A STUDY RELATING TO THE DECISION-MAKING PROCESS OF PURCHASING TWO-WHEELER'S IN RURAL AREA OF ANDHRA PRADESH

Dr. Sardar Gugloth¹ & Margani Soma Sekhara²
¹Associate professor & ²Research scholar Department of Management of Studies
Sri Venkateswara University, Tirupati-517502, Andhra Pradesh, India.

Abstract

Rural demand in Automobile, FMCG and retail is growing at a faster pace than anticipated due to rise in its consumption patterns which is creating demand and margins for Indian Inc. even as meltdown is getting deeper, says a Study Paper of The Associated Chambers of Commerce and Industry of India (ASSOCHAM) ‘The Rise of Rural India’. India is the second largest producer of two-wheelers in the world. In the last few years, the Indian two-wheeler industry has seen spectacular growth. The country stands next to China and Japan in terms of production and sales respectively. Majority of Indians, especially the youngsters prefer motorbikes rather than cars. Capturing a large share in the two-wheeler industry, bikes and scooters cover a major segment. The present scenario of rural marketing especially decision making process of purchasing two-wheeler in rural area, and its importance, current trends, and highlights certain problems related to rural marketing area. In this article study for the demand of two-wheelers in rural area and influence the factors of like family, friends, dealers, service and mileage for the process of purchasing a two-wheeler.

Key Words: - Indian Two-Wheeler Industry, Consumer Behavior, Decision-Making process, Rural Market in India.

Introduction

Rural markets have a socio-economic role to play in rural economy as the agents of rural developments. The potentiality of rural markets is said to be like ‘a woken up sleeping giant’. Three-fourth of the country’s consumer live in rural areas and one-half of the international income is generated there. It is only natural that the rural markets form an important part of the total market in India. India is the 2nd largest two-wheeler market in the world with a size of over Rs 100,000 mn. The study on Rural Retail says that rural retail market constitutes around 40 per cent of the total size of the retail market of India. According to ASSOCHAM, the size of retail market in India is $280 billion. So the size of rural retail market works out to be $112 billion which is Rs. 5. 00,000 crore and is growing around 10 per cent of the size of Indian GDP. This is expected to double in next 4-5 years because of potential factor. Rural India provides a highly unexplored market for the expansion of retail activity. The penetration of the organized retail specifically is very low. Approximately ten thousand out of six lakh villages in India have access to organized retail services. The ASSOCHAM Chief said, traditional market for this in rural areas has been largely restricted to tractors and two-wheelers. The two wheeler penetration in villages is only 10% as compared to 25% in urban areas. High investment involved, poor conditions of rural roads, lack of finance facility, and lack of service network have limited the scope of passenger cars in countryside.

Growth

There is a large untapped market in semi-urban and rural areas of India. It is important for the two-wheeler industry to identify these pockets. Industry experts believe that with the introduction of the second-hand car market by famed car manufacturers and easy loan availability for new as well as used cars, the two-wheeler industry needs to enhance its reach and product range that they offer to capture these new markets. The Companies also need to focus their attention on credit facilities in rural and semi-urban areas to improve their reach. Experts stress on two important measures that would enhance their growth in the coming years. It is also imperative to initiate measures to make the presence of the Indian two-wheeler industry felt in the global market. Adequate incentives for promoting exports as well as setting up of institutional mechanism such as an automobile export promotion council would prove to be of great help to boost demand for the two-wheeler industry in the country.

The National Council of Applied Economic Research (NCAER) had forecast two-wheeler demand between 2002-03 and 2011-12. These forecasts present a long-term growth for a period of 10 years. The Council foresees that the high growth rate in motorcycle segment at present will stabilize after a certain point and beyond that a condition of equilibrium will set the growth path. However, this will not alter the regional distribution of market share to a significant extent. Region-wise numbers of motorcycles and scooters suggest the future market for these segments. At the all-India level, the demand for motorcycles will be almost 10 times that of scooters. The same will be almost 20 times in the western region, accounting for more than 40% of demand. The south and north-central region will follow this. The demand for scooters will be maximum in the northern region. It will account for more than 50% of the demand for scooters in 2011-12. In terms of units; the two-wheeler segment is expected to report a volume CAGR of 10% to 12% over the next five years to reach a size of 21 million units to 23 million units by 2015-16. According to certain estimates,
50% of the domestic sales of two-wheelers come from first-time buyers, while 30% come from customers looking to upgrade their existing vehicles and 20% from buyers seeking a second vehicle for the household. The break-up suggests that currently around 50% of the sales in the domestic two-wheeler market are made to replacement buyers. Industry estimates also suggest that the two-wheeler ownership cycle has now shrunk to less than five years. This shows the rising importance of technology and value-added features among two-wheeler buyers. This is the reason why investment in research and development and capacity additions in the industry is growing.

