

# **CHAPTER - I**

## **INTRODUCTION**

### **1.1 Background of the Study**

Nepal lies in the northern hemisphere of the earth and it is a Himalayan Country of south Asia extending at the range of 26°22' to 30°27' east and 80°4' to 88°12' north. It is a landlocked country surrounded by Indian Territory in three sides i.e. east, west and south and Chinese territory in the north, more vividly Tibetan Plateau. It has the area of 1, 47,181 sq.km. The length and the breadth roughly extend to be 885km and 193 km in average. And altitude ranges from little over 100ft to over 29,000ft above the sea level. Numerous hills rise in between the swift flowing rivers making many parts of the country inaccessible even in the times of fair weather.

Physically, Nepal has been divided into three different kinds of physical features, namely High Himalayan region towering higher from east to west, similarly a middle portion of Hilly region runs from east to west covering the highest portion of the landmass of 68% of whole nation where as down to the southern part bordering with Indian territory, runs the Terai region covering about 17% of the total land mass of the whole nation. It has got the highest peak of the world i.e. Mount Everest (8,848m) and it's a land locked country and the distance of the nearest sea is 500km.

The first civilizations in Nepal, which flourished around the 6th century B.C., were confined to the fertile Kathmandu Valley where the present-day capital of the same name is located. It was in this region that

Prince Siddhartha Gautama was born c. 563 B.C. Gautama achieved enlightenment as Buddha and spawned Buddhist belief.

Nepali rulers' early patronage of Buddhism largely gave way to Hinduism, reflecting the increased influence of India, around the 12th century. Though the successive dynasties of the Gopals, the Kiratis, and the Licchavis expanded their rule, it was not until the reign of the Malla kings from 1200–1769 that Nepal assumed the approximate dimensions of the modern state.

The kingdom of Nepal was unified in 1768 by King Prithvi Narayan Shah, who had fled India following the Moghul conquests of the subcontinent. Under Shah and his successors Nepal's borders expanded as far west as Kashmir and as far east as Sikkim (now part of India). A commercial treaty was signed with Britain in 1792 and again in 1816 after more than a year of hostilities with the British East India Company.

In 1923, Britain recognized the absolute independence of Nepal. Between 1846 and 1951, the country was ruled by the Rana family, which always held the office of prime minister. In 1951, however, the king took over all power and proclaimed a constitutional monarchy. Mahendra Bir Bikram Shah became king in 1955. After Mahendra died of a heart attack in 1972, Prince Birendra, at 26, succeeded to the throne.

In 1990, a pro-democracy movement forced King Birendra to lift the ban on political parties. The first free election in three decades provided a victory for the liberal Nepali Congress Party in 1991, although the Communists made a strong showing. A small but growing Maoist guerrilla movement, seeking to overthrow the constitutional monarchy and install a Communist government, began operating in the countryside in 1996.

King Gyanendra dismissed the government in October 2002, calling it corrupt and ineffective. He declared a state of emergency in November and ordered the army to crack down on the Maoist guerrillas. The rebels intensified their campaign, and the government responded with equal intensity, killing hundreds of Maoists, the largest toll since the insurgency began in 1996. In Aug. 2003, the Maoist rebels withdrew from peace talks with the government and ended a cease-fire that had been signed in Jan. 2003. The following August, the rebels blockaded Kathmandu for a week, cutting off shipments of food and fuel to the capital.

King Gyanendra dismissed the entire government in Feb. 2005 and assumed direct power. Many of the country's politicians were placed under house arrest, and severe restriction on civil liberties were instituted. In Sept. 2005, the Maoist rebels declared a unilateral cease-fire, which ended in Jan. 2006. In April, massive pro-democracy protests organized by seven opposition parties and supported by the Maoists took place. They rejected King Gyanendra's offer to hand over executive power to a prime minister, saying he failed to address their main demands: the restoration of parliament and a referendum to redraft the constitution. Days later, as pressure mounted and the protests intensified, King Gyanendra agreed to reinstate parliament. The new parliament quickly moved to diminish the king's powers and selected Girija Prasad Koirala as prime minister. In May, it voted unanimously to declare Nepal a secular nation and strip the king of his authority over the military.

The Maoist rebels and the government signed a landmark peace agreement in November 2006, ending the guerrilla's 10-year insurgency that claimed some 12,000 people. In March 2007, the Maoists achieved another

milestone when they joined the interim government. Just months later, in September 2007, however, the Maoists quit the interim government, claiming that not enough progress had been made in abolishing the monarchy and forming a republic.

Nepal contains a wide diversity in the religion, ethnicity, belief, cultures among the people here but still there was a smooth harmony, love, respect for each other which at this stage seems to have been deteriorated due to unstable political scenario but we still are looking forward to install the same condition as it was prevailing before.

In the mid-twentieth century, Nepal remained gripped in a feudalistic socioeconomic structure despite the influence of Western popular culture, growing commercialization, and some penetration of capitalism. The first challenge to this feudalistic power structure came in 1950-51, when the Rana autocracy was overthrown by the popular democratic movement that restored the authority of the monarchy.

There was no popularly elected government until 1959. During his reign, King Mahendra Bir Bikram Shah Dev frequently changed the government, pitting one ruling clan against another in a manner clearly reminiscent of Shah Politics prior to the rise of Rana rule. He also reconstituted the system of palace patronage, replacing the system of Rana patronage. In December 1960, King Mahendra launched a palace coup against the popularly elected government of Prime Minister Bishweshwar Prasad (B.P.) Koirala and reestablished his absolute monarchical rule under the banner of the partyless panchayat system. Until early 1990, the panchayat system, strictly controlled by the palace, remained firmly in place.

The transition to a new social order was stymied; society remained entrenched in a feudalistic structure.

In terms of differences in wealth and access to political power, Nepalese society could be divided into small ruling elite; a growing, intermediate-sized group of government officials, large landholders, and merchants; and the vast majority of the population, consisting of a peasant base. In a way, all three classes were a long continuum in Nepal's social structure because most members of the ruling elite and government functionaries had their direct roots in the rural landed class, which was one stratum of the farming population.

The smallest and least diverse of the three categories was the ruling elite, largely composed of high-caste, and educated Paharis, namely different strata of Brahmans and Chhetris. At the zenith of this class was the monarch, whose authority was derived from the orthodox Hindu contention that the king was the reincarnation of Vishnu, whose assigned role in the Hindu trinity is protection. The participation of the deprived group, marginalized ethnicities and the women in the visible context in the nation is still imbalanced. So we are witnessing the adversities of those ill-fated social practices where every one is trying to get recognition in violent way about their rights, respect, equity etc. Education in its widest sense can be thought of as any part of the learning process, which equips an individual to take his or her place in the society.

Today's marketplace has become very competitive .During the last thirty year's hundreds of multiunit motorbike companies have been formed, resulting in the development of thousands of motorbike companies.

Understanding consumer behavior is difficult enough for companies marketing within the boarder of a single country. For companies operating in many countries, however, understanding and serving the needs of consumers can be daunting .Although consumer in different countries may have some things in common; their values, attitude and behavior often vary dramatically. International markets must understand such difference and their products and marketing programmed accordingly consider.

Consumer behavior is also influenced by social factors, including the consumer groups, family social roles and status. Because social factors can strongly affect consumer responses, companies must take them into account when designing marketing strategic.

Consumer is the king in the business. This success and failure of any business entirely depends on consumer's reaction to a firm's marketing mix or strategies mix or strategies. Firm's marketing mix or strategies should be designed in such way that satisfies consumers need and wants. To design an effective marketing strategy that satisfies consumer's unsatisfied need and wants, a firm should know the buying behavior of consumers. Understanding consumer buying behavior is an important task for today's marketers.

“Consumer behavior may be defined as the decision process and physical activity individual engage in when evaluating, acquiring, using or disposing of goods and services”<sup>1</sup>

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<sup>1</sup> D.L Loudon & Bitta Della A.J., *Consumer Behavior*, Singapore: McGraw-Hill,1993

However, buying behavior of consumer differs from one to another; however, their buying process may be identical. Generally, the consumer buying process consist of five stages problem recognition, information search, evaluation of alternatives, purchase and post purchase evaluation.

The initial stage of consumer's buying is the problem is the problem recognition and it occurs when a buyer becomes aware of the fact that there is difference between a desired state and an actual condition. After becoming aware of the problem or need, the consumer searches for information regarding availability of brands, product features, seller's characteristics, process and other relevant aspects. Duration and intensity of search efforts depends on buyer's experience in purchasing and nature of the product to be purchased. During this stage, however, consumer has developed evoked set the set of brands of a product which the buyer actually considers while making a specific brands choice.

Products are the evoked sets have been evaluated in the third stage of buying process. To evaluate the products in the evoked set, a consumer establishes a set of criteria to compare the product characteristics. Using the criteria and considering the importance of each, a buyer rates and eventually ranks the brands in the evoked set. If the evaluation yield on or more brands that the consumer is willing to buy, the consumer is ready to move on to the next stage of decision process i.e. purchase stage.

“During this stage, consumer selects not only the product of brand to buy but also select seller or store from which he/she will buy the product. The actual act of purchase occurs during this stage. But, not all decision process lead to a purchase; the individual may terminate the process prior to

purchase. After purchase, buyers start to evaluate the product known as post-purchase evaluation. The outcome of the post-purchase evaluation is either satisfaction or dissatisfaction, which feeds back to other stages of the decision process and influences subsequent purchase.”<sup>2</sup>

Though the consumer buying decision process consists of five stages, all the consumers do not always go through all these five stages. The individual may terminate the process during any stage. This depends on the experience of consumer involved in purchasing and the nature of the products s/he wants to purchase. Persons in high-involvement decision process may omit some of these stages. Whatever be the buying process, it is essential for the modern marketer to know the buying behavior of his or her target customer for the long-term survival.

