

A Study On Two- Wheelers In The Indian Rural Market

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INTRODUCTION

India is a vast country with a burgeoning population that is more than 1 billion and is next only to China. Around 72% of the Indian population is living in rural areas and forms around 12.2% of the world population, an indication that about 120 million households live in rural India out of which most of them are dependent on agriculture and agri-related activities for their livelihood and many of them are illiterate and people below poverty line (BPL). Though the lifestyles of the rural masses have undergone a sea change with the increased infrastructural facilities, application of modern techniques in cultivation, and better access to urban areas, the situation in India is still not rosy. However, of late, the situation has changed drastically with even Multi National Companies (MNCs) competing keenly for a share in the rural markets. This is welcome news for the rural consumer who has been ignored by the corporate world from time immemorial. Rural Marketing can be defined as the activities taking place in rural markets to influence the rural consumers to buy specific products or services for satisfying their needs and wants by conveying messages through print, electronic and mass media. There are several peculiar characteristics that can be observed in the rural markets and in rural consumers. With the advent of modern sophisticated technology, media coverage has been far and wide. Due to increased audio and visual media coverage, sending messages to the masses in a set of capsules, each depicting a particular factor, a product or service has been possible. The surface transport is one area where vast improvements can be noticed with improved roads, transportation and other means. Small and big means of transport have allowed the rural consumer to shop for his goods and services beyond his village boundaries. An important aspect of this development is that the rural consumer is slowly realizing the number of products, brands and services available in the market, a scope which was unnoticed earlier. The two-wheeler market in India is the biggest contributor to the automobile industry with a size of Rs.100, 000 million. The two-wheeler market in India comprises of 3 types of vehicles- namely motorcycles, scooters, and mopeds. Foreign collaborations have been playing a major role in the growth of the Indian two-wheeler market, and most of them are Japanese firms. The modern two-wheeler firms in India have been manufacturing new categories of two wheelers such as Step-Thrus and Scooterettes. These have been produced by combining two or more two-wheeler segments.

Foreign firms have already taken initiatives to own their two-wheeler subsidiaries in India. Among the 3 segments of the Indian two wheeler market, major growth trends have been seen in the motorcycle segment over the last four to five years. One good reason for such increase in the demand for motorcycles is due to its resistance and balance even on bad roads. Most of the rural areas in India do not have decent roads and hence the need for good, shock-resistant, and steady two-wheelers such as motorcycles has been felt. Some of the major players in the Indian motorcycles market are Hero Honda CBZ, Bajaj Pulsar, TVS and Apache. Other brands include Splendor, Passion, Fiero, Victor, Star City, Boxer, CD Dawn, Karizma, Caliber, etc. Having classified the motorcycle brands into economy, executive, and premium segments, Bajaj stands as the leader in the economy segment. Hero Honda leads in the executive segment, and there is a competition in the premium segment between Hero Honda and Bajaj.

A key element in marketing strategy is brand name. It is extremely difficult to establish a successful brand name, but once a brand name is established, it is an invaluable asset. Marketing activities exert an enormous impact on individuals. Consumer behavior is relevant to our understanding of both public policy issues and the dynamics of popular culture. A sound understanding of consumer behavior is essential in the long run success of any marketing program. Marketers try to satisfy consumer needs, but the reason why any product is purchased can vary widely. The identification of consumer needs and expectations is an important step towards ensuring that the appropriate needs will be met by a product.

The following are the main factors that affect two-wheeler sales in India:

- **Increase in Credit and Financing For Auto Vehicles** - Two-wheeler loans and financing has been on the rise.
- **Increase in Consumer's Salary** - Due to the various employment opportunities offered by multinationals, the disposable income of salaried individuals have increased manifold.
- **Constant Petrol Prices** - Today, the government of India has been working on reducing subsidies on kerosene and diesel which will keep petrol prices at more or less the same level.

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- **Delay In Initiation of Mass Transport System** - Probably a future threat to the two-wheeler market, the implementation of the mass transport system has been delayed.

However, the two-wheeler market in India is a fast growing market due to technological advancements in product manufacturing and emphasis on design innovation.

RECENT PERFORMANCE OF TWO WHEELERS IN INDIA

Two- wheeler sales in the country have sky rocketed in the recent years and the annual sales of motorcycles in India is expected to cross the 10 million mark by 2010. The low penetration of two-wheelers in the country (31 two-wheelers per 1000 citizens in 2005) leaves immense scope for the growth of the market. Overall, the industry sales of two-wheelers have grown by 15% from 6.57 million in 2004/2005 to 7.57 million in 2006/2007. The buoyant Indian economy with a growth rate of around 8% per annum is further expected to fuel the growth of two wheelers in the country. The share of motorcycles have increased over the years, while that of other two-wheelers like geared scooters, scooterettes and mopeds have shown a negative growth or remained stagnant. The two-wheelers have penetrated 7% of rural households and 24% of urban markets, thus leaving an immense scope for the market to grow.

