation and incomes, number of members, vehicle model are collected.

Part-II — Dichotomous Questions, Multiple Choice Questions and Ranking items of questions were asked to study the consumer preference in terms of information search.

PRODUCT SELECTION

Two-wheeler was selected as the product for the present study. It is chosen for several reasons.

1. It is heavily advertised with much emphasis on specific highly attributes.
2. product differential in term of capacity, colour, price etc.

Consequently purchase decisions are more likely to be a function of individual rather than family preferences. As there are number of two wheeler produced in India the Hero Honda Company is the major producer of two wheeler was considered as the most suitable one. So the present study is confined to the consumer preference of Hero Honda Motor's two-wheeler only in Salem city.

PILOT STUDY

A pilot study was conducted among 10 consumers to test the quality of items of the questionnaire. The finalized questionnaire were distribute to respondents who were informed on nature of the study. The questionnaires were personally collected after verifying the correctness of the answer a copy of the questionnaire is provided in Appendix.

AREA OF STUDY

This consumer preference study on Hero Honda Motors covers Salem City only.
LIMITATION OF THE STUDY

- The memory of the respondents are short, the data given by them may not be accurate.
- The data may not contain full details because the time available for respondents to till questionnaire is limited.
- Some consumers hesitate to give complete information about their brand of vehicle.

CHAPTER SCHEME

CHAPTER - I

The fist chapter deals with general ideas of this project like, introduction, statement of the study, scope of the study, objectives of the study, hypothesis of the study, area of study, period of study, methodology, sample, data collection, limitation of study and chapter scheme.

CHAPTER - II


CHAPTER - III

Profile of the two-wheeler industry and Profile of Hero Honda Motor Company.
CHAPTER - IV

Analysis – I It deals with general profile of the respondents.

CHAPTER - V

Analysis – II It deals with the significant association between brand preference and demographic factors.

CHAPTER - VI

Findings, Suggestions and Conclusion of the study.