CHAPTER - II

REVIEW OF LITERATURE
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The researcher has come across a number of articles, reports, studies, journal and books on consumer behaviour and consumer related topics. A brief review of which are given below.

The purchase decision taken by the consumer is purely psychological, owing to this feature predicting the mind of the consumers is very difficult.

It is very vital for the marketers to know what is flickering in the “Black Box”.

Since a long period research studies have been conducted to find out what is happening in the mind of the consumers through forming logics for the behaviour he is exhibiting the various points.

As early as 1939, a Viennese psychoanalyst named Ernest Dichest began to use Freudian Psycho-analytic techniques to uncover the hidden motivations of consumers. By 1950’s his research methodology which has come to be known as marketers and advertising agencies, motivational research methods of projective technique and depth interviews. Motivational research requires highly trained interviewer analysts to collect data and to analyse research findings. Because sample size are necessarily small, findings cannot be generalized to larger populations. Motivational research
findings are highly subjective because they are based on analysts' interpretations used primarily to obtain new ideas for promotional campaigns. Motivational research is considered to be qualitative research.

Maston (1982) in his study situational influence on store choice concluded that time pressure is a main component of the usage situation. It depends upon the rush in the departmental store. Further it represents the consumer feelings that they can get in and out at the earliest after selecting the product.

Shugan (1983) in his study on price and quality relationship exposed that price is an indicator of the quality. Consumers are encouraged to raise the quality of their product. He believes delivering a good quality of goods is the right image among and uses of the product.

Bitta (1984) in his study viewed that buying behaviour is "the decision process and physical activity which the individuals engage in when evaluating acquiring, using and disposing of goods and services."

Dhunna (1984) in his study focused that "the consumer behaviour of soft drinks among 100 respondents representing fairly the various categories of people. He studied the brand with high awareness and preferences value and the consumption pattern of soft drinks. Taste was found to be important feature in preferring a particular brand of soft drink. Brand switching
occurred because of non-availability of preferred brand. Most of the respondents showed interest in soft drinks, advertisement more specifically by those who were in the teenage group.

Fairhurst, Ann Elizabeth’s Study (1985) was conducted to determine the relationship between the level of consumer clothing involvement and apparel store patronage behaviour. The specific object of the study was to determine the relationship between the level of consumer involvement, demographic, psychographic and sailent store attributes and to develop market segment profit based on the consumer involvement. It results in general indicated that the higher involvement consumer perceived 10 store attribute as important and lower involved consumer tended to rate only store attribute as important.

Foxman; Ellen Ruth’s study (1986) with the purpose of investigation the interpersonal influence as an explanation variable in husband-wife decision making. Ruth of Louisiana State University, conducted a study on 60 married couples during 1986, interview and observations of role play were used besides questionnaires to get the demographic psychological and sociological information. The data were subjected to multi-method (MTMM). After MTMM analysis results were further subjected to
sequential analysis. The results revealed that there prevailed some significance influence.

Kim, Kyung Hoon’s study (1987) A study of United States International University by Kim Kyung Hoon with an objective to explore the relationship between brand loyalty and “Origence” & intelligence during the purchase of a low investment product revealed the following results.

- “Origence” element of “Consumer Creativity” was not significant related to brand loyalty.
- “Intelligence” an element was found to be one of the most important predictors of brand loyalty.
- While sex and family income were found most important in brand loyalty and age found significant.

Namasivayam (1988) in his study on impact of advertisement and consumer preference on Toilet Soap focused that audio visual medium of advertisement is the catching point to inspire the potential customers in selecting their brand of toilet soap. This study was conducted based on the socio-economic and psychological factors.

JP Rabreau, a French biker and Psychiastrist, who wrote an entire thesis on the subject “Motorcycle and Adolescents” examined the benefits of biking for adolescents, using his own personal experience as a furious
teenage biker. His research concludes "their bikes" physical nature is often beneficial, rather than a dangerous expression of an unconscious death wish in the Freudian sense" (January 2006 Bike India).

Raj Rani\(^1\) has reviewed the existing legislative protection available to Indian consumer at both Central and State Government levels and the efforts made by manufacturers and traders' associations and consumers' organizations. She has assessed the views of middle class home makers in respect of various areas of consumer interests and problems. She has finally offered valuable suggestion.

G. David\(^2\) and Epstein's book introduces the major issues in consumer law and summarises the principles governing it. They have also discussed the rules governing consumer transaction and the policies underlying these rules.

