CHAPTER 3

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3.1 Introduction

In this chapter, efforts are made to review the literature related to consumer behaviour in two-wheeler industry. To start with literature related to conceptual understanding of consumer behaviour is reviewed to know the relation between consumers' expectations and consumers' perceptions, which helps in knowing the customer satisfaction level. Then after studies relating to consumer behaviour and durables, consumer behaviour in automobile industry and lastly consumer behaviour in two-wheeler industry are presented. This chapter is helpful in constructing the research base for the current study.

3.2 Consumer Behaviour

In this section literature related to consumer behaviour as a part of marketing, and its sub-parts are presented. This section presents the views of some researchers on consumer behaviour and studies related to it. An article on developing a methodology for understanding consumer behaviour and measuring consumer preferences in developing countries was presented by Naresh Malhotra48. This article presents an approach for measuring consumer preferences in developing countries. The role of marketing research in developing countries and the salient factors which have an impact on how marketing research should be conducted in these countries are briefly discussed. The popular preference measurement procedures developed in the advanced nations are briefly reviewed and found to be unsuitable for use in developing countries. Hence, an alternative approach was proposed which reduces the data collection demands imposed on the respondents. It makes use of pictorial or visual stimuli and requires input from the respondents using

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a simple binary scale. An empirical investigation illustrating the proposed approach is reported. The convergent validity of the proposed procedure is assessed and found to be highly satisfactory.

Dominic F. Wilson\textsuperscript{49} in a paper argued that individual consumer not purchase only for themselves, in response to their own perception and wishes, but also collectively on behalf of others and under many powerful societal (i.e. organizational) influences.

Jung-Wan Lee and Simon Tai\textsuperscript{50} conducted a study on Young consumers’ perceptions of multinational firms and their acculturation channels towards western products in transition economies. This research aimed to focus on the understanding of how young consumers (generation Y) in transition economies perceive western multinational firms, what factors influence their consumption preferences of western products, and what are communication channels that affect their purchasing intentions of western products and brands. Data were collected by interviews of consumer focus groups for qualitative implications, and survey questionnaires were developed to obtain quantitative data for statistical analyses to provide additional insights during the period from September to November 2004 in Almaty, Kazakhstan. The findings suggested that due to the influence of increased contacts with western cultures, people, and products through mass media (mainly TV) and marketing campaigns by multinational companies, most of the young consumers in transition economies had favorable attitudes towards western products. They had high appreciation especially for global brands. However, product attributes could mean different things in different cultures. The researchers suggested that marketing managers should seek to communicate


and promote their brands and products as symbols of global consumer culture, and if possible, utilizing celebrity advertisements as marketing communication tools, especially to young consumers in transition economies.

India is the second largest country in the world in terms of population and majority of the people are fall in lower and middle income class. So it is important to study this class for the marketer. Saroja Subrahmanyan and J. Tomas Gomez-Arias\textsuperscript{51} conducted a study on integrated approach to understanding consumer behaviour at bottom of pyramid. The study focuses on what and why poor people consume, and how firms can best address those needs. The authors categorized the products and services people at the bottom of the pyramid consume with specific examples of both products and companies in Asia, Africa, and Latin America, at the same time they looked at the theoretical frameworks that could explain those consumption patterns. The authors found that despite income and resource constraints, bottom of pyramid consumers are sophisticated and creative. They were motivated not just by survival and physiological needs but seek to fulfill higher order needs either to build social capital for cultural reasons or as a compensatory mechanism. Advances in information and communication technologies have enabled bottom of pyramid to connect to the global economy. Mobilizing community efforts, creative pricing methods, innovative product designs, tapping into cultural and locally prevalent ways of communicating were some of the successful marketing strategies for this segment.

According to Desarbo W.\textsuperscript{52} et. al., consumers preferred buying popular brands as popular brands are perceived as representing beliefs. Mental


representations designed to perform a certain function like product evaluation that will perform the function once activated regardless of where the activation comes from.

Krishnan\textsuperscript{53} (2002) presented the details about the panel discussion organized by strategic marketing forum, where the issues like the changing profile of the rural consumer reach and effectiveness of media and distribution problems were discussed. It was stated that according to one study, if the rural income in India goes up by 1%, there would be a corresponding increase of about Rs. 10,000 cr in the buying power. On the other hand, the urban sector has shown little signs of growth in the last 12 months. It is a fact that unlike a few years ago, the rural youth today is playing a far more significant role in influencing the purchase of radios; television sets (black and white as well as color). Penetration level of consumer durables in the rural sector has risen dramatically in the last decade or so. Even the rural woman is coming out of the closet. Previous studies suggested that the rural youth was playing an important role in purchase decisions. They were the real drivers of the rural market. The B&W television industry was shrinking. At that time, If color television was termed as a luxury item, rural people were migrating towards color televisions. But other high-end electronic goods such as the CD player, DVD players were not yet penetrated into rural market. It was still an analogue industry for rural market but radios were sold in amazing quantity.

A study was conducted by Tulay Girard\textsuperscript{54} on Influence of Product Category on Consumer Information Search Behaviour. Main focus of the study was to investigate whether consumers’ preferences to search for product information on the Internet vary by the product category, or product category determined


the amount of time consumers were willing to spend to search for product/service information, or the information sources from which consumers sought product information vary by the product category. The data for the study were collected in two stages. In the first stage, nineteen undergraduate students from a large urban university in the South-eastern part of United States were provided with the definitions of the four product types developed by Nelson (1974), Klein (1998), and Darby and Karni (1973). Then, the students were asked to list four products that they felt represented each category. From their responses, computer mouse, radio, barbecue grill, and vacuum cleaner were selected to represent search, experience-1, experience-2, and credence product categories, respectively. In the second stage, the data were collected via a self administered questionnaire to a convenience sample of 365 adults in two major metropolitan areas in the South-eastern United States. The findings indicated that the preference to search for product/service information online for experience-1 products was significantly higher than for a search, experience-2, and credence products. The respondents were more likely to spend significantly less time searching for product/service information for a search product than experience-1, experience-2, and credence products. That was because the information for a search product could easily be obtained from an advertisement, sales brochure, or the product’s package; therefore, the risk involved in making a wrong purchase decision for a ‘search product’ was much less than for experience-1, experience-2, and credence products. Lastly, the respondents in the sample indicated that they would first seek information from friends/relatives/acquaintances across the four product categories. Additionally, the remainder of sources from which the respondents sought product information varied across the four product categories.

Purohit H. C. et al., identified that customer satisfaction could take place

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when there is no discrepancy between the expectations and performance. Customer satisfaction is possible only if the relationship between expectation and performance is of positive nature. Quality satisfaction is a priority for the customers even if prices are high.

Akutar J.\textsuperscript{56} stated that customer satisfaction is the key of business success. Also who else is the best judge of what satisfies the customer than customer himself. Akutar listed ten different dimensions that led to customer satisfaction namely, credibility, security, access, communication, understanding the consumer, tangibles, reliability, responsiveness, competence and courtesy.

For identifying the impact of customer satisfaction, J. Jeffrey Inman and Marcel Zeelenberg\textsuperscript{57} examined the consequences of repeat purchasing (maintaining the status quo) versus switching in the context of information regarding the reason for the decision (e.g., prior consumption episode, brand history), and it was found that there were situations in which repeat purchasing might have caused as much or even more regret than switching. Authors contended that the above mentioned effect depends on whether or not there was a justifiable basis for the decision. In a series of four studies, Authors showed that if there was sufficient motivation to warrant a switch, consumers would feel less regretted in the face of a subsequent negative outcome realized via a switch than in one realized via a repeat purchase. The results implied that feelings of regret were mitigated when the consumer reflects and concludes that the decision was appropriate under the circumstances.

It is proven fact that price as an important factor in customer satisfaction. As an important factor in the marketing mix, the role of product or service price in the formation of customer satisfaction had not been studied extensively in previous


customer satisfaction research. Voss\textsuperscript{58} et al., 1998, argued that satisfaction is a function of price, performance and expectations with support for the expectations-satisfaction link being weak. They proposed that, in contrast to performance, perceived price fairness might be the dominant determinant of satisfaction. Their empirical results suggested that when there was a perceived price-performance inconsistency (i.e., an inequitable or unfair outcome), it had a stronger effect (negative) on satisfaction judgments. It was also found that consumers tend to consider the relative relationship between price and their expectations about the performance of the car they wanted to purchase. Hence, an initial price quote from the seller may be compared with a buyer’s previous experience or an expectation of an acceptable or fair price for the product. If buyers’ perceptions of performance or quality of the car exceed their expectations and the car represents good value for money, then their perceptions of the quoted or listed price should be favourable.

A study by Ton Van Der wiele, Paul Boselie and Martijn Hesselink\textsuperscript{59} focused on the analysis of empirical data on customer satisfaction and the relationship with hard organizational performance data. The study was related to flaxocompany with its headquarter in the Netherlands but was operating in other countries in Europe too. The empirical data on customer satisfaction and business performance stem from 1998 to 1999. The Flaxocompany used the questionnaire survey. The customers were representatives of companies that bought temporary staff. Total 900 respondents were used for the study. From the study it can be concluded that it is possible to find the evidence for the hypothesis that there is a positive relationship between customer satisfaction


and organizational performance indicators, although the relationship was not very strong. Various factors might influence the time-lag between a change in customer satisfaction and an expected effect on sales margins and other output indicators. However the analysis provided answers to questions related to quality dimensions as underlying factors behind the items in the customer satisfaction questionnaire. Also there were some indications for the relations between customer satisfaction and changing behaviour of customers.

Spunt Trevor M. explained that to improve customer satisfaction one need to know exactly what the customers’ expectations are and how well one is meeting them. Guide to customer survey showed how to create surveys that give the information one needs. These comprehensive guides explained the entire survey process from determining survey objectives to selecting the best survey method to organizing and writing the questions correctly.