Why are Two Wheelers so Popular in India?
The growing middle class population, prosperous rural India and the paucity of reliable public transport system is leading to a large number of two-wheelers added to the roads every day. Indian roads in most cities, villages and towns are narrow. Two-wheelers allow people to navigate such roads easily. Fuel-efficiency is a huge advantage. With the cost of petrol increasing steadily, two-wheelers make the daily travel both affordable and convenient. Easy availability of auto finances at attractive schemes has made a two-wheeler a must in most urban and rural homes.

Two-wheelers Purchase Trend:
- Growing working population
- Increased access to credit and lower interest loans
- Increased consumer embrace of financial products
- Upward migration of household income levels
- Fast paced urbanization to rise from 28% to 40% by 2020

Review of Literature
J.D. Singh (1981) conducted a survey on ‘A study of brand loyalty in India’. The primary objective of this study was to examine the state of art regarding brand loyalty among consumers in India. Nishar Ahamed N. (1997) examined the factors determining purchase and post-purchase behavior of two wheeler users. His findings revealed that friends and neighbors’ form the most important source which is followed by one’s own experience, family members, news papers and observation. Parker and Anderson (1994) examined the consumer’s preferential expectation concerning attributes, the objects and their post-trial perception of the attributes. The findings suggested that differences did exist among individuals in terms of the appropriateness of various preference models. Subramanian, Ramakrishna Rao & Ramona Rao (1982) conducted a survey on ‘Consumer Goods Marketing in Vishakhapatnam’ by taking a sample of 300 households equally distributed among employees, business people and professionals.

Objective of the Study
- To study the rural consumer decision making process of rural consumer with Reference to Tamballapalli Taluka, in Chittoor district
- To identify the factors influencing rural consumers, in brand selection while purchasing the two-wheelers.
- To identify the rural consumer’s choice of preference while purchasing the two wheelers.

Scope of the Study
The research has been conducted in Tamballapalli Taluka, Chittoor district only. From this research, the sources of information, influencing the factors and choice of preference of the customer can be identified.

Methodology

Data Collection
Survey method was used to collect the primary data from the respondents. A structured interview was administered to extract responses. The study was conducted on a sample of 96 consumers. Secondary data was also collected from various journals, books, magazines, newspapers and reports prepared by researchers, etc.

Respondent Profile
- Age group: 45% below the age of 30 years.
- Education: 50% of the respondents were educated up to SSC
- Occupation: Agriculture (58%), private service (20%), small businessmen (18), others (4%).
- Income Profile: 80% of the respondents had annual Income of less than Rs.1, 50,000
- Source of Finance: 59% of the respondents purchased the two-Wheeler on cash Payments and remaining opted for loans.

Data Analysis
In this study, a number of statistical techniques like simple percentage and chi-square test have been used in order to study the objectives.
1. Sources of Information.

<table>
<thead>
<tr>
<th>Sources of Information</th>
<th>No. of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friends/relatives</td>
<td>55(24)</td>
<td>57.29(18.375)</td>
</tr>
<tr>
<td>Previous experience</td>
<td>31(24)</td>
<td>32.30(2.041)</td>
</tr>
<tr>
<td>Media</td>
<td>6(24)</td>
<td>6.25(13.5)</td>
</tr>
<tr>
<td>Showrooms</td>
<td>4(24)</td>
<td>4.16(16.667)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>96</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

(Figures given in the brackets represent the expected frequency)

The above Exhibit.1 shows that Majority of the respondents are influenced by their Friends/relatives (57.29%) and the major source of information followed by previous experience (32.30%). It is important to note that advertisements through public media and showrooms which are expected to play fairly important roles in urban areas are not quite pertinent here.