Norman Isac Silber's\(^3\) book described the tradition of consumer protest and examines the early history of consumers union which started as a working class-oriented movement and soon won the leadership of an educated consumer elite. He has highlighted scientific testing as a means of consumer reform and he offers three case studies such as reform of

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\(^3\) Norman Isac Silber, Test and protest: The influence of consumer's Union, Holues and Meir 1983.
automotive design discouragement of smoking and prevention of contamination of food by radioactive fall out, to demonstrate the use of scientific testing in social reform.

Andrew Eiler\(^4\) has given detailed information intended to educate the consumers about their specific rights as purchasers. The 1\(^{st}\) section describes how to make a convincing case when faced with a consumer problem. The second section provides an overview of consumer protection laws. The major part of this book examines the relevant laws at each stage of purchase, covering advertising and sales practices, a buyer's right and obligations warranties and methods of payment.

Arthur Best's\(^5\) presents the nature and scope consumer complaints and the institutions designed to handle these complaints. He has described three stages in the consumer complaint process such as perception of the problem, voicing of the complaint and resolution of the complaint. This book contains some case studies which demonstrate significant obstacles in the process and flaws in the institutions of business and third party assistance for obtaining proper redress.

\(^4\) Andrew Eiler, the consumer protection manual, facts on file, Madras, American Library 1984.  
U.Velammal\textsuperscript{6} has studied the awareness of consumer rights and the related legal provisions, the problems of consumer and protective measures for consumers. She has offered a few suggestion also.

O.P.Gara\textsuperscript{7} has provided an exhaustive sectionwise commentary on the subject. He has explained the consumer's position under the American British and Swedish Laws. He has also dealt with role of national and international consumer organization in consumer protection.

M.Rengasamy\textsuperscript{8} has examined the various possible forms of exploitation of consumers by manufacturers and traders and the current state of law relating to the problems of consumer protection against exploitation. He has pointed out the factor which contributes to the preparation of such consumer exploitation and the effectiveness of the existing legal mechanism in the light of current knowledge of the causes and treatment of the disorder. Finally he has offered valuable suggestions to enhance consumer protection.

S.V.Gulshan\textsuperscript{9}, has pointed out the position of Indian consumers and their problem. He has appraised the consumer Protection Act and its and its allied acts. The details of redressal machineries at District, State and

\textsuperscript{9} S.V.Gulshan, Consumer Protection and Satisfaction – Legal and Managerial Dimensions, New Delhi,Manas Publications 1994.
National levels form the highlights. The important decisions affecting consumer have been discussed in the book.

Chidambaram\textsuperscript{10}, R.M. in his study “Thrust areas of customer service” has identified eight thrust areas such as:

- Customer recognition
- Courteous service
- Customer friendliness
- Group effort
- Time consciousness
- Perspective customer segment identification
- Unions’ approach towards customer’s

Sathye, M.M.\textsuperscript{11} in his article “Measurement of customer satisfaction” has analysed the new package on customer service brought out by the Ministry of Finance and identified factors for poor customer services including inefficient managerial attention to service issues, archaic procedures, bureaucratic and monopolistic mindset, restrictive practices, poor motivation, overstaffing and inadequate technology. He developed service quality index shortly called as “servegnal” with the help of 5 variable such as

\begin{itemize}
\item Chidambaram R.M. “Thrust are of customer service”, Financial Express, 24\textsuperscript{th} July, 1994, p.7.
\item Sathye, MM. “Measurement of customer satisfaction”, Financial Express, 24\textsuperscript{th} July, 1994, p.7;
\end{itemize}
• tangibility
• reliability
• responsiveness
• assurance &
• empathy on which customers evaluate the quality of service of an enterprise.

In the study, satisfaction index has been worked out by comparing the extent of satisfaction of customers with different business transaction.

S.Rajamohan\textsuperscript{12} has studied the origin and growth of consumer movement, the organization of consumer disputes redressal forum and the awareness of consumer. He has also offered a few suggestions.

Sudipto Samanta\textsuperscript{13} in this study the Indian “Two-wheeler industry A Long Ride to Freedom” has identified the following aspects.