“In recent years, the international business environment has been marked by far-reaching changes. In the last few years, the business environment of Nepal too has been changed drastically. An implementation of one window system for both domestic and foreign investors and adoption of free and liberal trade policy have increased the business activities to a great extent throughout the country. Consequently, business has become more complex and competitive. To survive in such a changing and competitive business environment, all activities of the business must be focused on the consumer.”<sup>3</sup>

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<sup>2</sup> C.L. Narayan, & R.J. Markin, Consumer behavior and Product performance; Alternative conceptualization, *Journal of Marketing*, 1975

<sup>3</sup> K.D. Koirala, *Marketing Decisions*, Kathmandu: M.K. Publishers & Distributors, 2048, P-138.



In reality, the consumer is sovereign, deciding whether to accept or reject a product on the basis of whether or not it meets perceived needs and desires. To meet perceived needs and desires of the consumers, the marketer should understand the buying behavior of consumer. However, understanding of consumer buying behavior is a complex and difficult task as it is influenced by many factors.

“Generally, consumer behavior is influenced by four factors: cultural (culture, subculture and socio class); social (reference groups, family and social roles and statuses); personal (age, stage in the life cycle, occupation, economic circumstances, lifestyle, personality and self-concept); and psychological (motivation, perception, learning, beliefs and attitudes.”<sup>4</sup> Research into these factors can provide clues to reach and serve consumers more effectively.

Consumers’ needs and desired undergo change from time to time. In order to adapt business with changing pace of consumers’ needs and desires, it is essential for marketers to conduct research continuously on consumers. Realizing this fact, business enterprises of advanced countries have carried out a series of researches on consumer behavior.

However, such practices of studying consumer buying behavior are rare in our country. Here, an attempt has been made to study the consumer behavior with respect to decision making process of motorbike purchase in Biratnagar city.

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<sup>4</sup> P. Kotler, *Marketing Management*, Singapore: Person Education Inc.,2002, P.120

Nepal's school education system comprises five years of Primary Education, three years of Lower Secondary Education, two years of Secondary Education and two years of Higher Secondary Education. Higher Education comprises three years of Bachelor Degree and two years of Master's Degrees but in Technical Education such as Medicine, Engineering, Agriculture, Forestry, Business Administration, and Information Management, the Bachelor's Degree is for four to five years. In addition to it, there are other members of Vocational and Technical Education Institutions run by the state and private sectors like Council for Technical Education and Vocational Training (CTEVT), similarly different ministries of the government are also operating training programs that focus on producing skilled manpower with specific technical skills. So, in this account, we can say that Nepal has recorded very satisfactory achievements in all the departments of education over years. Despite these achievements in school education, the distribution of secondary school still shows a distinct urban bias. Quality of education suffers in public schools of rural areas mainly due to lack of physical facilities, teaching aids and trained teachers.

More than 85% people are still in rural areas and most of them are not getting minimum level of physical facilities that are necessary for human being due to underdevelopment, poverty and centralization of the physical facilities. Still around 40% of the people are living below the poverty line so this indicates the government's policy has not been concentrated to uplifting the ill fate of these people in those areas.

Nepal follows a mixed economy system under which both the public and private sector co exist or in other word, both the public and private sectors are equally active in economic activities, since 1980s, however, more

reliance has been placed on the private sector. This is more so after the restoration of democracy in 1990. The entire nation is largely based on agricultural sector and the backbone of the Nepalese economy. The major food crops are Paddy, Maize, Wheat, Millet and the major cash crops are Sugarcane, Oil-Seeds, Tobacco, Tea, Potato, and Cardamom etc. The total cultivated area is about 18% of the total area and the irrigated area is about 16% of total cultivated area which shows still most part of the cultivated land does not have proper way of irrigation. It is the major source of livelihood for a majority of the country's population. About 80% of Nepal's population is tied up with agriculture. Its contribution to the GDP is 40.1 percent. Nepal's agricultural sector has remained stagnant over the past few decades. In spite of huge investment in this sector in the past, the growth rate in agricultural productivity has been negligible it grew at an average annual rate of only 0.4 percent over the period of 1975 to 1999.

Most strikingly, Nepal, over the last three decades, has gradually shifted from a position of being a net exporter to a net importer of food grains. The productivity of paddy and maize (the major food crops) has gone down slowly than the population growth rate. Only wheat productivity shows slightly higher growth rate. Thus, agriculture in Nepal has been showing many negative trends, which are also known as indicators of unsustainability.

India and the Tibet are the traditional partners of Nepal from time immemorial before 1950, Nepal's foreign trade was confined only to India. Smaller business transactions had been in vogue between trading houses of Nepal and Tibet. Barter trade still exists among inhabitants and traders along high Himalayan frontiers. Trade with overseas countries commenced after

the planned approach to development started in the country in 1956. Today, Nepal has trade relations with many countries of the world. Nepal's foreign trade is increasing rapidly and the figures show that Nepal imports more than it exports which has led to the problem of negative balance of trade.

Nepal has been a tourist's paradise for many years. A country of amazing attractions, both natural and man-made, it offers a memorable experience for every visitor. Nepal is the home to the world's highest mountains, including Sagarmatha (Mt. Everest 88 48m).

Enchantment is everywhere, be it on the shoulders of high mountains, or terraced farmlands meticulously carved like stairways on the hill sides, or cascading mountain rivulets and rushing rivers, or in forests full of wildlife, flowers and bird song. In Nepal, there is something for everybody: tourist, trekker, river rafter, wildlife enthusiast, poet, artist, writer, and scholar.

And the major exports of Nepal like woolen goods, carpets, cotton garments have been also severely hit due to the entry of Nepal in WTO where it has to face a fierce competition among the same product in globally. In which the major importing countries of these goods have also scrapped the quota system which is to be the preferential system of business in which these products never had to compete with the similar products of the different countries but the entry of Nepal in WTO was made this preferential facilities jeopardized.

Due to globalization of the business, the whole world has been a small place. A company can easily set access to the market of the other parts of the world and can achieve its goal. The companies are facing various challenges to market their products over the years. Thrust has been shifted from

efficient production to the swift marketing, marketing department in return, had developed different techniques to market the products. In this modern marketing era, every marketer should understand the consumer's satisfaction.

Companies are adopting many marketing policies and strategies to increase the sales. So, a goods or service produced efficiently alone cannot sell in its own just due to the pilings of the similar products in the same market which has resulted a mounting pressure for the forms of today. So one of the component of the marketing mix i.e. promotion has a significant role to enhance the sales level by catching the attention of the target group of the consumer and advertising has been the most well equipped form of promotion for these companies.

'The term advertising is derived from the original Latin word advertise which means to turn the attention'. Every piece of advertising turns the attention of the readers, listeners or the viewers toward a product, or a service or an idea. Therefore, it can be said that anything that turns, the attention about a service, or an idea might well be called advertising.

Advertising is a part of a sound marketing plan. A well-planned advertising program is continuous and has a cumulative effect. Advertising campaign is the creation and execution of a series of advertisements to communicate with a particular target audience and in this regard understanding specific problems of a consumer is often the key to developing an appropriate advertising campaign.

In whatever form of advertisements are seen today, definitely had some different look, features, ways etc in the past. Tracing back the root, the

history of advertising has been divided into four stages. The first stage is the 'Age of Print'. Ads were primarily classified in format and print media carried them. The culmination of this age was the development of the newspaper.

The second stage we label 'The Industrial Revolution and Emergence of Consumer Society', a period where advertising grew in importance and size because of numerous social and technological developments. The purpose of the advertising was to devise an effective, efficient communication system that could sell products to a widely dispersed market place. National media developed as the country's transportation system grew.

Modern Advertising: Agencies, science and creativity is the third stage in the evolution of advertising. The advertising industry grew to a remarkable \$500 million on media billing and as a result, attracted the development of organizations specializing in advertising (agencies, established research technique) and moved into an era of more creativity.

Starting in the early 1970s, the 'Accountability Era' began. Clients wanted ads that produced sales and implemented technology, so they hired experts that could produce such results. In the early 1990s, the advertising industry recognized that its fate was linked to the global business environment.

The roots of formal advertising in Nepal can be traced back to a print advertisement that appeared on the back cover of a book called Moksha Siddhi in A.D.1862, and was taken out by Manoranjan Press, Thahiti, to promote their various publications. The next instance of a Nepali print

advertisement can be traced back to A.D. 1888, when Gorkha Bharat Jeevan brought out advertisements on the cover of Gorkha Hasya Manjari, published by the Gorkha Bharat Press, Benaras, India. It can be safely said that the milestones and spurts of progress in the advertising sector have coincided with developments in mass media. The start of Gorkhapatra in A.D. 1901 is not only a land mark in the field of Nepali media but also the beginnings of advertising in Nepal.

Nepal explored another medium of mass communication through the introduction of radio broadcasting in A.D. 1945. Instituted by then prime minister Padma Sumsher and run by Kashi Raj Pandey from a powerhouse of Nepal Electricity Corporation in Tundikhel, the service was short lived, and was discontinued due to protest from other Ranas. Regular radio broadcasting commenced on 30<sup>th</sup> January 1951 when Nepal radio (now radio Nepal) was established. Initially, it did not offer advertising services, and due to the lack of reliable records, the presence of advertising content in the later years cannot be ascertained. The real impetus for radio advertising however came when private FM stations came in operation in A.D. 1990.

With the advent of Nepal Television on 29<sup>th</sup> December, 1985, a new era of communications dawned in the Nepali media. But unlike print and radio, the ushering of TV did not bring about any dramatic changes or growth in the advertising sector. The start of private television channels have added to the choice and varied viewer-ship, but the medium is yet little charted domain for advertising possibilities.