3.3 Celebrity Endorsement and Advertising

Now a day, celebrity endorsement is an important part in advertisement of any durable product and two-wheeler is one of them. There is no doubt about a celebrity’s power in popularizing brands. Atkins and Block performed a research on effectiveness of celebrity endorsement and found that celebrities may be influential because they are viewed as dynamic with both attractive and likeable qualities. In addition to this, their names and fame are thought to attract attention of the product or service they are endorsing. As per Mc. Cracken, cultural foundation of endorsement process offers a new approach to celebrity endorsement. He criticized the source credibility and source

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attractiveness model and proposed the meaning transfer model as an alternative. The findings highlighted how meaning pass from celebrity to product and from product to consumer as per this model. The paper also mentioned that according to this model the secret of celebrity endorsement is largely cultural in nature.

A study conducted by Ohanian and Roobina\(^6\) on construction and validation of a scale to measure celebrity endorsers’ perceived expertise, trustworthiness and attractiveness. Accepted psychometric scale-development procedure were followed which meticulously tested a large pool of items for their reliability and validity. Further, use of this scale can improve the understanding of how consumers in different situations react to different sources and how source credibility influences purchase intentions.

An empirical study conducted on “Celebrity endorsement: A Literature Review” by Erdogan\(^6\) focused on how can companies select and retain the right celebrity among many competing alternatives, and, simultaneously manage this resource, while avoiding potential pitfalls. This paper seeks to explore variables, which may be considered in any celebrity selection process. The study was emphasis on ‘Q’ rating technique.

The dimensions of a celebrity endorser’s credibility, along with consumer demographics and psychographics, cab be used as potential predictors of attitude toward and intention to purchase a specific product. A study by Agrawal Jagdish and Wanger A. Kamatura\(^6\) on “The economic worth of

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celebrity endorsers” focused on theories explaining how celebrity endorsements influence consumers’ attitude and intentions. The authors assess the impact of celebrity endorsement contracts on the expected profitability of a firm by using event study methodology. The study also highlighted that celebrity endorsement has become a prevalent form of advertising in the USA.

Menon Mohan K. 66 et. al. studied on Celebrity Advertising and examine the difference between with and without celebrity advertisement. The study is conducted on six brands in America viz., American Express, Apple Computers, Avon cosmetics, milk, Pepsi-Cola and Ray Ban Sunglasses. The sample comprised of students at south eastern university. Overall, the result from this study does not support the view that using celebrity advertisement is more effective than non-celebrity advertisement for the chosen brands.

3.4 Consumer Behaviour and Durables

A two wheeler as an automobile is also considered as a durable products. In this section literature related to various durables and their purchase behaviour is discussed.

A two-wheeler is a high involvement and high risk product. Consumer demography plays an important role in developing the attitude and behaviour. A study conducted by Dharmendra Kumar Tiwari 67 related to demographic effect on consumer behaviour analyzed the demographic effect on consumer purchase behaviour regarding durables taking into consideration the medium of advertisement, factors motivating to purchase, initiation of purchase idea, family members’ influence on purchase process, and finalization of purchase

decision. The study was conducted in the state of Haryana, collecting the data from 500 respondents. The study revealed that respondents’ residential status was indifferent but level of education, occupation and family income significantly affected the consumers’ purchase behaviour about durables. Study also explained that television was a popular medium of advertisement. Elder members of the family initiated the idea of purchase in most of the cases in joint family. Also, joint family finalized majority of purchase decision under the influence of family members and friends. Brand image, personal experience, and guarantee were three motivational factors to purchase consumer durables.

In the country like India rural consumers plays a significant role in the consumer durable industry. Parihar et. al., in their study, compared the behaviour of urban and rural consumers with special reference to consumer durables. The study was exploratory in nature and the sample size was 200 consumers (100 rural and 100 urban). The major objective of the study was to analyze the difference between the buying behaviour of urban and rural consumers in terms of their preference for various attributes of the choice criteria such as technology, style, brand image, price and after-sales services. From the study it was found that urban and rural markets significantly differ from each other in considering general and product-specific factors while making their purchase decisions for durables. Urban and rural consumer behaviour was significantly different in considering technology, style, brand image, price and after-sales service while taking purchase decision for a consumer durable. Therefore, it was suggested that marketers of consumer durables operate in rural markets with a different marketing strategy which should be in accordance with the distinct characteristics of rural consumers.

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A study by George Babu P. and Edward Manoj\textsuperscript{69} examined how the degree of personal involvement in a purchase decision affects the information needed to reduce cognitive dissonance associated with that purchase. The authors argued that, highly involved individuals, because of their high involvement in purchase decisions, are rigid in their preconceived cognitions that led to the purchase. Consequentially they tend to downplay the new cognition and actively look out for purchase supportive information, rather than changing the old cognition that led to the purchase decision. Also, it was proposed that to overcome the cognitive dissonance associated with a high involvement purchase, more supportive information is needed to overcome the cognitive dissonance associated with a low involvement purchase. It was also found that the willingness of a dissonant individual to accept the new cognition increases with the elapse of time from the time of occurrence of the cognitive dissonance. The study also unveils that, for a typical purchase, the degree of cognitive dissonance felt by more involved purchasers was less than that felt by less involved purchasers. Thus, even though the degree of cognitive dissonance felt by highly involved purchasers is lower, the difficulty for them to grapple with it is higher. An associated finding was that more planned and less spontaneous buying behaviour is associated with a higher degree of cognitive dissonance.

In consumer durables, promotional schemes play a major role. To know the perception of consumers towards promotional schemes for durables in Punjab, Anand and B. S. Hundal\textsuperscript{70} conducted a study. A sample of around 600 households from three economically significant districts of Punjab viz., Ludhiana, Jalandhar and Amritsar were selected for the survey. The study was

\textsuperscript{69} George Babu P. and Edward Manoj (2009), "Cognitive Dissonance and Purchase Involvement in the Consumer Behavior context", \textit{The ICFAI University Journal of Marketing Management}, Vol. VIII, No. 3 & 4, August & November, PP. 07-24

done to compare and analyze the significance given to various promotional schemes by rural and urban respondents. The selected promotional schemes were: instalment purchase facility, 0% interest scheme, replacement, off-season discount, festival offer, free gift scheme, free after-sales service and exchange offer. The results indicated that though both the groups seemed to have categorized all the factors as ‘important’ in sales promotion, a minute observation states that urban respondents have assigned high priority for the schemes as: instalment purchase, off-season discount, 0% interest system. Rural respondents have rated liberally for replacement, festival offer, free gift scheme, free after-sales service and exchange offer. Statistically, differences were found to be ignorable for free gift scheme and exchange offer, i.e., both groups differed insignificantly for these two variables but for rest of the variables, the differences in the perceptions were vast.

Narang\textsuperscript{71}, (2001), conducted a study on rural markets and buying behaviour of rural consumers of UP. The items included in the study were consumables: toilet and washing soap, toothpaste/powder, face powder/cream, edible oil, tea, razor blade and durables: electric fan, wrist watches and television. The hypotheses framed were: A significant proportion of buyers were not satisfied with the available brands and there was latent demand for additional brands; there was non-availability of desired brands in local shops; rural buyers made substantial purchase from the cities; the proportion of city and local purchases varied from product to product and a nominal amount of purchase was made from hawkers. The sample size of 200 respondents was distributed to three regions to the rural population of Northern, Central, and Eastern UP. The results indicated that majority of the rural population was not satisfied with the locally available brands. People did not prefer unbranded products. Branded products had good image in the mind of rural consumers. Majority of the rural people made substantial purchases from their near by cities.

A study performed by Ahmad Jamal and Mark M.H. Goode\textsuperscript{72} to know the impact of self-image congruence on brand preference and satisfaction. The main objective was to determine the effect of self-image congruity on brand preference and satisfaction in the precious jewellery market in the UK. A questionnaire was sent to 500 consumers of precious jewellery in five major cities of the UK. Results indicated that self-image congruity was a very strong predictor of consumers' brand preferences and a good predictor of consumer satisfaction. Respondents with higher levels of self-image congruity were more likely to prefer the brand and enjoy higher levels of satisfaction with the brand as compared to those with lower levels of self-image congruity. The paper discussed the implications for brand managers so that they can position their brands in an effective way.

Shivakumar and Arun\textsuperscript{73} (2002) in a study of buying behaviour of rural Pondicherry people noted that people considered only one brand and visited only one shop before making a purchase decision. The survey focused on two products: wristwatches and footwear. Unlike urban areas, where watches had become gift items, in rural areas, watches were bought as and when necessary. Authors found that rural customers considered brand name and price as important elements in buying wristwatches. Rural customers preferred to shop only at one place. An interesting finding was that they seemed to buy wristwatches and footwear as and when they required them without waiting for any offer or festive season. For wristwatches, about 45\% of the surveyed respondents reported that they themselves took the buying decision while about 20\% of their counterparts were of the view that `retailers', `advertisements', etc., influenced their purchase decisions. For footwear,


about 75% of surveyed respondents reported that they themselves took the buying decision regarding the footwear they used. Author suggested that manufacturers should make available quality products at affordable prices in towns that were accessible to the maximum number of villages.

3.5 Automobile Industry and Consumer Behaviour

Automobile is considered as an inseparable part of one’s life all over the world. This section includes the studies related to automobile industry and consumer behavioural studies in automobile industry. A paper by Badri Narayan G. and Pankaj Vashisht74 analyzed the determinants of competitiveness of auto industry in India, based on a field survey and a quantitative analysis of secondary data. The research highlighted that all segments of Indian auto sector are growing at a fairly high rates and their productivity as well as export intensity is on the rise. Domestic sales are rising, but they have declined in certain sub-segments of vehicles. However, the R&D expenditure has been scarce. Effective rate of protection of automobile assembly was far higher than that of auto-components manufacturing. Unorganized sector, which is quite significant in auto-component manufacturing, has grown more rapidly in the urban areas than in the rural areas. The econometric analysis suggested various measures that could be taken by the government, particularly, the credit facilitation for SMEs. A field survey comprising auto manufacturers in India underlined various constraints faced by the sector, such as the shortage of skilled manpower along with poor infrastructure, fluctuating steel prices and unavailability of land at reasonable price. This suggests that the government could facilitate the industry in becoming more competitive by taking steps such as structural fiscal reforms, cut in import duties of raw materials and capital goods, promotion of R&D and FDI, training facilities, research-backed

negotiations of FTAs, roadmap for harmonising emission norms across the country and infrastructure improvement. Industry, on the other hand, should improve its R&D capabilities and market research.