• The Era of joint ventures like the Indian two-wheeler makers enjoyed protection from the government. The entry of foreign players was restricted and thus, the transfer of technology was minimal.
• Joint ventures in the Indian two-wheeler industry

\textsuperscript{12} S.Rajamohan, “A study on extent Consumer’s Awareness is Madurai” unpublished M.B.A. Project work, submitted to Madurai Kamaraj University, Madurai 1996.
\textsuperscript{13} Sudipto Samantra “A long ride to freedom” Effective Executive, August 2004.
<table>
<thead>
<tr>
<th>Indian Company</th>
<th>Foreign Collaborators</th>
<th>Year of joint ventures</th>
<th>Some prominent models/category</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bajaj Auto</td>
<td>Kawasaki Heavy Industry, Japan</td>
<td>1986</td>
<td>KB 100/Motorcycle</td>
</tr>
<tr>
<td>TVS Motor</td>
<td>Suzuki Motor, Japan</td>
<td>1983</td>
<td>Ind-Suzuki Motorcycle</td>
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<tr>
<td>Kinetic Motors</td>
<td>Honda Motor Company, Japan</td>
<td>1985</td>
<td>KH 100/Gearless Scooter</td>
</tr>
<tr>
<td>Hero Motors</td>
<td>Honda Motor Company, Japan</td>
<td>1984</td>
<td>CD 100/Motorcycle</td>
</tr>
<tr>
<td>Escorts</td>
<td>Yamaha Motor Corporation, Japan</td>
<td>1985</td>
<td>Yamaha RX 100/Motorcycle</td>
</tr>
<tr>
<td>LML</td>
<td>Piaggio, Italy</td>
<td>1984</td>
<td>Vespa/Scooter</td>
</tr>
</tbody>
</table>

*Some prominent models and break throughs

<table>
<thead>
<tr>
<th>Models</th>
<th>Maker</th>
<th>Break through</th>
<th>Engine Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>CD</td>
<td>Hero Honda</td>
<td>India’s 1st four stroke bike</td>
<td>Four stroke</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Set the bench mark for fuel efficiency (80 km/h) pollution control &amp; quality</td>
<td>100cc</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Low Running Cost</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td>Created a segment economy and style</td>
<td></td>
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</tbody>
</table>
S.Sivakumar\textsuperscript{14} in his study "A comparative study on performance Analysis between TVS & Hero Honda Motor Company Ltd.," he is highlighted in his study the following information.

- Gross Profit and N/P\% of Hero Honda Motors Ltd. is better than the TVS Motors Company Limited.
- Fixed Assets to networth of Hero Honda Motors Ltd., is better than TVS Motor Company Ltd.
- The average sales of Hero Honda Motors Ltd. is higher than TVS Motor Company and there is greater uniformity of sales in TVS Motor Company Ltd.
- Working Capital to fixed assets of Hero Honda Motors Ltd. is of negative aspect it should be reduced to positive aspect.

Sunderasan, P.S.\textsuperscript{15} in his article on "Customer Clerk and Counter" has explained the expectation of customers and the relationship between 3C's namely customer, clerk and counter. He commented that people face many problems such as delays in bus stand. Problems of change to be given by the conductor, stopping bus away from the bus stop, electricity failure delay by newspaper boy milkman, late delivery by postman, increased prices in shops, auto-man's refusal to ply, queues in railway stations, late arrival of

\textsuperscript{14} S.Sivakumar "A comparative study on performance analysis between TVS and Hero Honda Motor Company Ltd., M.Phil. dissertation, submitted to Periyar University, March, 2005.

\textsuperscript{15} Sunderasan, P.S. "Customer, Clerk, and the Counter" IBA Bulletin.
train/plane, long queues in theatre, municipality court and non-availability of goods in super markets. But the present study aims to cover the problem experienced by the purchase of Hero Honda two-wheeler of customer.

Dr. D. Raghunathan Reddy, Mrs. A. Santhosh Kumari & Mrs. M. L. Kameswari in their study reveal "consumer buyer behaviour in two-wheeler industry" has identified the following aspects.

- Most of the dealership is of non-exclusive type.
- A reason behind dealing with a particular brand is brand image.
- It is found that most of the respondents opined that advertisement is a good enough source to improve sales.
- The influences in purchase decision of the respondents is himself.

Fortune India Magazine published one cover story about two-wheeler industry in the name of "Racing ahead on a fast track" It has identified the following aspects.

- The fiscal year 2005-06 has seen a boom time for the two-wheeler industry in India.

- A general rise in incomes both in the urban and rural areas combined with easy availability of consumer finance have led to a spurt in demand for the ubiquitous two-wheelers.

- It also reveals the performance from all players in this segment with a surge in their sales, profits and share prices, dividend, EPS, Market Price, Net Profit etc.

- This also reveals company-wise volume growth among Hero Honda, Bajaj Auto, TVS Motor Companies.

- It published segment-wise industry growth about scooter, motorcycle, moped and total two-wheelers.

- It published Hero Honda’s key financial position for the 4 years (03-06) such as share in issues, PER (X) etc.

The Bikes Power 2005\textsuperscript{18} Team “India’s ultimate bike satisfaction survey” in this survey has identified the following aspects.