The current age is one of convergence, and no medium is complete by itself, unless complemented by other media and technologies. The sector has

moved ahead by leaps and bounds, but there is much yet to be exploited to reach potential. New research shows that using print and television in tandem adds considerable power to a campaign. For example, in recall of advertising, the print plus TV multiplier effect lifted spontaneous recall by plus 127%. Significantly higher than the recall among those exposed to print campaigns only plus 76% or those exposed to TV campaign only 90%.

The advertising Association of Nepal started the Crity Awards to acknowledge are creativity in advertising. A first of its kind, the Crity Awards recognizes the talent of advertising professionals while acknowledging the contribution of advertising agencies to the sector, Nepali business and industries, and to the economy. The Crity Awards has been held four times with much acclaim and appreciation from the advertising and business fraternities and also with criticism and controversies that accompany awards of any kind.

Though the experience of advertising in Nepal is quite short as compared to other developed countries around the globe, but even in this short span of time, it has had a remarkable growth. The reason behind such a vertical growth is that the firms understood the importance of the advertising. Similarly, there has been a fierce completion in the product line too, so advertising has given a best alternative for these business firms position their products in upper hand strategically in the market place.

In Nepal, to give an institutional form, Advertising Agencies Association of Nepal (AAAN) was established in 1990 with a view to protect and promote the rights and welfare of the advertising agencies in Nepal. Though our nation is facing an economic recession, political



instability and different kinds of chaos but still the advertising sector is going sound despite many obstacles. With the rise in globalization, liberalization and media growth, this sector is in increasing phase. And every business firm cannot afford to have their own in house advertising agencies, so business of advertising agencies is rising up.

So, this is a clear indication that this business seems quite prospective and growing in the context of our country also but still it has been considered a business of minor importance and probably this would have been the reasons why laws have not been formulate to regulate this industry. Currently, unethical competition and lack of comprehensive and integrated advertising policies are hampering the advertising sector.

So, there has been a demand laid several times by these Apex Bodies of Advertising like AAAN, Advertising Association of Nepal (AAN) to the government to bring about a national policy on advertising.

So this has been witnessed that it has been taking a promising shape over the time period from the time of 'Age of Print' till the date, so we can say that it is also a dynamic process. Which keeps on changing, therefore, the advertisers have to launch an advertising program or a campaign keeping these facts intact because a very much certain thing that never changes is the 'change' in anything as the time passes .

In 2001, space Time daily reported, Annual consumptions of noodles in Nepal have crossed Rs. 1.25 billion from a meagre investment of Rs. 5000 nearly three decades back which clearly indicates that the growth of instant business is soaring higher over day.

Motorbike has a great impact in the life of people of Biratnagar. Its comfort and easy availability has attracted people to it. Though its can be called a luxurious goods, but in this today's busy life it has become an important part of people. Being chief in comparison to other expensive vehicle available in the market, people are more attracted to it. Also, different financial institution around the city has made it easy for the interested people to have this vehicle for their use. It helps people to minimize their traveling conveyance in response to other vehicles. So, people love to buy this vehicle to minimize their traveling expenses. There are different brands of motorbikes in the city with different facilities which add assets to their needs. Different Dealers like Bhajuratna Engineering & Sales Limited, (Hero Honda & Honda Brands Bike), Laxmi Traqding House, Nav Durga Motors, Yamaha Motors Limited, TVS Motors Limited etc. have occupied good market in this city in the field of Motorbike. This market occupancy of different brands in the city has left lots of opportunities & options for customers in the field of their brand selection. This competitive market also brings lots of schemes and facilities to its customer every now and then.

## **1.2 Focus of the Study**

There are number of showroom, retail-outlet, wholesaler and supermarket in the city which sale different brands of products. The success and failure of any business firm entirely depends on consumer's reaction to its offerings. It is, therefore essential for the market or manufacturer of the

products and services to understand the consumer buying behavior in today's changing and competitive business environment.

Understanding, consumer behavior had become more complex and complicated day by day. It requires continuous efforts of investigation and exploration of consumers. However, such practice of investigation and exploration on consumer buying behavior are too rare or entirely absent in Nepalese business perspective.

### **1.3 Statement of the Problem**

In recent years, the international business environment has been marked by far-reaching changes. In the last few years, the business environment of Nepal too has been changed drastically. An implementation of one window system for both domestic and foreign investors and adoption of free and liberal trade policy have increased the business activities to a great extent throughout the country. Consequently, business has become more complex and competitive. To survive in such a changing and competitive business environment, all activities of the business must be focused on the consumer.

In reality, the consumer is sovereign, deciding whether to accept or reject a product on the basis of whether or not it meets perceived needs and desires, to meet perceived needs and desires of the consumers. However, understanding of consumer buying behavior is a complex and difficult task as it is influenced by many factors such as cultural, social, personal and psychological. In addition, consumer behavior is a changing phenomenon.

Consumers' needs and desires undergo change from time to time. In order to adapt business with changing pace of consumers' needs and desires, it is essential for marketers to conduct research continuously on consumers. Realizing this fact, business enterprises of advanced countries have carried out a series of researches on consumer behavior. However, such practices of studying consumer buying behavior are rare in our country. Here, an attempt has been made to study the consumer behavior with respect to decision making process of motorbike purchase in Biratnagar city.

#### **1.4 Objectives of the Study**

Understanding consumer behavior has become more complex and complicated day by day. It requires continuous efforts of investigation and exploration of consumers. However, such practice of investigation and exploration on consumer buying behavior are too rare or entirely absent in Nepalese business perspective. In such circumstances, an attempt has been made in this work to study consumer behavior with respect to decision-making process of motorbike purchasing in Biratnagar City. The main objectives of this study are mentioned below:

- ) To analyze the decision making process of motorbike owners in Biratnagar and to determine the purpose of motorbike purchasing.
- ) To evaluate and find out the factors influencing consumer behavior for brand sold as well as buying behavior.

- ) To examine the profile of the motorbike owners on the basis of age, gender, income & qualification.
- ) To find out the impact of service mileage and credit facility in motorbike purchase decisions.
- ) To provide suggestions on the basis of study findings.

### **1.5 Importance of the Study**

The Nepalese market has been gradually turned into cutthroat competition. Different types of product with large number of alternative brands are available in the market. In this context, it is essential for the manufacturer or marketer of the product to know the buying behavior of target customer to turn success in their favor. As the focus of the study is on consumer behavior with respect to decision –making process of motorbike purchase in Biratnagar city, the marketer of the product will be highly benefited by this study. They may use the findings of this study as a guideline for making strategies for successful marketing of their product. Such marketing strategies may relate to segmentation of market based on buyer's behavior.

The research helps not only the marketers but also provide valuable guidelines and reference to the scholars and researchers who are interested in conducting further research on consumer buying behavior.

## **1.6 Limitations of the Study**

This research would be conducted for partial fulfillment of master degree in business studies. The researcher being a student has very limited resources. Thus, this study would have certain limitations which are as follows:

Consumer's decision-making process would be studied with motorbike as a product. Thus, the result of this study will be more applicable to this product only.

This study will confine only in Biratnagar city. All the respondents for this study were taken from Biratnagar city. Thus, sample size taken for the study is small in comparison to the population of the study.

The study would entirely base on the opinion, views and responses of the respondents. Opinions of the respondents were as a sense of truth, which may not be correct at all time due to changing behavior of customers.

In spite of these limitations, lots of effort would be made to make this study more accurate and practical.

## **1.7 Organization of the Study**

This study has been organized under five chapters.

**Chapter – I :** The First chapter contains Background of the study, Focus of the study, Statement of the problem, Objectives of this study, Importance of the study and Limitation of the study.

**Chapter- II:** The Second chapter is designed for the Review of Related Literature; especially the consumer's decision process and factors influencing buyer's behavior. Other relevant past studies also have been reviewed.

**Chapter-III:** The Third Chapter describes the methodological aspect of the study. It contains Research Design, Population and Sample, Nature and Sources of data, Data collection procedure and Data analysis tools.

**Chapter- IV:** The Fourth Chapter incorporates the main body of the study data presentation and analysis. This chapter highlights the objective wise data presentation, analysis and interpretation. Major findings of this study are also presented in this chapter.

**Chapter-V:** The Fifth Chapter will saw summary, conclusion and recommendations are presented in chapter five. In addition, and extensive references and appendices would be presented the end.

# **CHAPTER - II**

## **LITERATURE REVIEW**

### **2.1 Introduction**

Consumer decision process has remained an important area of theoretical and empirical research for long. The understanding of why consumers behave as they do and the reasons there of has tremendous implications for both the marketers and the public policy makers. While this understanding is likely to help marketers match their marketing mix with the need of different consumer segments, it can also enable public policy makers formulate such consumer programs and mandatory regulations for business as deemed necessary to promote consumer welfare.

The research in the area of consumer behavior receives added significance in a product market environment like that of Nepal characterized by low level of education, lack of buying alternatives and biased sources of information.

Present study is an attempt in this direction aimed at examining the consumer behavior with respect to decision-making process of motorbike purchase in Biratnagar city. In order to provide a framework for this study, available literature on different components of consumer decision process has been received and presented in subsequent heading in this chapter.