Bajaj Auto- one of the leading producers of automobiles in the country has been able to sell close to 2.3 million vehicles in 2006/2007. The sales of the company grew by almost 31%. The company registered a 32% growth in the sales of motorcycles much above the industry average of 19%. Bajaj Auto has emerged as a market leader in the entry level or price segment motorcycle with the Bajaj CT 100 accounting for nearly 40% of the market share. It also commands a 62% market share in the premium segment of motorcycles with products like the Bajaj Pulsar DTSI. TVS Motors (which has a lot of firsts to its credit in the two-wheeler sector in the country) was able to sell 1.34 million units during the same period thus registering an overall growth of 15% from the previous year. In the motorcycle segment, the company's growth in sales was in sync with the industry average. The introduction of motorcycles like the TVS Star range of motorcycles has helped the company in gaining a healthy market share in this segment. Where the company has emerged as a clear winner by holding onto its leadership position is in the moped segment. The company has posted a 10% growth in sales accounting for a market share of about 77%. The company also expects to arrest the decline of its one time best seller-TVS Victor through its new Victor. If these figures daunt you, the best is yet to come. The country leader in two-wheelers, Hero Honda has crossed the three million mark during the year 2005/2006 which is a good few lakhs more than its nearest competitor, Bajaj Auto. The company accounted for nearly 40% of the two-wheeler market. In the motorcycle segment, the company has been able to attain a market share of about 50%. The segment in which Hero Honda has emerged as a clear winner is the Deluxe segment, which is the largest segment in the motorcycle category, with its flagship family of motorcycles -Splendor selling over 1.2 million units which is just a shade less than all the two wheelers sold by TVS during the same year.

The huge population in the country with an impressive percentage of it coming under the consumer class category presents a vast market with immense potential for the manufacturer. The usage pattern of India with regard to two wheelers is indeed changing and the consumers are changing over to branded two wheelers as compared to their unbranded counterparts. A Brand identifies the product and reveals the facets of its differences. A study of consumer behavior concentrates on understanding the attitudes, attributes, beliefs, values, norms of the consumers and it analyses the way the consumer consciously or unconsciously follows any of these. Consumers do not make decisions in vacuum. Their purchases are strongly influenced by cultural, social, personal and psychological factors. The markets are customer-driven these days. To understand the customer is no easy job as his behavior is mostly unique and unpredictable. This has made the firms to step into the shoes of the consumer and understand him from his point of view in selection and purchase of products and services. Rural consumer markets in India, of late have been characterized by various structural changes, keeping in mind the interests of the consumers. A good number of consumer durable and non-durable products are being made available to rural masses with improved logistics and distribution networks. This is accompanied by wider media reach, advertising and discretionary income levels. The latent demand for products and services has increased considerably over the years resulting in an increase in consumer awareness and aspirations.

The study was conducted in rural areas of Telangana District of Andhra Pradesh. A sample size of 300 consumers belonging to different strata of society was selected and their opinions were obtained through the questionnaire method. Telangana district has been generally acknowledged as the most backward of all. The research study covered the whole of Telangana District and will be helpful for the academicians, students, business community, government, and other stake holders in gaining the vitals of the present rural market situation in Telangana region

of Andhra Pradesh. A questionnaire was prepared for collecting data regarding the preferred brand and motivational factors which influence the consumers towards the purchase of a particular two-wheeler brand in the consumer market. The data were collected between December 2008 and February 2009. After analysis of data, the findings are presented below:

OBJECTIVES OF THE STUDY

1. To study the marketing practices followed in rural market.
2. To study the buyer behavior of rural consumers regarding two wheelers.
3. To identify the place of purchase and measure the satisfaction levels of rural buyers.

SCOPE OF THE STUDY

The study is confined to the rural markets and villages of Telangana District of Andhra Pradesh. The complexity of the urban and rural markets makes it difficult for marketers in India to adopt a common strategy. There are so many variables involved, and each one is casting its shadow on the marketer's attempts to understand the markets.

METHODOLOGY

The study was largely based on primary data collected from the rural markets. The primary data was mainly collected from questionnaire, observation and discussions. Studies conducted by agencies like National Sample Survey, Reserve Bank of India, Nationalized Banks, and various studies conducted at the National level and Bureau of Economics and Statistics at state level were consulted for reference as secondary data.

Table 1 shows the over all trend of Industry Sales over a 5 year period. The figures are provided by the Society of Automobile Manufacturers Association (SIAM).