Raj Kumar Gautam and Sahil Raj\textsuperscript{75} studied the growth of Indian automobile sector in the era of globalization. The study concluded that automobile industry is contributing significantly and playing an important role in the economic development of India. The sector has a tremendous growth after liberalization. The globalization process has affected the sector in all the areas of manufacturing, sales, personnel research & development and financing. Globalization has helped to improve the financial position of automobile sector in India. The industry has a tremendous scope for growth in passenger cars and commercial vehicles. In order to meet the challenges posed by globalization, the Indian automobile manufacturers need to ensure the technological advancement, appropriate marketing strategies and adequate customer care feedback system in their organizations.

As per the Economic survey\textsuperscript{76} 2006-07 of Government of India, automobile industry in India is rising but it has not been able to innovate to sustain international competition. The survey also identified major challenges that the auto industry was facing with respect to its capability to innovate and upgrade in order to remain competitive (both qualitatively and price wise) in the international market. The automobile sector recorded growth of 13.6 per cent in 2006-07. As per the Economic survey\textsuperscript{77} 2007-08, the industry registered negative growth rate of (-) 2.3 per cent. Production growth is also negative


during the first half of the year. Economic survey\textsuperscript{78} 2008-09 showed the impact of recession prevailing in this time. According to the survey, the industry has a strong multiplier effect on the economy due to its deep forward and backward linkages with several key segments of the economy. However, in 2008-09, the industry has witnessed a modest growth of 3.0 per cent. While passenger vehicle, two-wheeler and three-wheeler registered a growth of 3.4 per cent, 4.9 per cent and 0.1 per cent respectively, the utility vehicles and commercial vehicles segment registered negative growth of (-)11.9 per cent and (-)24 per cent respectively.

An article on “The globalization of the motor vehicle manufacturing industry” by Norman Coates\textsuperscript{79} focused on the demand of globalization of the automobile industry. The article highlighted that there will be a concentration in the industry worldwide, and fewer, larger companies will dominate the industry. There had been many unanticipated developments. Principal among these was the persistence of many companies in the industry, which were increasingly interlocked through joint ventures, so that it was no longer relevant to think of an American, European, or Japanese car. Rather, the final product was sourced from dozens of different countries.

According to S. Sakthivel Rani\textsuperscript{80}, Indian car market has shown remarkable agility to cope with global players. It was identified that the rise in income level, wide choices of models and easy availability of finance at low interest rates were the main drivers of growth in compact car segment as well as luxury cars. By this, India would have finally arrived on the global car scene.

\textsuperscript{78} Economic Survey 2008-09, Ministry of Finance Government of India, PP. 212
In an attempt to make efficient choices for new cars, consumers engage in internal and external information searches. Paul Chao and Gupta Pola B.\textsuperscript{81} conducted a survey on information search and efficiency of consumer choices of new cars. A questionnaire was sent to a random sample of 3,000 new car buyers and received responses only from 1008 respondents. A total of 89 distinct car models were reported by these respondents. Finding showed that the independent variables showing significant effects on the amount of search were, the age of the respondent and the number of models being considered before purchasing a car. Older respondents tend to spend less time on their search. A greater number of models being considered caused the consumer to spend more time on search.

Thomas E Muller and Christopher Bolger\textsuperscript{82} performed a research study on search behaviour of both French and English Canadians in automobile purchase. To determine whether French and English Canadians had different information search patterns prior to automobile purchase, 210 buyers in the years 1983 and 1984 of Ford and Toyota automobiles in two cities of the Ontario State and two cities of the Quebec State were surveyed. It was hypothesised that the English-Canadian car buyers preferred printed sources of information, while French-Canadian buyers preferred personal sources, consider fewer alternatives, devote less time to the search process, and generally search less extensively while purchasing new car than do English Canadians. Three of the five hypotheses were supported while two were rejected. It was observed that compared to their English counterparts, French Canadians evaluated ten per cent fewer alternative car makes, spent 30 per cent fewer days in the search process, took 67 per cent fewer test drives, and scored eight per cent lower on a measure of overall depth of search. The


research also suggested that as the French search pattern perhaps entailed a greater risk, marketers in Quebec might need to provide better warranties and after-sales service than in Ontario.

According to Beatty and Smith\textsuperscript{83}, Self-professed knowledge level of cars defines the degree of subjective familiarity with cars as a product class. Such knowledge can help an individual to rule out certain alternatives as well as to rely less on dealers’ opinions and, in the process, reduce the total amount of search.

Now days, internet is very important source of information for automobile industry. Evans and Wurster\textsuperscript{84} identified that initially, many dealers and manufacturers expected the internet to impact negatively on their industry and they were hesitating using internet as a tool in their dealership. Hence, they were emphasizing on traditional methods of consumer interaction which had already proven to be successful in the past. Thus, consumers were also slow in accepting internet as an option for information search. But now a day many manufacturers, dealers and consumers alike have accepted and, in many cases, embraced the changes that the internet has spawned in the automobile industry. These changes are most evident in the distribution of the automobile industry products. Authors also argued that the internet does alter the basic structure of the service offerings of a firm, increases value, and empowers the consumer. Cornish and Kleiner\textsuperscript{85}, 1999, argued that Internet is a logical place for the most radical changes, since distribution cost account for nearly 30 per cent of a vehicle’s price.


Porter\textsuperscript{86} identified that the internet can influence industry structure through its ability to disseminate more information to a greater number of people. But it does not change the basic structure or eliminate the major competitive forces. The leveling effect of the internet actually makes it more difficult for companies to use the internet's benefits to gain profitability. There is a proliferation of information, which makes purchasing and marketing easier for everyone. However, there is relatively little opportunity for firms to differentiate themselves.

Alan D. Smith\textsuperscript{87} conducted a study on “Online accessibility concerns in shaping consumer relationships in the automotive industry”. Main purpose of the study was to provide, practitioners of management and information technology, a sense of how the automobile industry uses the Internet to market its products. An analysis of the data derived from web-enabled and highly educated professionals from the metropolitan areas of Pittsburgh, PA, USA, resulted in 60 interviews from an initial sample of over 155 professionals. Techniques included online advertising, data mining from web sites, other conventional advertising of the company web sites and positioning their vehicles among the various search engines. The statistical findings concluded that people are using the internet with greater regularity to gain information about vehicle purchases. However, the vast majority of those surveyed still preferred to ultimately complete the purchase in person. The findings showed that while dealers are forced to be more competitive in terms of financing and pricing, dealerships are not in danger of being cut from the vehicle purchase model, at least not in the short-term. The internet has proven to be an invaluable tool for consumers who are either considering the purchase of a new car or actually in the process of doing so. In today’s market, automotive manufacturers must


\textsuperscript{87} Alan D. Smith (2009), “Online accessibility concerns in shaping consumer relationships in the automotive industry”, \textit{Online Information Review}, Vol. 33, No. 1, PP. 77-95.
have a significant market presence to compete and, in many cases, just to survive in a business environment where several of the major automotive manufacturers must find new markets overseas.

Dwivedi Amit Kumar and Dwivedi Punit Kumar\textsuperscript{88} wrote an article titled “Automobile Sector: Industry Vs Indian Middle Class”. Authors stated that India is a nation with more than 6 lakhs villages which obviously includes a big middle class. According to this article, all the players in the automobile industry are targeting on the middle class in India. For example, the new launch of Tata’s Nano ‘One Lakh Car’ which is also known as People’s Car was also a very good strategy to capture the middle class customers. Authors gave three customer catching concepts in automobile industry as (1) cash discount and free insurance, (2) Loyalty Payout, and (3) Finance payout. Authors also gave a formula for customer’s benefit as under: (Hike in prices + cash discount + free insurance) = Customer’s benefit. In conclusion it can be said that there are great opportunities and possibilities in the automobile sector.

Frederick Jacob de Souza\textsuperscript{89} conducted a study on “A cognitive research on the consumer behaviour relating to selection of passenger cars in the emerging car-market in India”. For this study, author had done an in depth research on the various passenger car manufacturers, car dealers, car users, used cars dealers, vintage and designer car users both in India and abroad. He has finally came out with the conclusion that India has over a dozen passenger car manufacturers with adequate installed capacity for rolling out over 1.6 million cars annually against the current half a million new cars sold in


\textsuperscript{89} Frederick Jacob de Souza (2000), “A cognitive research on the consumer behaviour relating to selection of passenger cars in the emerging car-market in India, the American World University, Iowa, USA , a thesis.
the country, covering all brands and segments of cars. Cars priced below Rs. 5 lacks will mostly be sold in India as an average Indian consumer is very price and quality conscious. Therefore a good number of cars manufactured in India, mainly in the luxury segment, will be exported as there is good overseas demand for these cars. These cars are priced cheaper than the international prices because of the availability of trained manpower, cheap labour as well as infrastructure in India.