**Hypotheses**

(H_0): There is no Significance relationship between sources of information and the influence on purchase decision of two wheelers.

(H_1): There is Significance relationship between sources of information and the influence on purchase decision of two wheelers.

X^2 Cal = 50.583
Degree of freedom = (r-1) = (4-1) = 3
X^2 Table for 3df at 5% level of significance = 7.815
X^2 Cal = 50.583 X^2 Calculated Value > X^2 Table Value
Hence, there is Significance relationship between sources of information and the influence on purchase decision of two wheelers.

2. Influencing Role on the Brand selection.

<table>
<thead>
<tr>
<th>Influencing factors</th>
<th>No. of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Family members</td>
<td>56(24)</td>
<td>58.34(42.667)</td>
</tr>
<tr>
<td>Friends/relatives</td>
<td>31(24)</td>
<td>32.29(2.047)</td>
</tr>
<tr>
<td>Media</td>
<td>5(24)</td>
<td>5.20(15.047)</td>
</tr>
<tr>
<td>Sales person at showroom</td>
<td>4(24)</td>
<td>4.16(16.667)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>96</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

(Figures given in the brackets represent the expected frequency)

A consumer’s buying behavior is influenced by cultural, social like…reference group, family, personal factors like…age, occupation, life style, personality and income. The above Exhibit.2 reveals that the most of respondents were influenced by Family members (58.34%) and friends/relatives (32.29%) are the most important influencers in making the final choice. It is once note worthy that media (5.20%) and salespersons at the showrooms (4.16%) play a very small role.

**Hypotheses**

(H_0): There is no Significance relationship between sources of influencing factors on brand selection for purchasing two-wheelers.

(H_1): There is Significance relationship between sources of influencing factors on brand selection for purchasing two-wheelers.

X^2 Cal = 76.428
Degree of freedom = (r-1) = (4-1) = 3
X^2 Table for 3df at 5% level of significance = 7.815
X^2 Cal = 76.428 X^2 Calculated Value > X^2 Table Value
Hence, there is Significance relationship between sources of influencing factors on brand selection for purchasing two-wheelers.

3. Person accompanying at the Time of Purchase.

<table>
<thead>
<tr>
<th>Person accompanying</th>
<th>No. of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Friends/relatives</td>
<td>43(24)</td>
<td>44.80(15.047)</td>
</tr>
<tr>
<td>Alone</td>
<td>29(24)</td>
<td>30.20(1.047)</td>
</tr>
<tr>
<td>Family members</td>
<td>21(24)</td>
<td>21.87(0.375)</td>
</tr>
<tr>
<td>Mechanic</td>
<td>3(24)</td>
<td>3.13(18.375)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>96</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

(Figures given in the brackets represent the expected frequency)
Marketers must fully understand both the theory and reality of consumer behavior. A consumer’s buying behavior is influenced by cultural, social, and personal factors. At the time of purchase of product friends are most influenced factor. In this above Exhibit.3 it is observed that 44.80% of the respondents were accompanied by friends / relatives at the time of Purchase, while 30.20% respondents were went alone, and 21.87% of the respondents were accompanied by family members.

Hypotheses

(Ho): There is no Significance relationship between sources of Person accompanying at the time of purchasing two-wheelers.

(HI): There is Significance relationship between sources of Person accompanying at the time of purchasing two-wheelers.

\[
X^2 \text{ Cal}=34.844 \\
\text{Degree of freedom} = (r-1) = (4-1) =3 \\
X^2 \text{ Table for 3df at 5% level of significance} = 7.815 \\
X^2 \text{ Cal}=34.844 X2 \text{ Calculated Value} >X^2 \text{ Table Value}
\]

Hence, there is Significance relationship between sources of Person accompanying at the time of purchasing two-wheelers.