Table: 1: OVERALL TREND OF INDUSTRY SALES OVER A FIVE YEAR PERIOD
MOTOR CYCLE

2003-04	2004-05	2005-06	2006-07	2007-08
2887194	3647493	4170445	4964753	5815417

SCOOTERS

2003-04	2004-05	2005-06	2006-07	2007-08
908268	825648	886295	922428	908159

MOPEDS

2003-04	2004-05	2005-06	2006-07	2007-08
408263	338985	307509	322584	332741

Table 2 : PREFERRED BRAND OF TWO WHEELERS

S.No	Brand Name	No.of Buyers	%
1	Bajaj Chetak	47	15.6
2	Luna	9	3
3	TVS	9	3
4	Hero Honda	8	2.6
5	Suzuki	6	2
6	Bajaj	5	1.6
7	Hero Honda Splendor	5	1.6
8	Yamaha	5	1.6
9	TVS Champ	4	1.3
10	Bajaj m80	3	1
11	Boxer	3	1
12	LML Vespa	3	1
13	Suzuki Samurai	2	0.6
14	Bajaj Cub	1	0.4
15	Bajaj Pulsar	1	0.4
16	Kinetic	1	0.4
17	Narmada 150	1	0.4
18	Rajdoot	1	0.4
19	Sunny	1	0.4
20	TVS XL	1	0.4
21	Do Not Know	3	1
22	Non- Users	181	60.3
Total		300	100

Table 2 presents the brand of two wheelers liked by the respondents. Majority of the respondents are non- users (around 60%). However, 15.6% of the respondents are having Baja Chetak, 2.6% own a Hero Honda bike;1.6% own Bajaj, Hero Honda, Splendor and the rest of the rural respondents are the owners of other different brands of two wheelers.

Table: 3 : FACTORS INFLUENCING THE BRAND WISE ANALYSIS OF TWO WHEELERS

S.No	Factors	No. of Buyers	%
1	Quality of Product	35	11.7
2	Brand Image/ Company Reputation	11	4.3
3	Features of Product	20	8.6
4	Resale Value	2	8.6
5	Low Price	2	8.6
6	Credit/ Installment facility	5	1.6
7	Retailers' advice	0	0
8	Company Sales Force Advice	3	1
9	Radio Advertisements	1	0.3.
10	Television Advertisements	1	0.3
11	Company Advertisements	1	0.3
12	After Sales Service	0	0
13	Advice of Friends and Relatives	14	4.6
14	Availability	1	0.3
15	Traditional User	1	0.3
16	Gifted	4	1.3
17	Non- Users	199	66.3
Total		300	100

Table 3 shows the main factors that influence the purchase of a particular brand of two wheelers. Around 66.3% of the non-users and 11.7% users are influenced by the quality of the product; 8.6% are influenced by features, low price, resale value and 4.6% are influenced by friends,relatives and so on.

Table: 4 : SATISFACTION LEVEL OF RESPONDENTS

S.No	Satisfaction Level	No. of Buyers	%
1	Extremely Satisfied	45	15
2	Moderately Satisfied	10	3.4
3	Satisfied	62	20.6
4	Not Satisfied	3	1
5	Cannot Say	0	0
6	Non Users	180	60
Total		300	100

Table 4 shows that over 20.6% of the respondents are satisfied, 15% are extremely satisfied and around 3.4% are moderately satisfied. Here we can conclude that almost all the respondents are satisfied with the two wheeler brands that they are using.

Table: 5 : PLACE OF PURCHASE OF TWO WHEELERS

S.No	Place of Purchase	No. of Buyers	%
1	Company Show Room	77	25.6
2	Retailer	38	12.6
3	Do Not Know (Gifted)	4	1.4
4	Non Users	181	60.4
Total		300	100

Table 5 reveals that around 25.6% of the respondents cite their place of purchase of two-wheeler as the company's showroom. On the other hand, 12.6% of the respondents purchased their two wheeler from a retailer and 1.4% posses a gifted two wheeler.

India with its vast population is just the 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 cannot be taken for a ride. The manufacturers have to understand their behavior and preferences and come out with 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 purchasing of two wheelers, most of the rural consumers who are owners have listed quality of the product as the prime factor while considering the various brands of two wheelers. Features of the product, advice of friends and relatives, and brand image/company reputation follow the quality factor regarding the two wheelers. Being a liberalized economy with a growing middle class, India has emerged to be an important place for many multinational companies. The domestic players have to devise every strategy to counter the challenges of MNC's to withstand the competition and survive. Ultimately, it is the consumer who will benefit from these exercises. It is evident from the study that even rural consumers have expressed their deep desires to own quality products. This indicates that customers are quality conscious and are interested in making purchases that give them better satisfaction in the end.

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Ultimately, managers do have some influence on their staff in term of behaviour and motivation. Therefore, constant communication and continuous training is the key to an employee's development. On the other hand, managers may also attract and select people who are already inclined to see things their way. Nevertheless, none of the approaches can be forced on all the people all the time. The most effective approach is goalsetting, as it is based on the premise that intentions shape actions. If work goals are specific (though difficult) and if they are accompanied by feedback on how well one is doing, work performance is usually enhanced.

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