The 2008 Four-Wheeler Total Customer Satisfaction\(^9\) (TCS) study conducted by TNS specialist division, TNS Automotive, is the largest syndicated automotive study in India, representing the responses of more than seven thousand nine hundred new car buyers. This study covers over 45 models with customer evaluations taken in the key areas of sales satisfaction, product quality, vehicle performance and design, after sales service, brand image, and cost-of-ownership. According to the findings of the study the diesel car segment have shown a remarkable improvement in delivering customer satisfaction. The improvement in the satisfaction scores of small diesel car segment also has a lot to do with the all-round improvement in Tata Indica scores which has a high share in the segment. The improvement in the overall scores of Premium Mid Size Car and SUV segments is accompanied by an improvement on all aspects of ownership experience in these segments. Rankings for the TCS study are done at the vehicle segment-level to provide comparisons among similar groups of vehicles. The models ranking highest in their respective segments for total customer satisfaction are: Maruti Alto in “Entry Compact”; Hyundai i10 and Wagon R (Jointly) in “Premium Compact”; Hyundai Getz Petrol in “Upper Premium Compact, Maruti Swift Diesel in “Small Car – Diesel”; Wagon R Duo in “ Small Car – Alternate Fuel”; Hyundai Accent Petrol and Mahindra Renault Logan (Jointly) in “Entry Midsize”; Honda

City in “Midsize”; Skoda Octavia Petrol in “Premium Midsize”; Chevrolet Optra Magnum Diesel in “Midsize Car – Diesel”; Toyota Camry in “Entry Luxury”; Toyota Innova in “SUV/ MPV”; and Honda CRV in “Premium SUV”.

According to Gerson Tontini, ‘Kano Model’ Developed by Noriaki Kano Emphasized that if carmakers wants to keep their customer satisfied, they should clearly understand what delights owners about a vehicle's performance and gives them precisely those features. The Kano model of customer satisfaction can determine which requirements of a product or service bring more than proportional satisfaction to customers. It also determines which requirements don’t bring satisfaction when present, but bring dissatisfaction when they are not met. By using Kano model the design team can enhance the understanding of customer needs. Gustafsson A. and Johnson M. D. developed a general framework for liking measures from quality to business performance via customer satisfaction and loyalty. The authors illustrate how the framework has been applied at Volvo Car Corporation.

Suresh A. M. and Raja K. G. conducted a study on measuring customer satisfaction for small cars. The study identified five factors viz., Sales support, Vehicle design, Purchase support, Cost of ownership and Delight features make up measures of customer satisfaction. The researcher recommended that these dimensions should be the integral components in designing customer satisfaction studies towards small cars. Study rated Santo as the most acceptable small car with regard to vehicle design, purchase support and delight features; Wagon-R for sales support and Maruti 800 for cost of

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ownership. The study indicated that there are no significant differences in age groups, income groups and gender towards factors of customer satisfaction. But the research revealed significant differences among preferred car owners, which goes to show only the model of the car being used, what delights owners about a vehicle’s performance and gave them precisely those features. The study showed that it is possible to establish where a company should apply its improvement efforts in order to make it payoff.

According to Engel\textsuperscript{94} et al., for a product such as a car, consumer choice decisions are likely to be more elaborate than for products that are generally less costly and less complicated. A car is a complex product with many salient attributes, which consumers may use in product evaluations and subsequent brand preference formation. However, product attribute information used in these evaluations may not be easily accessible without involving consumers in relatively extensive information search. Hence, the full information disclosure assumption associated with many experimental studies is tenuous.

Nejdet Delener\textsuperscript{95}, (1994), performed a study on “Religious Contrasts in Consumer Decision Behaviour Patterns”. Data were collected from up-scale Catholic and Jewish households residing in the North-East region of the USA, who had purchased a new automobile within the past year. Due to the low response rate only 207 responses were collected out of total 750. It was interpreted that religious orientation effect and religion by religious orientation interaction were statistically significant in determining marital roles in automobile purchase decisions. For the religious orientation, MANCOVA findings were significant for questions concerning search for information, when


to purchase, where to purchase and what model to purchase. Within the context of the non-religious orientation, Jewish households were more likely to decide jointly where to purchase an automobile compared with Catholic households which tended to be husband dominated. In contrast, for the pro-religious orientation, Catholic households were more likely to decide jointly where to purchase an automobile compared with Jewish households which were more likely to be husband-dominated.

Andreas Herrmann et. al. identified the influence of price on customer satisfaction with respect to automobile purchase. The study aimed to link the concepts of price fairness and customer satisfaction and empirically demonstrated the influence of perceived price fairness on satisfaction judgments. Further, it also examined specific factors that influence fairness perceptions including price perception and consumer vulnerability. 246 car buyers were surveyed and their fairness perceptions and satisfaction judgments with the car buying process were measured. The result showed that price perceptions directly influenced satisfaction judgments as well as indirectly through perceptions of price fairness. Results also indicated that consumers' vulnerability had a negative effect on perceived price offer fairness. Also buyers’ satisfaction with an automobile purchase was influenced by their price fairness perceptions as well as their satisfaction with various transactions that occurred during their purchase process.

A paper by Eliane Pereira Zamith Brito and Ricardo Luý’s Beneduzzi Aguilar on customer choice of a car maintenance service provider focused on after


sale service factor. The paper investigated the determinants of customer choice of a car maintenance service provider after the warranty period. It focused on the alternative of using branded car dealers, who provided the service during the warranty period, or independent garages. A comprehensive list of 30 service attributes was developed for the study. Simple random sampling with replacement was used to collect data from 400 car owners using the actual choice of a service provider as the dependent variable. A quantitative analysis using a set of logistic regression links directly customer choice to the service attributes. Findings of the study were very interesting. Service attributes that determined customer choice was the one, which consumers simultaneously considered important and perceived differences in performance between the service providers. The branded dealers’ service operation proved to be relatively weak in the study as only one of the thirty attributes under study was satisfactory. While the branded dealers’ provided better service in the attributes which were less important to the consumers. Independent garages had a much better offer justifying their gain in market share. The paper suggested that independent garages gradually become the preferred choice as the car ages. There were no significant differences between customers of independent garages and those of branded dealers in terms of price sensitivity.

As per Westbrook and Fornell\textsuperscript{98}, the age of the respondent serves as a surrogate for experience with cars in general, in the sense that an older individual is more likely to have owned several cars in the past. This experience factor may enable him/her to eliminate some alternatives or remain loyal to certain brands of cars, thereby reducing the total amount of search. So, age of the customer is also a factor in designing the behaviour in the automobile industry.

Gaby Odekenker-Schroder\textsuperscript{99} et. al. conducted an empirical study on consumers’ trade-off between relationship, service package and price in the car industry. The study accessed whether consumer segments based on relationship aspects, service aspects or price aspects have different preferences concerning these three key decision making variables when purchasing a car. Consumer segments resulting from simultaneously incorporating relationships, service package, and price. Study investigated a large sample of Mitsubishi drivers in the Netherlands emphasizing consumers’ trade-off between dealer relationship, service package and price. Conjoint analysis showed that dealer relationship (as opposed to price) represent a very important decision making variable when buying a car and consumer preferences concerning relationship provide a useful instruments for segmenting markets. Cluster analysis on the basis of three aspects simultaneously revealed that some consumers do value relationships, while other emphasize the service package in their purchase, in opposition to third segment that is most probably not included to be loyal to a car dealer at all. The study clearly indicates that different consumer segments can be distinguished on the basis of preferences for relationship and service packages rather than on the basis of price. These findings enable car dealers to use their resources more effectively.

V. K. Kaushik and Neeraj Kaushik\textsuperscript{100} studied the buying behaviour for passenger cars. The main purpose of this study was to investigate consumer preference towards passenger car brand in South-West haryana region. Study revealed that brand name ‘Maruti’ dominates the market. Customers in this region were influenced more by friends, family members, and relatives rather


than by dealers or salespersons. Customers of Maruti were happy with its performance, quality, dealer network, after sale services provided customers were ready to recommend it to others also. Brand name, fuel efficiency and power were found to be primary determinants for buying cars in the South-West Haryana region.

A study by Sung-Joon Yoon & Joo-Ho Kim\textsuperscript{101} investigated the concept of maker loyalty as it applied to the automobile market in Korea. The study had three major objectives: first, it examined the effects of expectation disconfirmation on loyalty behaviour and on overall satisfaction; second, it seeks to identify the four types of maker loyalty by means of interaction between expectation disconfirmation and the repeat purchase (or switching); and third, it seeks to identify the effects of moderating variables such as situational variables and normative variables on loyalty behaviour. It was found that negatively disconfirmed expectations exerts greater impact on overall satisfaction as well as repurchase decision than positively disconfirmed expectation. The four maker loyalty groups (loyals, latent loyals, spurious loyals, no loyals) identified in this study were shown to have different reactions to the moderating variables. Managerial implications regarding customer segmentation based on loyalty were offered.

In times of severe competition, it is of crucial importance to create a competitive advantage to differentiate from the competitors and to sustain the business of the company. A thesis by Abgabe Mai\textsuperscript{102}, 2004, on customer oriented quality management in the automotive industry, intended to show that a customer-focused quality management was one way to create a sustainable competitive advantage. Quality controls along the whole value chain -before,


during and after production—led to failure free products, which save costs and had a positive influence on the company’s revenue. On the other hand failure free products that meet the customers’ expectations led to satisfied customers who build up a brand loyalty and conduct retention sales, which had a positive influence on the company’s sales, market share as well as the overall image.

Furthermore, this thesis pointed out that it is important to listen to ‘the voice of the customers’ and get an insight in the customer’s needs and wants. To fulfil or even exceed their expectations leads to customer satisfaction, which is a key to successful business. In addition, the customer demands in regard of quality are growing continuously and new technologies are appearing on the markets on a regular basis. Therefore the producers are forced to keep to the latest technological developments and to get hold on the changing customer needs. But even without this external pressure, quality improvement is justified from a cost point of view. Business environment creates a growing need for quality management.