- Monthly sales of over 2.5 lakhs units and growing month on month and Hero Honda and its dealers to be the best.

- We believe the reason for average showing by the motorcycle major.

- This survey give 5\textsuperscript{th} rated overall among manufacturer.

\textsuperscript{18} Vikkant singh and Yogendra pratap, “India’s ultimate bike satisfaction survey”, Over derive, Oct. 2005.
• This survey gives the Dealer Service on test derive is 7th rank with 62.22%.

• It gives the dealer speedy service rank on 4th place with 64.95%.

• It gives the dealers explanation rank on 6th place with 61.67%.

• It gives the dealers problem Diagnosis 5th rank with 60.14%.

• India’s ultimate bike satisfaction survey gives the 5th place to Hero Honda and Honda is getting 1st place

In business today19 publish another cover story about "Auto two-wheelers motorcycle mania". It reveals the following information

• Hero Honda is the first launcher of motorcycle in India.

• By 2002-03 Hero Honda has vaulted past Bajaj Auto to become India’s largest two-wheeler company.

• It issued the current market shares among Hero Honda Motors (50.3%), Yamaha Motor (3.6%), TVS Motors Company (12.7%) Bajaj Auto (29.7%), Others (3.7%).

• It find out the rural India demand about derive two-wheeler in 2005 urban: rural split (50:50) 2010
urban: rural split (33.67)

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It finds out motorcycles have beaten scooters to become the most popular two-wheeler with 11 years figures.

It issues also projected sales at an annual growth rate of 17.5% in a poor country like India, a two-wheeler will be the 1st vehicle for million of consumers.

Sahad P.V.\textsuperscript{20} in Business today, "5 Hot Sector" has described about two wheeler industry.

He describes the two-wheeler segment grew 26% and Hero Honda Motors net sales, profit after tax, earning per share, market capitalization of 2005, 2006 years of figures. He also published Bajaj Auto Net Sales, Profit after tax, Earning per share, Market Capitalisation etc. for the purposes of comparison between Bajaj and Hero Honda Companies.

Dr.M.Abdul Haneef, Dr.M.Edwin Gnanadhas & Mr.B.A.Abdul Kasim\textsuperscript{21} in their study "Consumer Buyer Behaviour of two-wheeler in Tirunelveli City" has identified the following aspects.

- In respect of two-wheelers, Tamilnadu tops the list.
- Study gives clear picture about brand popularity that Hero Honda Splendor has occupied 1st place in 4 stroke two-wheeler, TVS Suzuki

\textsuperscript{21} Dr.M.Abdul Haneef, Dr.M.Edwin Gnanadhas and Mr.B.A.Abdul Karim, “Consumer behaviour of two wheeler in Tirunelveli city”, Indian Journal of Marketing, April 2006.
Max 100 R in the 2 stroke, TVS Scooty and Scooty Pep in the Scooterettes series, TVS Champ in the Mopeds Series.

- In General TVS Brand occupies 1<sup>st</sup> place followed by Hero Honda and Bajaj.
- Most of the two-wheeler buyers select the models irrespective of their income and occupation. The loans offered by the bank and private finances induces the purchase of two-wheelers.

Rincy V.Mathew & G.Sudha<sup>22</sup> in their study “Customer Satisfaction in Relation to the products and services” has identified and the reveal the following aspects.

- The responses of the respondents were very cordial and forthcoming.
- They gave very useful information about all the questions included in the questionnaire.
- Opinions differ widely among the customers regarding the effectiveness of the present advertisement policy of the company.
- Forty percent of the customers claim that the advertisement is good.
- An equal number of customers also claim that the effectiveness of advertisement is only average.

Fortune India\textsuperscript{23} issue one Hero Honda cover story it reveal the following information about Hero Honda.

Hero Honda which enjoys the numero position in the manufacture of motorcycle on the global stage, has an excellent track record in 1998 when the ratio was 1:1.

The company has been doing very well despite growing competition during the last 3 years its gross sales have expanded from Rs.5102 crore in the fiscal 2003 to Rs.8597 crore in the fiscal 2005 with the net profit raising almost in the same proportion. In the first nine month of the fiscal 2006. It has earned a net of overRs.700 crore on sales of around Rs.6500 crore. The book value for a Rs.2 share has already grown.

Summary:

From the above, it is clear that no study has been attempted to review the customer experiences of two-wheeler purchases and their satisfaction with services of company.

\textsuperscript{23} Fortune India "Cover Story of Hero Honda, 31\textsuperscript{st} May, 2006."