## 2.2 Consumer Decision Process

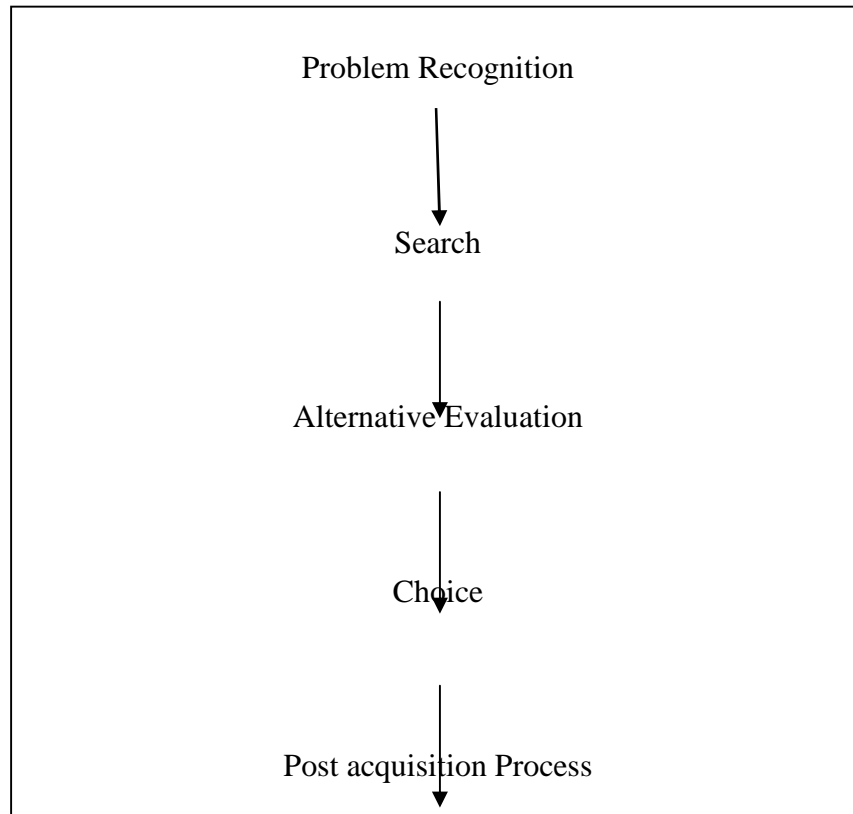
“One of the important and traditional areas of study in consumer behavior has been the consumer decision-making process leading to product/service purchase. The study of consumer decision-making involves the analysis of how people choose between two or more alternative acquisitions and of the processes that take place before and after the choice.”<sup>5</sup>

At the most complex level, consumer decision making process consists of a series of five stages shown below:

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<sup>5</sup> J.C. Mowen, *Consumer Behavior*, New York: Macmillan Inc., 1999, P.187

## A Generic Flowchart of the Consumer Decision Process



Source: J.C. Mowen<sup>6</sup>

### i) Problem Recognition

Problem recognition occurs when a discrepancy develops between an actual and a desired state of being. In essence, problem recognition occurs when a need state is felt. Typically, researchers seek to identify consumer problem by analyzing the factors that act to widen the gap between the actual state and the desired state. Thus, if the satisfaction with the actual

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<sup>6</sup> Ibid. P. 188

state decreases, or if the level of the desired state increases, a problem may be recognized that propels consumer to action.

## **ii) Consumer Search Behavior**

After a consumer identifies a problem of sufficient magnitude to propel him or her to action, a search process is begun to acquire information about products or services that may eliminate the problem. The investigation of the consumer search process is highly important to marketers. In particular, it influences a company's promotion and distribution strategies.

Researchers have found that two types of consumer search process exist-internal search and external search. Internal search involves that consumer attempting to retrieve from long term memory information in products or service that will help to solve a problem. In contrast, external search involves the acquisition of information from outside sources, such as friends, advertisements, packaging, sales personnel, and so forth.

## **iii) Alternative Evaluation**

In the evaluation stage of the action process, the consumer compares the brand identified as potentially capable of solving the problem that initiated the decision process. When the brands are compared, the consumer may form belief, attitudes and intentions about the alternatives under consideration. Thus, alternative evaluation and the development of beliefs, attitudes and intentions are closely related. The result of alternative evaluation of high-involvement goods is generally lengthy comparative to low-involvement goods.

#### **iv) Consumer Choice Process**

After engaging in an evaluation of the alternatives, the consumer's next step in the decision making process is to make a choice among alternatives. Consumers make a variety of different types of choices. They can choose among alternative brands or services, and they can make choices among stores. How consumers go about making choices is strongly influenced by the types of decision process in which they are engaged. Good evidence exists that the choice process differs if consumers use a high-involvement approach as compared to a low-involvement approach. When consumers are highly involved in the purchase, they will tend to engage in a lengthy decision-making process. In such a high-involvement purchase, consumers are described as moving through each of the five stages of the action process in a sequential manner.

In contrast, when consumers perceive little personal importance in the purchase they will move through a limited decision process. The search stage will be minimized. In addition, the alternative evaluation stage may be largely skipped. Finally, in limited decision making the choice process will be much simpler than in high involvement conditions.

#### **v) Post Acquisition Process**

“The post acquisition phase of the consumer buying process consists of four stages acquisition consumption/usage, the formation of post acquisition purchase satisfaction or dissatisfaction, consumer complaint behavior and product disposition. The post acquisition phase has a major

impact on whether consumers will repurchase the product or service. In addition, expectations of how will be treated in the post acquisition phase may influence actual buying decision.”<sup>7</sup>

## **2.3 Factors Influencing Consumer Behavior**

A consumer’s buying behavior is influenced by cultural, social, personal and psychological factors. Research into all these factors can provide clues to reach and serve consumers more effectively.

### **Cultural Factors**

Culture, subculture and social class are particularly important in buying behavior.

**Culture:** Culture is the fundamental determinant of a person’s want and behavior. The growing child acquires a set of values, perceptions, preferences and behavior through his or her family and other key institutions. Each culture coins of smaller subcultures that provide more specific identification and socialization for their members.

**Subculture:** Subcultures include nationalities, religions, racial groups and geographic regions. When subcultures grow large and affluent enough, companies often design specialized marketing programs to serve them.

**Social class:** Social classes reflect not only income, but other indicators such as occupation, education and area of residence. There members share similar

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<sup>7</sup> Op.cit. P. 285.

values interests and behavior. Social classes differ in dress, speech patterns, recreational preferences and many other characteristics. Social classes show distinct product and brand preference in many areas, including clothing, home furnishings, leisure activities and automobiles.

### **Social Factors**

In addition to cultural factors, a consumer's behavior is influenced by such social factors as reference groups, family and social roles and statuses.

**Reference groups:** A person's reference groups consist of all the groups that have a direct or indirect influence on the person's attitudes or behavior. Groups having a direct influence on a person are called membership groups. Some membership groups are primary groups, such as family, friends, neighbors and co-workers with whom the person interacts continuously and informally. People also belong to secondary groups, such as religious, professional and trade union groups, which tend to be more formal and require less continuous interaction.

**Family:** The family is the most important consumer-buying organization in society and family members constitute the most influence primary reference group. The family has been researched extensively. We can distinguish between two families in the buyer's life. The family of orientation consists of parents and siblings. From parents a personal ambition, self-worth and love. Even if the buyer no longer interacts very much with his or her parents, their influence on the buyer's behavior can be significant.

**Role and Statuses:** A person participates in many groups – family, clubs, and organizations. The person's position in each group can be defined in

terms of role and status. A role consists of the activities a person is expected to perform. Each role carries a status.

### **Personal Factors**

A buyer's decisions are also influenced by personal characteristics. These include the buyer's age and stage in the life cycle, occupation, economic circumstances, lifestyle and personality and self-concept.

**Age and stage in the life cycle:** People buy different goods and services over a lifetime. They eat baby food in the early years, most foods in the growing and mature years and special diets in the later years. Taste in clothes, furniture and recreation is also age related. Marketers often choose life-cycle groups their target markets.

**Occupation:** Occupation also influences consumption patterns. A blue-collar worker will buy work clothes, work shoes and lunch boxes. A company president will buy expensive suits, air travel and country club membership. Marketers try to identify the occupational groups that have above-average interest in their production and service.

**Economic circumstances:** product choice is greatly affected by economic circumstances such as spendable income, saving and assets, debts, borrowing power and attitudes towards spending and saving. Marketers of income-sensitive goods continuously monitor trends in personal income, saving and interest rates.

**Lifestyle:** People from the same subculture, social class and occupation may lead quite different life style. A lifestyle is a person's pattern of living in the world as expressed in activities, interest and opinions. Lifestyle portrays the

“whole person” interacting with his or her environment. Marketers search for relationship between their products and lifestyle groups.

**Personality and self-concept:** Each person has personality characteristics that influence his or her buying behavior. By personality, we mean a set of distinguishing human psychological traits that lead to relatively consistent and enduring responses to environmental stimuli. Personality is often described in terms of such traits as self confidence, dominance, autonomy, deference, sociability, defensiveness and adaptability. Personality can be a useful variable in analysis consumer brand choices. The idea is the brands also have personalities and that consumers are likely to choose brands whose personalities match their own.

### **Psychological Factors**

A person’s buying choices are influenced by four major psychological factors motivation, perception, learning and belief and attitudes.

**Motivation:** A person has many needs at any given time. Some needs arise from physiological states of tension such as hunger, thirst or discomfort. Other needs arise from psychological states of tension such as the need of recognition, esteem or belonging. A need becomes a motive when it is around to a sufficient level of intensity. A motive is a need that is sufficiently pressing to drive the person to act.

**Perception:** A motivated person is ready to act. How the motivated person actually acts influenced by his or her perception of the situation. Perception is the process by which individual selects, organizes and interprets



information inputs to create a meaningful picture the world. Perceptions can vary widely among individuals exposed to the same ability.

**Learning:** When people act, they learn. Learning involves changes in an individual's behavior arising from experience. Most human behavior is learned. Learning theorists believe that learning is produced through the interplay of drives, stimuli, cues, responses and reinforcement. Teaching theory teaches marketers that they can build up demand for a product by associating it with strong drives, using motivating cues and providing positive reinforcement.

**Beliefs and Attitudes:** Through doing and learning, people acquire belief and attitudes. These in turn influence buying behavior. A belief is a descriptive thought that a person holds about something. People's belief about a product or brand influences their buying decisions. Marketers are interested in the beliefs people carry in their heads about their products and brands. Brand beliefs exist in consumers' memory.