Tougher competition leads to the demand for cost savings and higher profitability. These days the consumer can choose from a variety of similar products, which are often exchangeable in the eyes of the customer. If customers are not satisfied with a product’s performance, they switch to the competitors brand. Thus the focus on the customer’s needs and wants in line with quality is one way of differentiation from the vast number of competitors. Satisfied customers are likely to build up a brand loyalty and this helps to ensure long term sales. The explosive growth of technology led to a higher product complexity and thus favoured the quality movement. It was also identified that in passenger car market, the contenders were forced to reduce costs to fulfil their customers’ wants as well as to satisfy customers’ needs to be successful in the market.
Jakrapan Anurit, Karin Newman and Bal Chansarkar\textsuperscript{103} conducted a comparative study on consumer behaviour of luxury automobiles. The study focused on Thai and U.K. consumers’ perceptions. From the study it was found that Audi, BMW, and Mercedes were the top luxury marques in both countries. Mercedes cars were more expensive than BMW cars in every segment in both countries, yet BMW was more popular in the UK, while Mercedes was traditionally more popular in Thailand. There was a small segment of Thai customers who were attracted to BMW in terms of its sportiness (performance, handling, appearance/visual impact) despite the traffic congestion indicating a role for attitudes towards brand image and identity. Finally, it was concluded that BMW was proposed to reflect individualistic needs in terms of functional and experiential benefits of customers in the rich country such as: the UK, USA, Australia, and Switzerland. Potentially, Mercedes’ luxury car market positions might be weaken or eventually defeated by BMW in the world car markets such as in Japan, South Africa, and Thailand, if their economies upwardly changed and the societies uphold different values towards luxury.

Ming-Huei Hsieh, Shan-Ling Pan and Rudy Setiono\textsuperscript{104} performed a multi-country analysis on Product-image, Corporate-image, as well as Country-Image Dimensions and Purchase Behaviour. This research focuses on consumer perceptions that were developed on the basis of a firm’s advertising appeals as well as other factors. In conceptualizing brand-image perceptions, the authors extended the frequent use of product related images to include corporate and country images attached to brands. The findings were based on


secondary economic and cultural data at the macro level and the results of a
global brand-image survey which was conducted in the top 20 international
automobile markets at the individual level. The study was limited only to
passenger car owners in the selected countries having the total sample size of
2828. In view of heterogeneity within a country, the data set covers only
metropolitan areas. Brand image helps consumers in understanding what a
brand can do for them in terms of either product-, corporate- or country-related
benefits. Second, the study evaluated the feasibility of regionalization
strategies based on country segments and that of globalization strategies
based on consumer segments. The empirical findings enabled marketing
managers to work on a strategy premise that may be applied across borders
while it is still being tailored, where necessary, to the characteristics of the
local market and specific socio-demographic segments. The findings
suggested that while consumers’ attitudes toward corporate image and
country image exert main effects on their brand purchase behaviour, the
effects of certain product-image appeals are moderated by socio-
demographics and national cultural characteristics.

In the automobile industry, country of origin effect (CO) is also plays an
important role in consumer decision making. Johansson\textsuperscript{105} et al. (1994)
examined CO effects on farmers’ choices of tractors, involving several
microsteps in the decision process. These microsteps are confined to the
alternative evaluation and the subsequent purchase intention stages of the
decision process. As a result, the extent to which CO may influence consumer
information search prior to alternative evaluations in the consumer decision
process has been ignored in the CO literature. Furthermore, in most
experimental research on CO effects, the purchase outcome has always been

\textsuperscript{105} Johansson, J.K., Ronkainen, I.A. and Czinkota, M.R. (1994), \textquotedblleft Negative country-of-origin
effects: the case of the new Russia\textquotedblright, \textit{Journal of International Business Studies}, Vol. 25, No. 1,
PP. 157-76.
measured by the consumer’s purchase intention, an inherent limitation associated with this research design (Lim\textsuperscript{106} et al., 1994).

J. Clement Sudhahar and R. Venkatapathy\textsuperscript{107} studied the peer influence in automobile purchase decision making. The study revealed that peer group was the main influencer in purchase decision of a car. Hence the sales force of passenger car marketers can be entrusted with the task of identifying the peer group of potential customers, so that the group can be used as a very good source of influence. Among peer group, friends had been rated as the most influencing in the purchase process. So, special schemes may be devised to tap this powerful source of influence. Factors like brand image, after sales service, vehicle performance etc. were also important factors in purchase decision of passenger cars. Image of dealer also played a role in selection of a car. Hence, special training programs on aspects like ‘Relationship Management’ may be conducted to constantly upgrade the dealers service standards.

Like FMCG and white goods counterparts, automobile manufacturers, over the years, have been spending heavily on advertising. AdEx, the media-monitoring arm of Tam Media Research\textsuperscript{108}, has been conducting research pertaining to advertising expenditure in several product categories. The study conducted on automobile manufacturers not only analyses who’s spending how much, but also attempts to bring out some interesting trends and specific media buying behaviour exhibited by these advertisers. These trends are manifested in choice of the medium, language used to communicate, and the frequency and


reach offered by a particular medium. While most passenger car manufacturers have been advertising heavily, and have been working on several brand-building initiatives, Maruti takes the pole position. As per the findings of AdEx’s research, the country’s largest car manufacturer emerged as the number one ad spender in the first quarter of 2005-06. It had a share of 38 percent in the overall advertising pie, followed by Tata Motors, Toyota Kirloskar, General Motors, and Hyundai Motors at 25, 10, 9 and 6 percent respectively. Newspapers enjoyed a major share in the print media, accounting for almost 97 percent of the total ad space. Among two-wheeler players, in print media, Bajaj Auto led the pack with 44 percent, Hero Honda and TVS were the second and third positions respectively with 25 and 22 percent. In electronic media, the top five advertisers – TVS Motor Company, Hero Honda Motors, Bajaj Auto, Majestic Auto and HMSI – constituted 98 percent of the total advertising pie with 51, 28, 16, 2 and 1 percent respectively. Attributes like increased mileage and innovation in product design have made motorcycles a preferred choice for most two-wheeler aspirants. Another AdEx finding suggested that on television, Hindi channels are the prime choice of advertisers, given the high viewership these channels enjoy. Spends were going to tilt more towards TV while print was likely to see a downfall. The Internet is going to emerge as a potent medium in near future. While Hindi mass channels was the most preferred, movie channels was the second most preferred choice.

3.6 Two-Wheeler Industry and Consumer Behaviour

As far as India is concern, majority of the people depends on two-wheelers for their private transport. This section includes the past studies performed in two-wheeler sectors as well as consumer behaviour related studies in two wheelers.
George Sunila et al. performed a study on “The Evolution and Structure of the Two-wheeler Industry in India”. The evolution of the industry's competitive structure is traced using Kendall’s Index of Rank Concordance and the Evans-Karras test of convergence. The industry seems to be characterized by oligopoly with the onset of economic reforms not making much difference to industrial structure. The values of the Herfindahl Index also indicated that the three segments of the industry have responded in different ways to changes in the forces of competition. This was an outcome of liberalization which led to an unequal number of entrants in each segment. It was found that the motorcycle segment has had a greater number of entries than did the scooter or moped segments. From the results of the Evans and Karras convergence test it can be inferred that in the scooter and motorcycle segments interbrand transmittal of information through promotion, product development, pricing etc. is likely to be effective in influencing the growth rates of other firms in these segments. The firms in the moped segment on other hand, probably compare themselves with firms in another segment (such as motorcycles) or with other modes of transport and are therefore not inter-dependent. This would explain why convergence is conditional in this segment.

According to T P Rajmanohar the Indian two wheeler industry underwent a major change after the reform process of 1991. This led to motorcycles dominating the two wheeler market capturing more than 80%. In terms of segmentation there are three segments viz. economy, executive and premium. In terms of individual companies Hero Honda dominates the market followed by Bajaj Auto and TVS motors. Honda motors and scooters and TVS motors

dominates the scooters market. The geared scooters segment has almost disappeared and has been replaced by gearless scooters. In motorcycles also the technology had shifted from two strokes to four strokes. Electric scooters have entered the market. The year 2006-07 saw production of 8.44 million two wheelers and production grew by 10.98%.

Mani Rajan\textsuperscript{111} wrote an article on the changing contours of the two-wheeler industry in India. The author discussed various Government policy changes affecting the automobile sector and the impact of production of two-wheelers in India. Author also discussed the trends within the two-wheeler segment and the growth of motorcycle segment. He stated that the attributes of two-wheeler important to customers are looks, power, mileage and comfort. Other important changes in the market include identifying customer needs, product differentiation and product positioning. The study also argued that people in the age group of 18 to 30 were swayed by looks and power in a two-wheeler.

Indian two-wheeler industry is growing every year due to inadequate public transport, better financing, availability of models, increasing urbanization and increase in youth population and per capita income. The manufacturers are offering more models as the market is becoming more competitive and the life cycle of the products shorter. The cost of the vehicle is likely of increase due to emission norms made more stringent. The motor cycle manufacturers have also increased their focus on research and development and there is need to develop new models with better technologies. Areas which the motorcycle manufacturers are concentrating on fuel economy, environmental compliance and performance\textsuperscript{112}.


Tekchandani Viraj\textsuperscript{113} wrote an article on auto two-wheelers in which he stated that the Indian two-wheeler market constitute 20% of the global market and is increasing by around 20% every year. In the motorcycle segment, Bajaj Auto has been gaining ground while scooters TVS motors had gained ground. Hero-Honda, through its wide spread dealer network and fuel efficient models, continues to remain attractively poised to reap rewards of the growth in industry. In future, competition is likely to be from companies like HMSI, LML, Suzuki and Kinetic.

As per one article in the Business Today\textsuperscript{114}, it is expected that motorcycle market will continue to grow in rural India. Currently rural India accounts for 33% of total motorcycle sales but this could increase if, more dealers are set up in the rural areas. More ever, rural sales are likely to be cash sales and there is need to finance sales of motorcycles in the rural areas. Support from self-help groups or micro finance may be required. It is also expected that customers’ demands will be for 125cc and 150cc models.