<table>
<thead>
<tr>
<th>Showroom Location</th>
<th>Distance (km)</th>
<th>No. of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Madanapalli</td>
<td>35</td>
<td>58</td>
<td>60.42</td>
</tr>
<tr>
<td>Kadapa</td>
<td>98</td>
<td>29</td>
<td>30.20</td>
</tr>
<tr>
<td>Tirupati</td>
<td>135</td>
<td>9</td>
<td>9.38</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>96</strong></td>
<td><strong>100</strong></td>
<td></td>
</tr>
</tbody>
</table>

Location of the shop will attract more number of consumers; and it helps to increase the sale of goods. Most of rural area people are interesting to buy any product in nearest City. The respondents had access to three showrooms located in semi-urban, urban and major-city locations. About 60.42% of the respondents purchased at the showroom located in the semi-urban area close to their place of residence. 30.20% of respondents are purchased at urban. This suggests that there is no fascination for going to urban areas of big cities if similar facilities are available in proximity. (Exhibit.4)

5. Factors Influencing the Purchase Decision.

<table>
<thead>
<tr>
<th>Preferences</th>
<th>No. of respondents</th>
<th>Percentage (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mileage</td>
<td>35(24)</td>
<td>36.46(5.042)</td>
</tr>
<tr>
<td>Quality</td>
<td>25(24)</td>
<td>26.04(0.042)</td>
</tr>
<tr>
<td>Design</td>
<td>17(24)</td>
<td>17.70(0.375)</td>
</tr>
<tr>
<td>Price</td>
<td>10(24)</td>
<td>10.42(8.167)</td>
</tr>
<tr>
<td>Offer / gifts</td>
<td>6(24)</td>
<td>6.25(13.5)</td>
</tr>
<tr>
<td>Service</td>
<td>3(24)</td>
<td>3.13(18.375)</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>96</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>

(Figures given in the brackets represent the expected frequency)

A number of factors come to the fore when purchasing a two-wheeler. These include price, design, mileage, quality, service availability, etc…. In this above Exhibit.5 reveals that 36.46% of respondents were preferred to mileage, 26.04% of respondents preferred to quality, 17.70% of respondents were preferred to design,10.42% for price, 6.25% offers/gifts and only 3.13% of respondents service.

Hypotheses

(Ho): There is no Significance relationship between sources of preferences factors influencing at the time of purchasing two-wheelers.

(HI): There is Significance relationship between sources of preferences factors influencing at the time of purchasing two-wheelers.

\[
X^2 \text{ Cal}=45.501 \\
\text{Degree of freedom} = (r-1) = (6-1) =5 \\
X^2 \text{ Table for 3df at 5% level of significance} = 11.070 \\
X^2 \text{ Cal}=45.501 X2 \text{ Calculated Value} >X^2 \text{ Table Value}
\]

Hence, there is Significance relationship between sources of preferences factors influencing at the time of purchasing two-wheelers.

Findings & Suggestions

Majority of the sample respondents are influenced factors like friends, family mileage, advertisement and service in selection of brand.

1. There is a good demand for two-wheelers in rural areas, but availability of factual and comparative information to prospective customers is limited. Marketers should, therefore, focus on developing a strategy to reach the rural markets.

2. Majority of respondents are influenced by Family members and friends at the time of Brand selection.
3. Most of the rural consumers are giving their preference to mileage only.
4. Rural consumers are influenced by financial facilities; two-wheeler companies should improve the availability of loans to increase sales in rural markets.

Scope for Further Research

Indian automobile market has been growing fast in a dynamic way. There is lot of scope for future research pertaining to different areas.
1. Two-wheeler market in rural and semi-urban area.
2. Studies may be undertaken to find out why two-wheeler buyers switch one brand to other.
3. Case studies of consumer behavior for selected brands.
4. Comparative Studies of the performance of different brand of two-wheelers.

Conclusion

Rural market is not fully encased by marketers. Currently, there is high demand for two-wheelers across all these segments. With the growing economy, people are left with more disposable income to be spent on meeting their mobility needs such as two-wheelers. Banks and other financial institutions have an assortment of vehicle loan schemes with attractive rates of interest and convenient number of installments; it will give additional support to the automobile sector, to boost sales across various segments. Then only Automobile companies could significantly increase their market share by extending attention on rural areas.

References

Aaker, Kumar, Day(2006), Marketing Research-John wisely Sons Inc.,