“Attitudes lead people to behave in a consistent way toward similar objects. Consumer's attitude towards a firm and products strongly influence the success or failure of that organization's marketing strategy. When consumers have strong negative attitudes about one or more aspects of a firm's marketing practices, they not only stop using the product but also many stop their relatives and friends from using it. Since attitude can play such an important part in determining consumer behavior, marketer should

measure consumer attitudes towards such dimension as prices, package designs, brand name, advertisement, etc.”<sup>8</sup>

## **2.4 Review of Unpublished Thesis**

Under this segment, previous thesis of Tribhuvan University has been reviewed. The unpublished literatures found relevant to the study are as follows:

Y. S Bhandari conducted a research study on, “Brand preference study on motorbike with reference to Kathmandu city”<sup>9</sup> with the objective of:

- ) To identify the profiles of customers of specific brand.
- ) To examine the product attributes sought in the motorbike brand.
- ) To access the customers’ perception on brand preference.

The research was mainly based on primary data. Motorbike was chosen as the sample product. The sample of the respondents used in this study constitutes 120 motorbike riders of Kathmandu city. The research findings of the study were as follows:

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<sup>8</sup> Ibid. PP. 183-198.

<sup>9</sup> Y.S. Bhandari, Brand Preference Study on Motorcycle with reference to Kathmandu City, Unpublished Master's Thesis, T.U., 2004

- ) Hero Honda brand has been found as the most preferred brand, Bajaj as the second, Yamaha as the third, other brand as the fourth, Lifan as the fifth and Dayang as the sixth preferred brand respectively.
- ) On the basis of profession, Hero Honda has been most popular except in business category. K-Bajaj has been popular in business category.
- ) It was found that brand loyalty exists in the motorbike buyer.
- ) The price factor has been positively perceived in terms of fuel efficiency, resale value and aesthetic looks.
- ) Yamaha has been found having high resale value, high power and moderate looks.
- ) K-Bajaj has been represented by its fuel efficiency, more after sales services and moderate looks.
- ) High power and high aesthetic looks have been found as the strong attributes of Lifan brand. It has been found that Lifan disadvantages with regard to fuel efficiency and resale value.
- ) Dayang brand of motorbike has been found more positive on its aesthetic looks and finance facility.

S. Palungwa conducted a research study on, “A Study on Personal Computer Buyer Behavior”<sup>10</sup> with the objective of:

- ) To analyze the level of buyer awareness about personal computer.
- ) To ascertain brand preference of buyers.
- ) To analyze the purpose of buying personal computer.
- ) To provide suitable suggestions.

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<sup>10</sup> S. Palungwa., A Study on Personal Computers Buyer Behavior, Unpublished Master's Thesis, T.U., 2003

Fifty respondents were selected from Kathmandu valley. Only those samples were included who had acquired personal computer. Random and convenience sampling method was used in this study. The data were collected through a self-administered questionnaire survey in Kathmandu valley manually at convenient time. The major findings of this study were as follows:

- ) The respondents from Kathmandu valley preferred assembled personal computer than branded personal computer.
- ) One of the important findings was that time efficiency was basic motivating factor for personal computer user.
- ) The respondents had their priority for personal and family use of personal computer.
- ) Respondents were price sensitive; they are dependent on process of purchasing personal computer.
- ) People with higher income and education were the prominent buyer of the personal computer.
- ) The buyers were ready to spend more than thirty-five thousand rupees on personal computer and were highly conscious of quality of the product.

L.B Baniya conducted a research study on, “A Study of Buyer Behavior in Pokhara with Special Reference to Cross-culture Buying Pattern”<sup>11</sup> with the objective of:

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<sup>11</sup> L.B. Baniya, A Study on Buyer Behavior in Pokhara with Special Reference to Cross-culture Buying Pattern, Unpublished Master's Thesis, T.U, 1994

- ) To find out the brand pattern and purchase frequently of the clothing and the grocery products for the British-Gorkhas and the local people.
- ) To examine the store name awareness, purchase location and types of store used by the British-Gorkhas and the local people for the purchase of clothing and grocery.
- ) To determine the criteria used by the British-Gorkhas and the local people for choosing a particular product, brand, store and their rank of order of importance.
- ) To fine out the attitude of the British-Gorkhas and the local people towards bargaining.

On hundred respondents were selected for the study. This study was based on primary data and all the required data were collected from 50 British-Gorkhas and 50 local people. For the statistical analysis, statistical tool such as percentage, rank, Spearman's rank correlation coefficient were used. The major findings of his study were:

- ) The purchase frequency of the grocery for the British-Gorkhas and the local people were similar to a large extent.
- ) Majority of British-Gorkha use foreign brands as well as a large number of local people adopt similar approach.
- ) Awareness levels of British-Gurkhas are high on grocery items, but in case of clothing, it was found low in comparison to local people.
- ) As far as the criteria used to choose a product is concerned, quickly and price are in the high profit of ranking.
- ) Both British-Gorkha and local people have almost similar attitude towards bargaining.

M. P. Dahal conducted a research study on “Patterns of consumer decision making process while purchasing high involvement goods in Nepal”<sup>12</sup> with the objective of:

- ) Patterns of decision making strategies consumers utilize while making purchase of a durable goods.
- ) The level of pre purchase information seeking and their correlates.
- ) Size of the choice set.
- ) Decision making criteria and rules employed in evaluation of alternatives.

The study was based strictly on primary data. All the required information was collected from 300 respondents of Biratnagar district with the help of a structured questionnaire. The analysis tools included the factor analysis, cluster analysis, discriminant analysis and path analysis. The major findings of the study were:

- ) Though not very extensive, the Nepalese buyers undertake information search with greater emphasis upon dealer and interpersonal sources of information.
- ) Source of information available to Nepalese buyers have five dimension brochures, test-drive, advertisements, interpersonal source and dealer visit.
- ) Nepalese buyers have rather small-evoked set size for both the makers and model.
- ) Total search effort was positively related with education, but it was negatively related with prior preference for manufacturer and model.

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<sup>12</sup> M.P. Dahal, Pattern of Consumer Decision Making Process While Purchasing High Involvement Goods in Nepal, Unpublished Maste's Thesis, T.U. 1994.

# **CHAPTER - III**

## **RESEARCH METHODOLOGY**

Research Methodology includes following sub headings.

### **3.1 Research Design**

Descriptive-cum analytical research design has been used in this study.

### **3.2 Population and Sample**

Population consists of total motorbike owner in Biratnagar city for this study. It includes well-defined number of the motorbike owner.

The sample of respondents used in this study constitutes 50 motorbike buyers of Biratnagar City. Convenience Sampling method has been used in this study.

### **3.3 Nature and Source of Data**

The information and data required for conducting the study was entirely based on primary source. Primary information and data were gathered through structured questionnaire. Based on the objectives of the

study, a comprehensive questionnaire was developed which included questions pertaining to consumer decision-making process and factors influencing behavior.

### **3.4 Data Collection Procedure**

The data were collected through self-administered structured questionnaire. It was collected at mutual convenient place in Biratnagar city. The respondents were supported by oral explanation when they did not understand the questionnaire.

### **3.5 Data Analysis Tools**

The questionnaire were distributed and collected to make them applicable for presentation and analysis. The questionnaire form was distributed to 80 consumers and out of them 50 consumers has submitted the form dully filled all the questions being placed in the form. So, the percentage of respondent was 62.50%.



## **CHAPTER - IV**

### **DATA PRESENTATION AND ANALYSIS**

In this chapter, the data and information obtained from the questionnaire have been presented and analyzed comparatively keeping the objective in mind. This chapter has been organized into three sections. In the first section, presentation and analysis has been done to identify decision-making process of motorbike owners. The second section of the chapter deals to determine the factors that influence the consumer buying behavior of motorbike in Kathmandu city. Likewise, in the last section, presentation and analysis has been done to study the profile of the motorbike buyers.

#### **4.1 Presentation and Analysis to Decision-making Process of Motorbike Owners**

In this section, an attempt has been made to identify decision-making process while making a motorbike purchase. For this purpose, questions relating to problem recognition consumer search behavior, alternative evaluation, and consumer choice process and post acquisition process have been employed. The analysis has been done on the basis responses provided by the respondents.

### 4.1.1 Problem Recognition

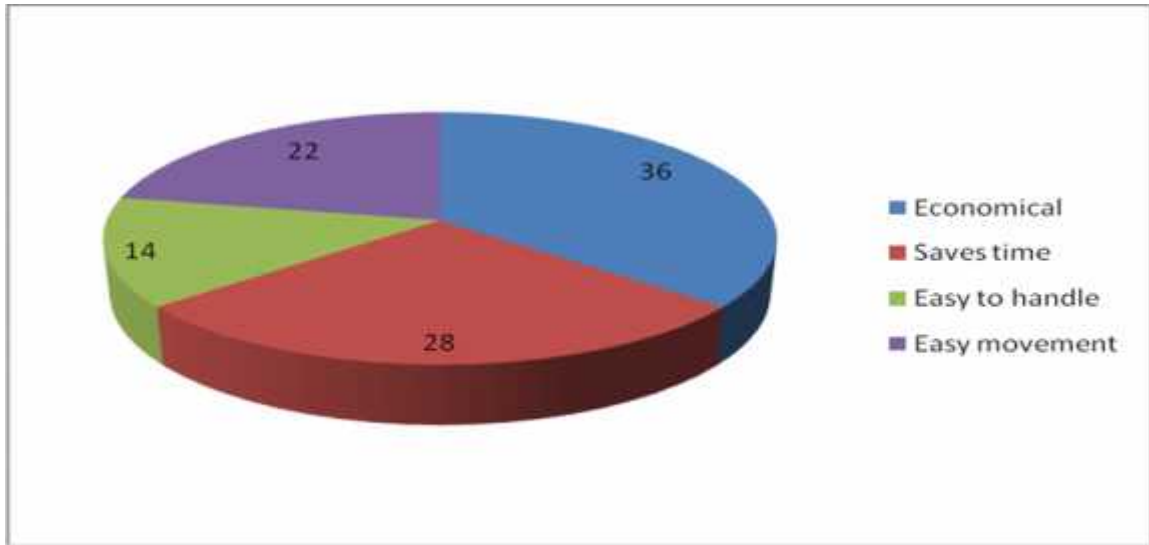
In this section, three sets of question have been asked to the consumers. The first question was asked to fine out consumer's preference to motorbike in comparison to other vehicles. Table 1 shows the actual result of the respondents.