An article on “issues and future of the two wheeler industry,” by Krishnan santanan R.\textsuperscript{115} looks into various issues faced by the two wheeler industry. In terms of competition, the industry is likely to face competition from used cars and low cost cars. Other issues are the declining margins due to increased cost of materials and shift in customers’ demand to electric vehicles to save on petrol. In terms of growth, there are expectations that the industry is likely to grow by 15%. Most of the growth is likely to come from motorcycles. Some of the Indian motorcycle companies are also likely to set up plants in foreign countries to meet export needs

\textsuperscript{113} Tekchandani Viraj (2005), “Auto Two-Wheelers: Wheels Continue to Roll Fast... Will it Maintain Speed?”, accessed on 25/02/2008 www.way2wealth.com
\textsuperscript{114} www.indiatodaygroup.com, business Today, January29, 2006
According to Salwan Prashant, the Indo-Japanese joint ventures - Hero Honda, TVS Suzuki, Bajaj Kawasaki-adopted different strategies to become competitive. TVS motors use the cost reduction (value engineering, global sourcing, lean manufacturing, waste elimination and continuous reduction in cost) and securing product leadership (good brands, innovative packages, information technologies, developing energy efficient technologies and market/product expansion) to become competitive. Bajaj Auto’s strategy was to customize its products as per market needs. Hero Honda’s plan for the domestic market was to manufacture fuel efficient vehicles. Its global plan was to give the best products to customers by upgrading technologies and to view the world as one market.

Puratchimani wrote an article on export performance of the two wheeler industry in India in which he found that India is emerging as one of the top two wheeler exporters of the world. In 2006-07 around 619318 two wheelers were exported, which was around 21% more than the quantity exported in the previous year. The issues faced by Indian two wheeler exporters include pricing as Chinese motorcycles are cheaper. Some markets like Indonesia only require step-thru which are currently not manufactured in India. Also Indian two wheeler exports are targeted at motorcycles whose capacity is 100-125 cc and there is no export in the 250 cc and above segments. But in order to better realizations, Indian motorcycles manufacturers have to export motorcycles with capacity above 250 cc.


An article on electric two wheelers explains the working principle of electric motorcycles and scooters. The major benefit of electric two-wheelers is that they are cheaper to run than two wheelers that run on petrol. Additionally, they have advantage in terms of zero emission, silence, easy recharge facility and low maintenance cost. The disadvantages are higher initial costs, unproven reliability, short range, long recharge time and lower maximum speed. In terms of cost, an electric scooter costs Rs. 24000 and the running cost is around 10 paisa per km. It is estimated that the electric two wheeler market in India is around 5 lacks per year. The year 2006-07 saw 8000 electric two wheelers being sold and this is likely to increase in 2007-08.\footnote{Report E-TOUR – Electric Two-wheelers on Urban Roads” – Brochure, European Commission Directorate – General for Energy and Transport. www.etourproject.org}

According to Balaji V.\footnote{Balaji V (2007), “Impact of Government Policy on the Indian Two-Wheeler Industry”, in Rajmanohar T. P. and Balaji V. (Eds.), Two-Wheeler Industry in India – An Introduction, The ICFAI University Press, PP. 116-130.} the Governments thrust on the agriculture sector is likely to help boost sales of two-wheelers, especially motorcycles in the rural areas. The extension of concession for weightage deduction of 150% for expenditure relating to in-house R & D will encourage companies to invest in meeting new safety and emission standards. The Government’s policy on strict emission is likely to make Indian two-wheelers world class. In future, Indian companies also have to contend with imports and Chinese vehicles may enter in 2007. The rise in interest rates has impacted the sales of two-wheelers and 2007-08 may see lower sales to 2006-07.

Gupta Surjeet Das\footnote{Gupta Surjeet Das (2006), “The Bajaj Scion Dares to Dream Big”, Business Standard, dated 08/07/2006.} discusses the views of Rajiv Bajaj for future of Bajaj Auto. Rajiv Bajaj wants to transform Bajaj Auto into a global Auto and two-wheeler power house. The company has 32% of the Indian motorcycle market and he wants a matching market share in the global motorcycle market.
Currently, Bajaj Auto exports only 12% of its production and it wants to increase this to 20%. In countries like Mexico and Indonesia, Rajiv Bajaj wants to setup assembly plants rather than manufacturing plants. In the Indian market, Bajaj Auto has captured a major share of the premium-end motorcycle market.

Kalyana Ramnathan S\textsuperscript{121} is of the view that Honda is tightening its grip over India by creating a special holding company for India- Honda Motors India – with Masahiro Takedagawa as its chief. Takedagawa was of the opinion that motorcycle industry can be divided into sub segments which do not necessarily conform to engine displacement alone and saw nothing wrong in both Honda two-wheelers operations having similar product portfolios targeted at different consumers. It is expected that HMSI will spend about Rs. 300 crores by 2010 to increase output to an optimum capacity of 1.2 million units.

Rajmanohar T. P.\textsuperscript{122} in his article on Hero Honda has stated that Hero Honda is number one manufacturer of motorcycles in the world. Its main product has been motorcycles, but recently it entered the scooter market. Hero Honda has depended on reach, research and reliability to build up its supremacy in the market. However, its profit margins have come under pressure. The company was upgrading its technology and was the first Indian company to introduce fuel injection technology for motorcycles in its Glamour product.

Balaji V.\textsuperscript{123} in his article on TVS Motors stated that the TVS Motor Company is the third largest two-wheeler manufacturer in India and one among the top ten in the world, with a n annual turnover of over $650 million. It is the only two-


wheeler company to be awarded the world’s most prestigious Deming award in total quality management. In terms of manpower, the research and development team has a strong pool of technical talent sported by state-of-the-art infrastructure capable of developing new and innovative designs. Besides motorcycles it is a leading player in the scooters and mopeds market as well. The company has setup a plant in Indonesia for manufacturing 110m cc step-thrus.

Manoj Kumar and Sweta Pathak\textsuperscript{124} stated that over the past few years, the two wheeler market has witnessed a major shift from scooter to motorbikes. It has forced the scooter makers like Bajaj Autos and LML to shift motorcycle manufacturing, and to cut down scooter production. However, at the same time, a new market for high power bikes has also emerged in last few years. Authors have also added the views of expert in the article. Experts agreed that “it helps make a good impression on girls when you have a motorcycle. With motorcycle people feel more assertive and young in comparison to a scooter rider. Despite the price differentials between motorcycles and scooters not being too high, having a motorcycle gives one the feeling of upgradation”. It was also attributed that the growth of this segment is due to the initiatives being taken by the companies including more introductions in the economy class bikes and easy financing facilities.

Electrically operated vehicles (Mostly e-Bikes) are one of the innovative milestones in the two-wheeler industry. Modak Shrikant\textsuperscript{125} wrote an article about Electrotherm India, a pioneer company manufacturing electric bikes. These bikes are powered by batteries. Product is named as yo-bikes and its battery can be charged similar to a laptop battery. The company is also planning to launch a faster version with maximum speed of 45km/hr.

\textsuperscript{124}Kumar Manoj and Pathak Sweta (2002), “Youths Embrace High-Power Bikes”, \textit{The Tribune}, 22\textsuperscript{nd} April.

\textsuperscript{125}Modak Shrikant (2006), Powering Ahead” \textit{Business India}, Dated 17/12/2006.
According to a study conducted by global consulting firm, Frost and Sullivan\textsuperscript{126}, the two-wheeler industry will be the fastest-growing segment of the Indian automobile industry. The study said that of all personal transportation vehicles, the motorcycle segment will grow the fastest, followed by passenger cars. Automotive sales in the country will get a boost from cuts in the excise duty, new model launches, higher disposable incomes and a changing consumer mindset. The Indian automotive market is a buyers market and the general economic slowdown makes it imperative for industry participants to stay ahead of demand trends, said the firm. The industry has seen the entry of a large number of international companies and new technologies, which have significantly altered the market dynamics. The increased number of market participants in the passenger car segment has given rise to excess capacities and forcing price competition. The survey said for truck manufacturers the shift toward multi-axle vehicles is a positive trend, as these offer better operating economics than the single-axle and their higher cost means higher revenues for manufacturers.

A study by Nguyen Duc Tiep\textsuperscript{127} on the Honda motorcycle business in the Vietnamese emerging market reflected an interesting picture of competition in motorcycle industry under the new stage of international competitive environment. The purpose was to explore subsidiary development in emerging markets and highlight the role of local factors on driving foreign firm business strategy. Chinese motorcycle penetration into Vietnamese market has made considerable changes from which Honda has upgraded manufacturing capability, moved to higher value activities. It shows a confident process of subsidiary development. The penetration of Chinese motorcycle into Vietnam has brought more opportunities. Honda can utilize for long-term investments


than challenges the firm had to temporarily deal with. The effect of changes in the local market was quite specific to Honda business. Consequentially, local factors have driven the firm emergent strategy into low-price model which is considered as Honda’s local specific product in Vietnam. Selective environment disadvantages play an important role in making pressures on firms to engage in more sophisticated activities. The distinctive competence is obtained from co-evolution between external and internal resources rather than one itself. Continuous improvement, finding discontinuity, and reconciling resources are necessary for firms, especially when competing in international emerging markets.

As per the report of the Freedonia Group, Inc., on World motorcycle forecast for 2011 & 2016, demand for motorcycles worldwide will rise 5.4 percent annually to 55.7 million units in 2011, with growth emanating from a mix of developed market incremental improvements and emerging market expansions. Demand for all categories of motorcycles was expected to remain healthy, despite the anticipated slowdown in key markets. China, the largest motorcycle market and producer in unit terms, is rapidly transitioning away from motorcycles toward cars, and in the process flooding the world market with motorcycle exports. In contrast, rising fuel prices and increasing restrictions on car use were favouring motorcycles in developed markets. The market for large and expensive high displacement motorcycles will remain strong through 2011, but concerns regarding demand have emerged due to the aging of the customer base and rising insurance costs, especially in the US and Western Europe. As per the report, two separate motorcycle markets exists. The first is centred in the industrialized Triad (i.e., the US, Japan and Western Europe), where motorcycles are seen as pleasure vehicles by consumers who already have one or more automobiles. These motorcycles on average tend to be larger and more powerful machines. The other, much

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larger market in unit terms is found in the emerging economies of the Asia/Pacific, Latin America and Africa / Mideast regions, where motorcycles are seen as primary family and work vehicles. These vehicles are cheaper, smaller and less powerful than Triad motorcycles. So, major players are concentrating on this mass market.