**Table - 1**  
**Reason for Preferring Motorbike**

<b>Reason</b>	<b>No of respondents</b>	<b>Percentage</b>
It is economical	18	36
It saves time	14	28
It is easy to handle	7	14
Easy movement	11	22
<b>Total</b>	<b>50</b>	<b>100</b>

*Source: Survey Report, 2009*

**Figure - 1**  
**Reason for Preferring Motorbike**



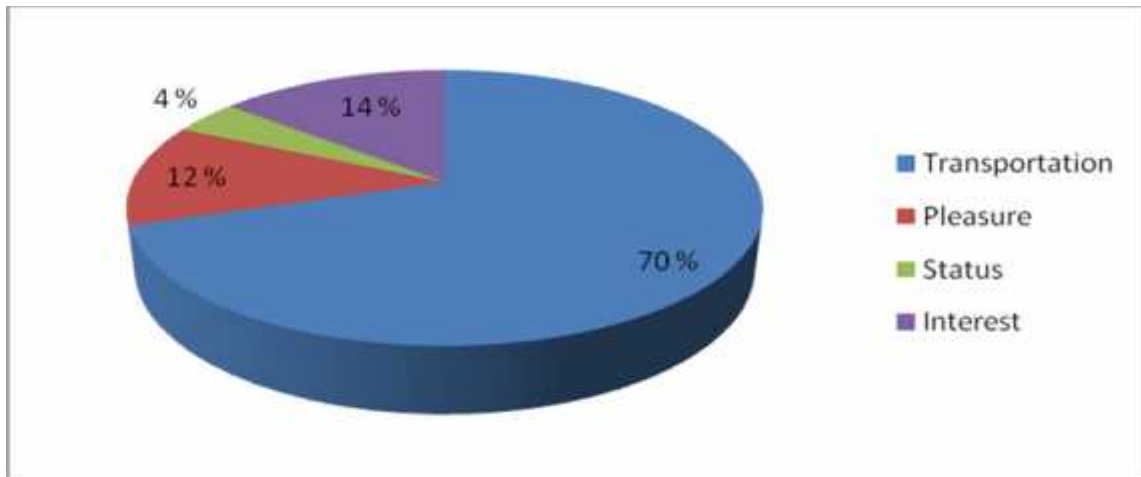
The second question was asked to find the purpose of motorbike riding. Table 2 reflects the purpose of motorbike riding.

**Table - 2**  
**Purpose of Motorbike Riding**

<b>Purpose</b>	<b>No of respondents</b>	<b>Percentage</b>
Transportation	35	70
Pleasure	6	12
Status	2	4
Interest	7	14
<b>Total</b>	<b>50</b>	<b>100</b>

*Source: Survey Report, 2009*

**Figure - 2**  
**Purpose of Motorbike Riding**



The final question was asked to find out the effect of advertisement on problem recognition. Table 3 shows the actual result of the respondents.

**Table - 3**  
**Advertising Effect on Problem recognition**

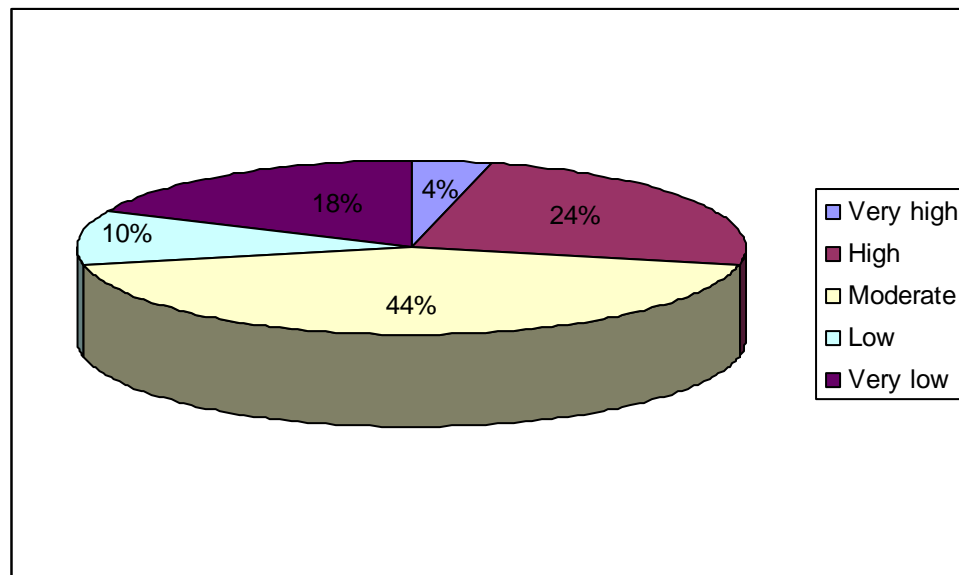
<b>Option</b>	<b>No of respondents</b>	<b>Percentage</b>
Very high	2	4
High	12	14
Moderate	22	44
Low	5	10
Very low	9	18
<b>Total</b>	<b>50</b>	<b>100</b>

*Source: Survey Report, 2009*

As shown in the table 4.3, 44% of respondents were moderately affected by advertisement on problem recognition, 24% highly, 18% very low and 10% low respectively. Figure 3 represents the data more clearly.

**Figure 3**

**Advertising Effect on Problem Recognition**



**4.1.2 Consumer Search Behavior**

In this section, three sets of question have been asked to the consumers. The first question was asked to find out how the consumers first happened to know the model of motorbike they bought. Table 4 shows the actual result of the respondents.

**Table 4**

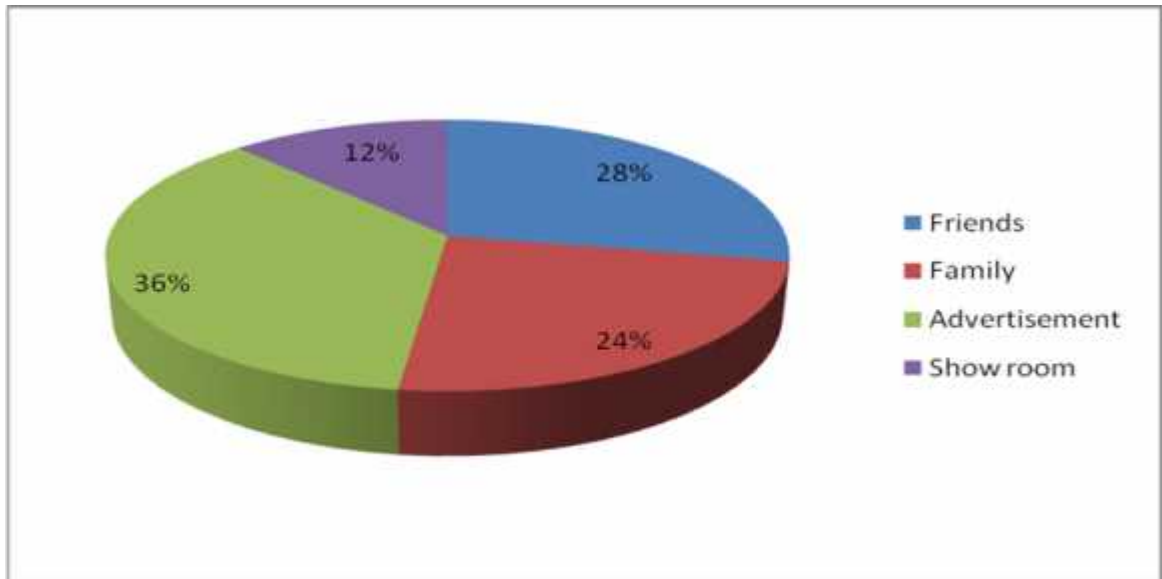
**Source of First-hand Information**

<b>Source</b>	<b>No of respondents</b>	<b>Percentage</b>
Friends	14	28
Family	12	24
Advertisement	18	36
Show room	6	12
<b>Total</b>	<b>50</b>	<b>100</b>

*Source: Survey Report, 2009*

**Figure 4**

**Source of First-hand Information**



The second question was asked to find out information sought by the buyers before purchasing a motorbike. Table 5 shows the result of the respondents.