On the other hand, Crisil Research\(^\text{129}\) in its annual review 2009 identified that demand for two-wheelers has reached its advanced growth stage and is therefore expected to grow at 6 to 7 percent from 2008-09 to 2012-13. Rural market would continue to fuel motorcycle sales, though expected saturation in urban market would restrict motorcycle growth to lower single digit in long run. Demand for ungeared scooters is expected to witness strong growth of 9-11 percent from 2008-09 to 2012-13. However, two wheeler sales are expected to remain flat in 2008-09 and 2009-10 due to continuing difficult finance conditions. While financial performance trends were expected to vary across players in 2008-09, lower input costs would enable players to maintain margins in 2009-10.

Buying behaviour in the two-wheeler industry has been drastically changed since last decade. Understanding consumer behaviour in the present scenario is extremely important as it is no longer a simple task. Consumer is considered to be the king of the market. He is the price-maker and not price-taker. In the last two decades, significant changes have taken place as far as the two wheeler industry is concerned. Earlier, there used to be a few two wheeler manufacturers who held a monopoly. However, this situation has changed with the entry of other competitors, especially after liberalization and globalization. The foreign collaboration saw production going up tremendously—due to the availability of many alternative choices, consumer preferences and needs

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changed. Suddenly, the buyer came into focus. A paper by Shekhar V. Savant\textsuperscript{130} made an attempt to know the changes in the two wheeler markets and buying motives of two wheeler buyers. The study was conducted by using the survey method. With the help of information that was provided by the managers of different marketing agencies, an interview schedule was prepared. It was administered on 100 randomly selected consumers. The study revealed that consumer preference towards ownership pattern and the sources of information they used to make the purchase decision were important evaluation criteria. The study will help two wheeler manufacturers to take care of significant factors while designing a new product as well as promoting it. It can be inferred from the study that the required maintenance and mileage were very important criteria for a consumer in the process of making a purchase decision. People in general perceived a big difference in the prices, mileage and resale value amongst various models available in the market. Although, people have not considered the safety factor to be that important, they found that all models are more or less equally safe. The criteria that ultimately played a significant role in the purchase decision were: mileage, price, required maintenance, acceleration, and maker's reputation.

A. Santosh Kumari, D. Raghunatha Reddy and M.L. Kameshwari\textsuperscript{131} studied consumer buying behaviour in two-wheeler industry with special reference to Hero Honda Motorcycles in the city of Hyderabad. The study revealed that the main influencer in purchase decision of motorcycle was himself. The sources of information preferred by the respondents for buying a two-wheeler were friends and associates. It was found that 90% of the respondents were satisfied with the performance, maintenance and after sales service provided.


by the dealers. It was also found that 93.35% of the respondents could recall the advertisements of motorcycle they had seen recently on TV or read in the newspaper or magazines. From this it was indicated that the advertising campaign was effective and served its purpose. The most preferred motorcycle by majority of the respondents was Hero Honda Splendor due to its brand image.

Metric Consultancy\textsuperscript{132} has been a pioneer in research on two-wheelers in India. In 2001, Metric Consultancy carried out an extensive survey of problems faced by owners of new two-wheelers in the interest of the customers, as also for the benefit of the manufacturers. Metric carried out a scientific survey of more than 3600 customers to find out the problems faced by them within first three months of purchasing their new two-wheeler. The study covered Banglore, Chennai, New Delhi, Pune and Hyderabad. For the purpose of the study two-wheelers were divided into four categories- mopeds & scooterettes, step-through, scooters and motorcycles.

Each of the over 3600 customers were asked to respond to 271 queries with each query coming under one of 11 parameters that the survey monitored. An exhaustive survey of this magnitude has been carried out in India for the first time. The average two-wheeler has 1.87 problems, with the best having just 0.59 problems per vehicle. Break-up of problems across all two-wheelers are summarized in chart 3.1. Second part of the study included how one does decides on which two-wheeler to buy? According to the results most buyers check with friends and relatives, while a few ask the dealer or mechanics. The survey found that 73% of the respondents checked with friends, colleagues and relatives, 7% checked with mechanics and auto consultants, 15% decides on their own while 5% checked with the dealer.

According to Reddy K. Mallikarjuna\textsuperscript{133}, there are four major factors which influences on the buying behaviour of consumer such as Cultural, Social, Personal and Psychological. It was found that as far as mileage is concerned, Hero Honda was ruling the market. Yamaha and TVS were far below the expectations of the consumers based on mileage per litre of petrol. Also, Hero Honda bike was more popular with the students, TVS was more popular with the employees, whereas businessmen opted for Yamaha. Regarding satisfaction of motor bikes 85 respondents have stated that Yamaha satisfaction was highest and the lowest is for TVS bikes.

Mohanram and Mahavi\textsuperscript{134} conducted a study on product related characteristic, promotion and marketing mix as key tools in determining purchase behaviour and purchase decision by teenagers. This study is related to teenagers’ behaviour with two wheelers they are using. Teenagers’ are influenced by updated information of the product and hence they go for information search, collect information from different dealers on various aspects like price, technology and so on. They are also influenced by peer compulsion and sales talk of the dealers. The teenagers are employing two types of strategies to convince their parents. They are emotionally convincing and logically convincing. Parents apply general response. In respect of product related characteristic, product value is more popular among the teenagers’ than product image. However, teenagers give more importance to product value and apply either emotional or logical approach for influencing their parents. While quality, durability, utility, and long term benefits are the top priority; they also look into colour, popularity, physical appearance and brand value of the two wheelers. However for promotion needs, teenagers more driven by dealers’ sales initiative, cultural environment stimuli, sales promotion and advertisements. While teenagers are characterize by emotional and logical, emotional teenagers try to put forth their importance by various product value attributes like utility, quality, features, durability, long term benefits and service warranty of the two wheelers. Similarly, teenagers also produce product image characteristic like aesthetic appearance, colour, brand value, popularity and social image on selecting the product. However, logical teenagers give importance to product image aspects while getting the product. The product value factors are the basics which logical people expect and so they might emphasize on product image factors. In respect of promotion mix, various sales initiatives like store visits, store display, multi level marketing and sales

promotion efforts like test run, free offers; finance scheme and other sales promotion technique influence the logical teenagers. Also advertisement in TV and print media are contributing to some extent. To conclude emotional teenagers give least important to sales promotion. When they attach more emotional appeal, they give less importance to sales promotion factors like offers and schemes; whereas logically approaching teenagers even consider such factors with importance.

The changing paradigms in motorbike sector make all the brands more or less identical in terms of product, price, and place. It is only the promotion that plays a vital role in determining the future course of trend for different motorbike companies. A study on the impact of advertising and other promos on buying behaviour and brand preference of motor bikes was conducted by Nath Chintan Kumar. The study had following main objectives: 1) To find out the factors that influence customers' purchase decision, 2) to find out the impact of advertising on consumers' brand preference, and 3) to identify the factors responsible increasing sales for market of different brands and different attitude of consumers of different income groups toward different brands. The data were collected from 294 respondents of upper Assam. From the analysis, it was found that there was no significance relationship between the choice of different motorcycles and the income level of the respondents. Age was the important factor for brand selection. Young persons showed interest in premium brand where as old persons search for economy and simple brand. The study revealed that 45% of the rural respondents and 62.86% of urban respondents are influenced by advertisement. In other promos, finance was the main factor determining purchase decision. In terms of features like comfort, fuel economy, price etc., Hero-Honda was the most preferred brand. Exact prediction of consumer behaviour is very difficult. Consumers of

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motorbike can’t be confined to some fixed strata. One set of consumers look only for price. Some other focused on power and pick-up of the motorbike. Some look only for comfort and new attractive brands. So, it is concluded that marker should properly organize advertising and other promos to attract different strata of the consumers.

A survey was carried out by London Streets\textsuperscript{136}, a research firm, on powered two wheeler (P2W) users in London in the year 2004. The focus of the research was to gain a greater understanding of powered two wheeler (P2W) users in London and the factors influencing their safety. The survey was a combination of telephonic interview of 504 users and personal interview of 80 courier riders. Some of the results of this study presented in 2007 were as follows: (1) Compared to London’s population, P2W riders were more male, aged between 35-44 years, middle class and white. (2) Most riders were riding vehicles between 125cc and 600cc, commuted by this mode and cover considerable mileage per year. (3) Most riders considered themselves to be as skilful as and more confident than the average riders. Survey concluded that these findings may contribute to the understanding of road safety issues for powered two-wheeler riders and may help reduce powered two-wheeler casualties on London’s roads.

K. Hari\textsuperscript{137} studied the demographic factor as a determinant for the purchase decision of motorcycle in Kanchipuram town of Tamil Nadu. The main objective was to investigate the demographic factors (age, occupation, income and education) responsible for purchase decisions of motorcycles in a semi-urban area. The data had been collected from 234 respondents who have registered their vehicles in Kanchipuram. From the findings it was identified

\textsuperscript{136} London Powered Two Wheeler User Survey (2007), London Streets.
that all the demographic factors have more or less impact on the purchase decision of motorcycle. The purchase decision consists of: (i) Brand selection (ii) Selection of category of vehicle (iii) Mode of purchase (iv) Mode of payment and (v) Time of purchase. For these decisions findings were as follows: (1) the educated people were more exposed to various sources of information when selecting a brand. (2) The income and educational levels of the respondents had an impact on selecting the vehicle category as well as mode of purchase. (3) Age, occupation and income level had an impact on the time of purchase.