**Table 5**  
**Information Sought on Motorbike**

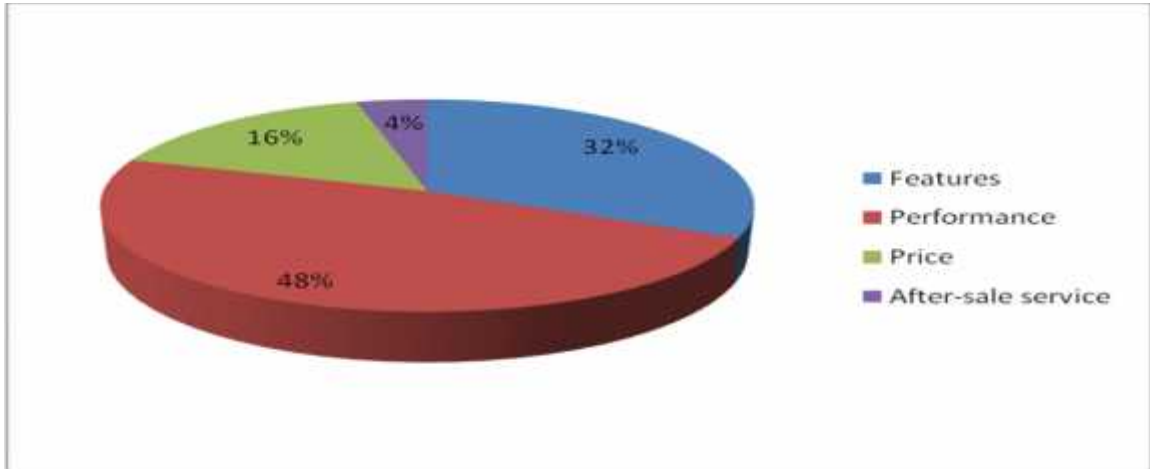
<b>Source</b>	<b>No of respondents</b>	<b>Percentage</b>
Features	16	32
Performance	24	48
Price	8	16
After-sale service	2	4
<b>Total</b>	<b>50</b>	<b>100</b>

*Source: Survey Report, 2009*

Table 5 represents information sought by respondents on motorbike. 48% of respondents sought information on performance on performance of a motorbike like mileage, ride frequency of repair, etc. Similarly, 32% of respondents look information on features like electric start, disc brakes, looks, etc. and 16% looks for price. Only 4% of respondents look for after-sale service. It has been explained more clearly in figure 5.

**Figure 5**

**Information sought on Motorbike**



The final question under this section was asked to fine out the source of information consumers used while purchasing a motorbike. Respondents have been asked to rank different sources of information they used. Table 6 shows the result of the respondents.



**Table 6**

**Ranking Source of Information used by the consumers**

Rank	1 <sup>st</sup>		2 <sup>nd</sup>		3 <sup>rd</sup>		4 <sup>th</sup>		5 <sup>th</sup>		Total
	No.	%	No.	%	No.	%	No.	%	No.	%	
TV	14	28	9	18	7	14	8	16	12	24	50
Friends	12	26	18	36	8	16	8	16	3	6	50
Dealers	6	12	10	20	14	28	12	24	8	16	50
Brochure	5	10	8	16	12	24	9	18	16	32	50
Test driving	12	24	5	10	9	18	13	26	11	22	50
<b>Total</b>	<b>50</b>	<b>100</b>	<b>50</b>	<b>100</b>	<b>50</b>	<b>100</b>	<b>50</b>	<b>100</b>	<b>50</b>	<b>100</b>	

*Source: Survey Report, 2009*

As shown in the table 6, respondents have given rank to the sources of information they used while purchasing a motorbike. TV is the most used source of information which is in the first rank with 28%, followed by friends and family in the second rank with 36%.

Similarly, visit to dealers is in the third rank with 28%, test-driving is in the fourth rank with 26% and finally manufacturer's brochure is in the fifth rank with 32%.

### **4.1.3 Alternative Evaluation**

Under this section, two sets of question have been asked to know the consumers evaluation criteria. The first question was asked to identify the

criteria one can possibly use while checking different modals of motorbike. Table 4.7 shows the result of the respondents.

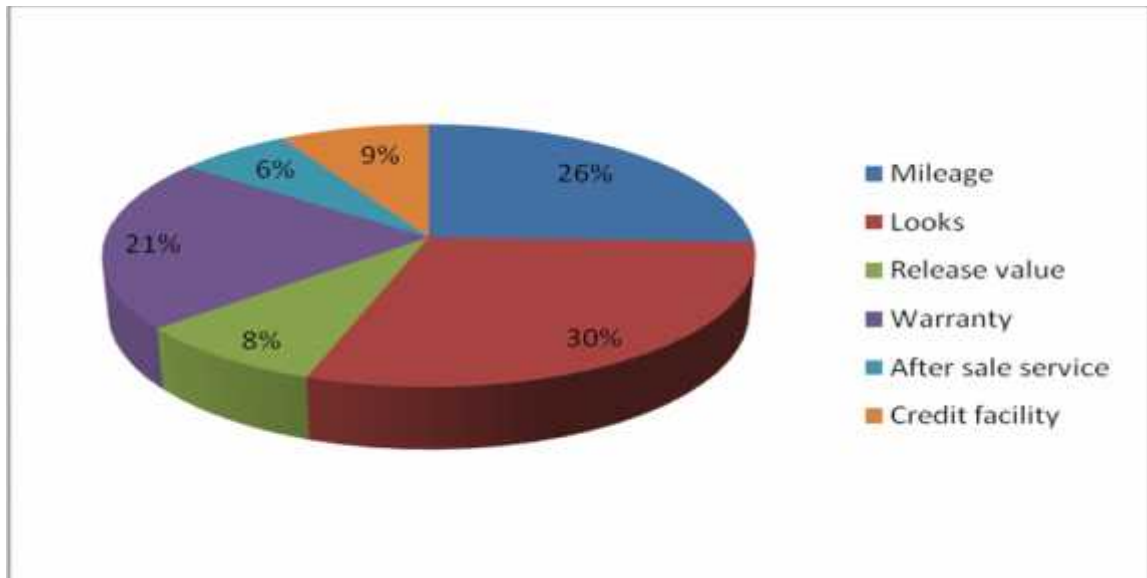
**Table 7**  
**Criteria used while selecting different Models**

<b>Criteria</b>	<b>No. of respondents</b>	<b>Percentage</b>
Price	12	24
Mileage	14	28
Looks	4	8
Release value	10	20
Warranty	3	6
After sale service	4	8
Credit facility	3	6
<b>Total</b>	<b>50</b>	<b>100</b>

*Source: Survey Report, 2009*

Table 7 shows that the motorbike buyers first look for mileage while evaluating different models of motorbikes which is 28%. It is closely followed by price with 24%, resale value with 20%, looks and after sale service with 8% and credit facility and warranty with 6% respectively. The data are represented in figure 6 for better understanding.

**Figure 6**  
**Criteria used while selecting different Models**



This second question was asked to find out the recommendation used by the buyers while selecting the model of the motorbike. Table 8 shows the result of the respondents.

**Table 8**  
**Recommendation used by the Consumers**

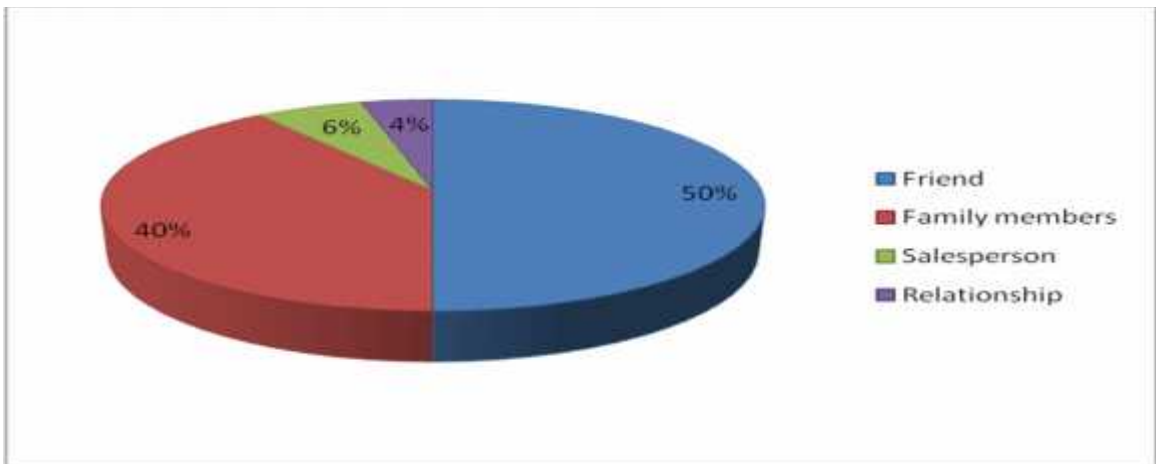
<b>Recommendation</b>	<b>No of respondents</b>	<b>Percentage</b>
Friend	25	50
Family members	20	40
Salesperson	3	6
Relationship	2	4
<b>Total</b>	<b>50</b>	<b>100</b>

*Source: Survey Report, 2009*

Table 8 shows the recommendation used by the respondents while purchasing a motorbike. It is clearly from the table that 50% of the respondents use friend as a recommendation. Only 4% of respondents use relatives, which is the least source used for recommendation. Similarly, use of family members as recommendation is 40% and salesperson is 6% respectively. The data has been presented in figure 9.

**Figure 7**

**Recommendation used by the Consumer**



#### **4.4 Consumer Choice Process**

This section two, sets of question have been presented and analyzed to identify consumers' choice process. The first question deals with the factors influencing consumer choice process. Respondents have been asked to rank the factors influencing their choice process. Table 10 shows the result of the respondents.

**Table 9**  
**Factor Influencing Consumer Choice Process**

Factors	1 <sup>st</sup>		2 <sup>nd</sup>		3 <sup>rd</sup>		4 <sup>th</sup>		5 <sup>th</sup>		Total
	No.	%	No.	%	No.	%	No.	%	No.	%	
Price	15	30	10	20	9	18	10	20	6	12	<b>50</b>
Brand	6	12	13	26	14	28	10	20	7	14	<b>50</b>
Model	12	24	3	6	15	30	9	18	11	22	<b>50</b>
Spare parts	12	24	9	18	4	8	13	26	12	24	<b>50</b>
Resale Value	5	10	15	30	8	16	13	26	14	28	<b>50</b>

*Source: Survey Report, 2009*

In the table 9, respondents have given rank to the factors influencing consumer choice process while purchasing a motorbike. As shown in the table, price is the most important factors influencing consumer buying decision which is in the first rank with 30%. Resale value of a motorbike is in the second rank with 30%. Similarly, model of a motorbike is in the third rank with 30% followed by spare parts available in the fourth rank with 26% and brand of a motorbike in the fifth rank with 14%. According to the sample collected, price has been found as the most influencing factor in consumer choice process of a motorbike.