A study conducted by Irwin Broh & Associates\textsuperscript{138}, on behalf of The Motorcycle Industry Council (MIC), on new motorcycle owners in U.S.A., surveyed 2,000 households that owned motorcycles and 2,000 households not owning motorcycles. Trends were identified by comparing 2002-03 data with that of surveys conducted in 1998, 1990, 1985, and 1980. The study reflected information gathered over 12 months, from October 2002 through September 2003. Key findings were as follows: (1) Women are increasingly becoming part of the motorcycling landscape. Female motorcycle ownership was up to nearly 10% of the total motorcycle owners. The female ownership increased from 6.4 percent in 1990 to 9.6 percent in 2003. (2) The median household income of owners exceeded that of the U.S. population as a whole. (3) More than half of motorcycle owners were married. (4) Of all the motorcycles in use in 2003, 43% were newly purchased, which was 33% in 1998. (5) More motorcyclists had college degrees and were working in "white collar" jobs. The median age of rider was 42, which was 38 in 1998. 29% of riders had college degrees, compared to 23% in 1998. (6) Sports bike owners spent significantly more on aftermarket purchases, including tires, repairs and maintenance, replacement parts, accessories, modifying equipment, and riding apparel.

A paper by Bagodi Virupaxi and Mahanty Biswajit\textsuperscript{139} focused on understanding whether the Indian two-wheeler service industry has considered servicing as a line of business. The study highlighted that more than 55 million two-wheelers are moving on Indian roads. Accordingly, two-wheeler service sector should have generated revenue amounting to INR 100,000 million per year. In reality, this has not been realized in the organized service sector. To carry the analysis, a questionnaire survey was conducted using the modified SERVQUAL. An initial pilot study was aimed at understanding the attributes in Indian context, which was followed by a structured survey that received the response of 510 customers spread over India. Each attribute was analyzed (micro analysis) in detail, while the exploratory factor analysis indicated the emergence of five factors, namely, reliability and responsiveness, assurance and empathy, convenience factor, and tangibles and financial factor. It was also found that providing conveniently reliable services was most important in two-wheeler services in India to capture the market.

Venela G. V.\textsuperscript{140} found that India with its vast population is just right place for two-wheeler manufacturers, who can sell their brands to different strata of consumers. However, the consumers are very much aware of the brands proliferating in the market and they can not be taken for granted. The manufacturers have to understand their behaviour and preferences and come out with the products which the consumers prefer and which can provide them with maximum satisfaction. Only then there is a chance to establish credentials among the consumers. Concerning the two wheelers, most of the rural consumers who were owners have listed the quality of the product as the prime factor while considering the various brands of two wheelers. Features of


the motorcycle, advice of friends and relatives, and brand image/company reputation follow the quality factor regarding the two wheelers. Being the liberalized economy with a growing middle class, India has emerged to be an important place for many multinational companies. The domestic players have to device every strategy to counter the challenges of MNC’s to withstand the competition and survive. It was evident from the study that even rural consumers have expressed their deep desires to own quality products. It was also found that consumers were quality conscious and were interested in making purchases that give them better satisfaction in the end.

A study was conducted by Subhadip Roy\textsuperscript{141} on consumer choice of motorcycle attributes. The findings suggested that any company in the motorcycle business should concentrate on fuel efficiency as that is the most important to any consumer. Consumers also focused on safety and they wanted safer vehicles. The study segmented the market into student and non-student segments because of the difference in the preference pattern of these two groups. Any company which wants to target a particular segment should change its marketing plan to suit the needs of its target group.

M. Abdul Hanif, M. Edwin Gnanadhas and B.A. Abdul Karim\textsuperscript{142} conducted a study on consumer buying behaviour of two-wheelers in the state of Tamilnadu in India. The study revealed that family members, friends and relatives were the important source of information about two-wheelers. With regard to purchase decision, the study revealed that majority of the respondents took the decision by themselves with the consultation of family members, friends or relatives. Fuel economy, price and maintenance expenses were the main factors influencing the buying decision of a particular


two-wheeler, followed by brand name, style and after sales service. For the 
popularity of the brand, Hero Honda Splendor occupied first place in four-
stroke two-wheelers, TVS-Suzuki Max 100r in the two-stroke two-wheelers, 
TVS Scooty in the scooterettes series, and TVS Champ in the moped series. 
In general TVS Brand occupied first place followed by Hero Honda and Bajaj. 
It was also found that most of the buyers select the models of two-wheeler 
irrespective of their income and occupation. The loan offered by banks and 
private finances influenced the purchase of two-wheelers.

TNS Automotive¹⁴³ is a research firm mainly dealing with automobile market. 
TNS specialist of TNS automotive conducted a study on motorcycle total 
customer satisfaction (MTCS) in 2005. The study represented the responses 
of more than 7,000 new-motorcycle buyers towards the performance of 40 
models in the key areas of sales satisfaction, product quality, motorcycle 
performance and design, after-sales service, brand image, and cost-of-
ownership. The TCS index score gives a measure of satisfaction and loyalty a 
given model or brand enjoys with its customers. Bajaj CT100, Honda Unicorn, 
Hero Honda Splendor Plus and Royal Enfield Bullet 350 cc rank the highest in 
their respective segments in the year 2005. According to the study, Hero 
Honda Splendor Plus was leading the competitive `executive' bikes, while 
Royal Enfield Bullet dominated the niche `cruiser' bikes segment. Among the 
new models, Honda Unicorn received the best ratings to overtake Bajaj Pulsar 
in the premium segment. Product quality and cost of ownership perception 
emerged as Unicorn's key strengths. While newness generally has a positive 
rub-off on customer perceptions, this phenomenon was not universally true. 
Hero Honda Splendor Plus defies the general trend with a strong performance 
on all measures of customer satisfaction. The study pointed out that the Indian 
market was sensitive to mileage/fuel efficiency. In addition to the customer

¹⁴³ TNS Automotive (2005), “Motorcycle total customer satisfaction”, Business Line, 
accessed on 14/04/2008.
evaluations on various aspects of their ownership experience, this study also found that 14 per cent of the motorcycle owners surveyed indicated their preference for a car in the next three years, while 28 per cent of the current motorcycle owners intended to buy an additional or replacement motorcycle in the future.

In 2006, TNS Automotive\textsuperscript{144} conducted a survey on the scooter total customer satisfaction. Contrary to the popular belief, women are not as tough a customer as they are made out to be in a male-dominated world. They are the ones who are easier to satisfy compared to their male counterparts. According to the study women have consistently given higher satisfaction scores to the scooter models they were using barring a few exceptions here or there, which are not significant. Representing the responses of new-scooter buyers towards the performance of 18 models in the key areas of sales satisfaction, product quality, scooter performance and design, after-sales service, brand image, and cost-of-ownership, this was the largest syndicated scooter study ever done in India. Comparing the companies, which make motorcycles as well as scooters, ironically Bajaj Auto, the erstwhile scooter king, was the only company whose scooter customers were less satisfied than its motorcycle customers. In contrast Hero Honda, which has entered the scooter market recently, was able to delight those who bought its maiden offering Pleasure. Among the ungeared scooters Hero Honda Pleasure tops the rankings followed by Honda Activa. In the scooterette segment, TVS Scooty Pep Plus was the king in the market. As per the study, the satisfaction with scooterettes drops much faster with their age (ownership period) compared to scooters, geared or ungeared. Manufacturers must pay attention to this as this steep fall happens in the case of 'Quality' and 'Cost of Ownership' - an area very close to the heart of Indian consumers.

Saraswathi S.\textsuperscript{145} performed a study on Customer Satisfaction on Post-Sales Service with Reference to Two-Wheeler Automobile Industry. The study was conducted between two cities as Hyderabad and Secunderabad. Primary data was collected from 100 customers who purchased the motorbikes of various two-wheeler companies. The study was presented under two heads: a) Part I and b) Part II. Part I outlined the perception of customers on post-sales service and Part II focused on the satisfaction of customers and area of improvement on post-sales service of two-wheeler automobile industry. It was found that more than 50% of the respondents perceived that examining the vehicle and filling of the job card were not performed in the presence of customers. For all other variables respondents had favourable perceptions. 31% of the respondents were not aware about the service station while taking the delivery of the vehicle. So it was recommended that the purchasers should be made aware of the location of the service center at the time of delivery, which was of key concern to them. It was found that the mean satisfaction values for some of the dimensions of service are moderate. Hence the manufacturers or dealers should invest highly valuable resources in the areas like specific problem of service staff, product knowledge of service staff, customer satisfaction after the test ride and quality of service to the consumers.

Buckinghamshire County Council has been working closely with motorcyclists and motorcycle groups to reduce collisions involving motorcycles. As part of the ongoing need to understand the views of motorcyclists even better it was decided that there was a need to consult with as many bikers as possible on a range of issues concerning safety and CM Research\textsuperscript{146} was commissioned to


carry out the survey. The findings were interesting. The survey showed that 34% were generally satisfied with road / speed bumps while 61% were not. For safety cameras 40% were satisfied while 55% were not; for chicanes and pinch points 51% were satisfied with 32% saying they were not. 54% were satisfied with the rumble strips approaching junctions while 39% were not; and three quarters (75%) were satisfied with traffic islands while 20% were not. Some of the concerns of respondents were designated bike parking and educating car drivers. Other important findings of this survey are summarized in the annexure II.

Muruganantham G. and Kaliyamoorthy S.\textsuperscript{147} studied the role of celebrities in two-wheeler advertisement. The study revealed that celebrities attract the attention, create interest to see the particular advertisement, can provide a point of differentiation, increase the advertising impact, and if message delivered in correct manner, can be quite effective. The most crucial issue related to celebrity endorsements was the choice of the right celebrity for the company as well as celebrity – audience match. For a successful celebrity advertisement, the focus should be on the celebrity and the brand together.