Under consumer choice process, the second set of question has been asked to identify how attitude of others affect while making a product choice. Attitude of friends, family members and relatives also influences consumer decision-making process. Thus, the respondents were asked to identify how attitude of others influences consumer choice process. Table 9 shows the result of the respondents.

**Table 10**

**Attitude of others Influencing Consumer Choice Process**

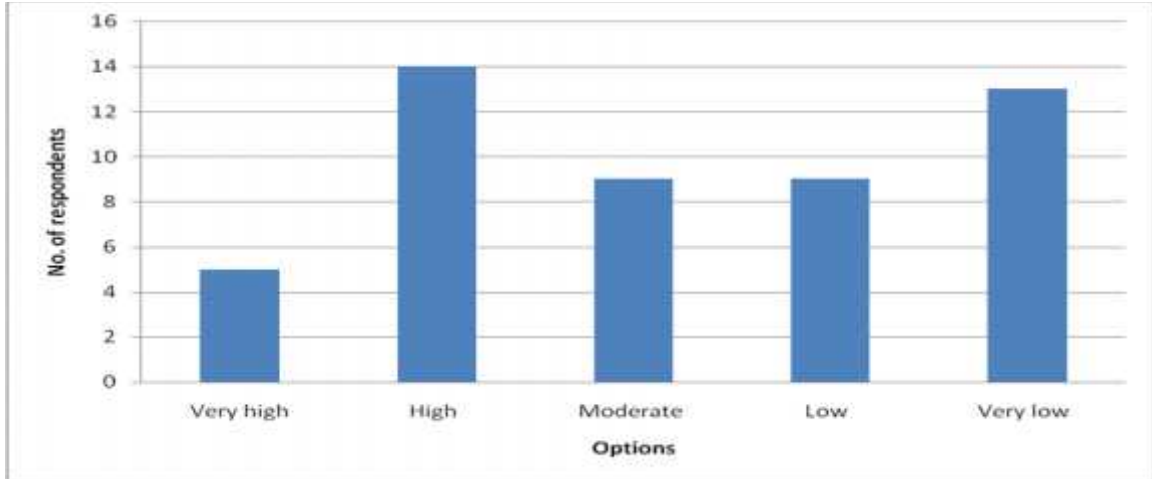
<b>Options</b>	<b>No of respondents</b>	<b>Percentage</b>
Very high	5	10
High	14	28
Moderate	9	18
Low	9	18
Very low	13	26
<b>Total</b>	<b>50</b>	<b>100</b>

*Source: Survey Report, 2009*

As shown in the table 11, 28% of respondents were highly affected by attitude of others on consumer choice process which was closely followed by 26% who had very low effect. Similarly, 18% of respondents had moderate effect as well as 18% respondents had low effect on attitude of others. Only 10% of respondents were found to be very highly affected by attitude of others. Figure 4.8 represents the data more clearly.

**Figure 8**

**Attitude of others Influencing Consumer Choice Process**



**4.1.5 Post Acquisition Process**

For finding out post acquisition process, the consumers were asked how well they were satisfied with their motorbike. Table 4.11 shows the result of the respondents.

**Table 11**  
**Satisfaction Level of Respondents**

<b>Satisfaction level</b>	<b>No. of respondents</b>	<b>Percentage</b>
Delighted	5	10
Satisfied	27	54
Just satisfied	11	22
Dissatisfied	2	4
Disappointed	5	10
<b>Total</b>	<b>50</b>	<b>100</b>

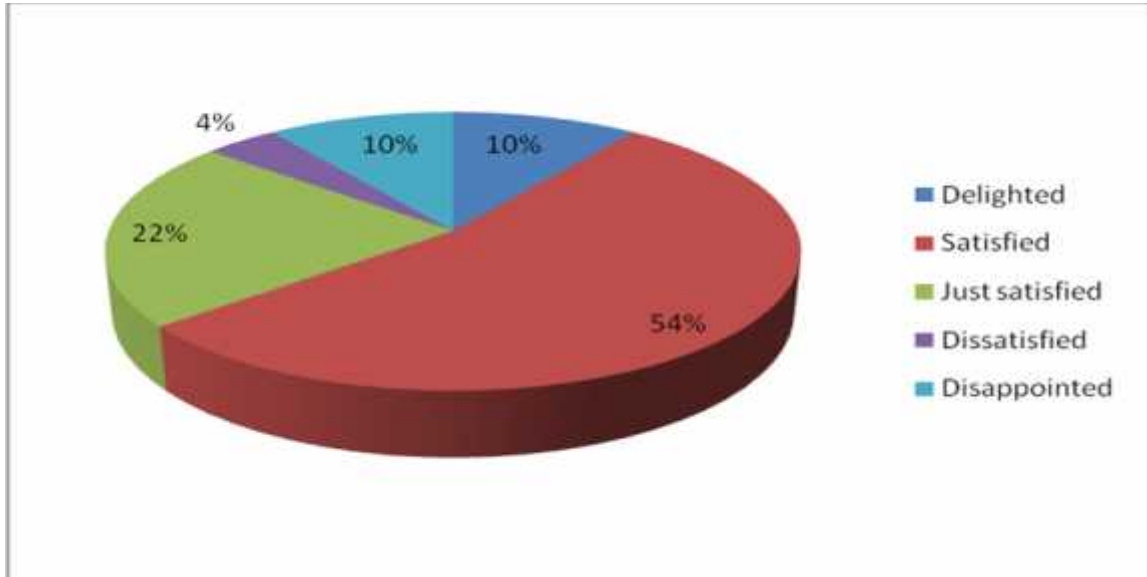
*Source: Survey Report, 2009*

Table 11 shows the satisfaction level of respondents after the purchase of motorbike. It is related with the post acquisition of the respondents. It is found that 54% of respondents are satisfied with the purchase of their motorbike. Similarly, 22% of respondents are just satisfied with their decision. But, 10% of respondents are disappointed with their motorbike as well as 10% are delighted. Only 4% respondents have been found to be dissatisfied with their purchase of motorbike. The satisfaction level of respondents was high according to the sample collected. The data has been presented in figure 4.9 for better understanding.



**Figure 9**

**Satisfaction Level of Respondents**



**4.2 Presentation and Analysis of Examine Factors Influence Consumer Behavior**

The second objective of this study is to find out factors influencing consumer behavior. A consumer's buying behavior is influenced by social, personal, cultural psychological factors. Research into all these factors can provide clues to research and serve consumers more effectively. To achieve this objective, question relating to factors influencing consumer behavior have been employed. The analysis has been done based on responses provided by the respondents.

### 4.2.1 Personal Belief of Respondents

A buyer's decision is influenced by personal characteristics. A statement stating, "Japanese motorbikes are better than motorbike manufactured in other countries," was presented to respondents. Table 4.12 shows the result of the respondents.

**Table 12**

**Personal Belief of respondents regarding Japanese Motorbike**

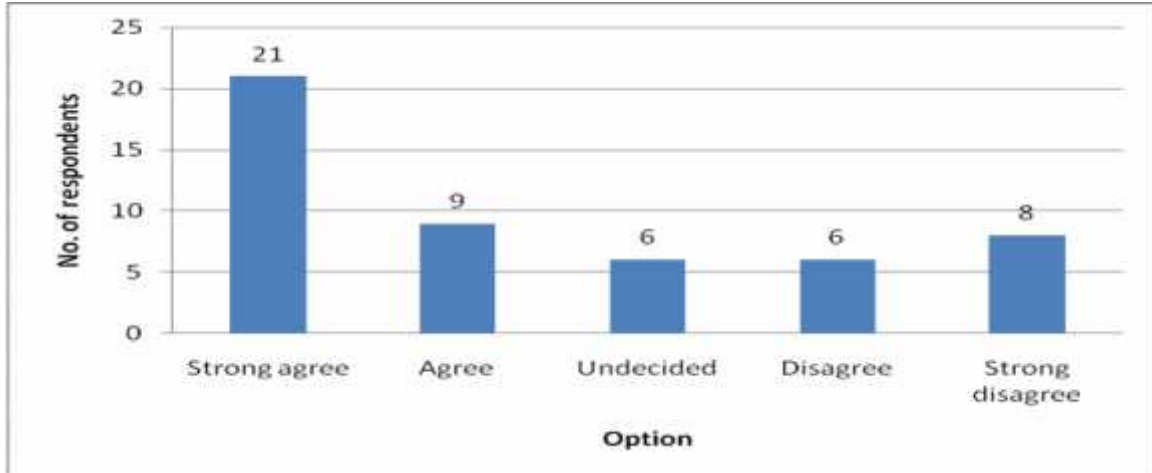
<b>Option</b>	<b>No of respondents</b>	<b>Percentage</b>
Strong agree	21	42
Agree	9	18
Undecided	6	12
Disagree	6	12
Strong disagree	8	16
<b>Total</b>	<b>50</b>	<b>100</b>

*Source: Survey Report, 2009*

As shown in the table 12, 42% of respondents strongly agree with the statement that Japanese motorbikes are better than motorbike manufactured in other countries. Similarly, 18% of the respondents agree with the statement, 16% strongly disagree, 12% disagree and 12% are undecided. The data has been presented in the figure 11.

**Figure 10**

**Personal belief of Respondents regarding Japanese Motorbike**



**4.2.2 Factors Influencing Consumer Behavior**

In this section, an attempt has been made to identify factors influencing consumer behavior. Respondents have been asked to rank the factors influencing consumer behavior. Table 13 shows the result of the respondents.

**Table 13**

**Factors Influencing Consumer Behavior**

<b>Rank</b>	<b>1<sup>st</sup></b>		<b>2<sup>nd</sup></b>		<b>3<sup>rd</sup></b>		<b>4<sup>th</sup></b>		<b>Total</b>
	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	<b>No.</b>	<b>%</b>	
Social	10	20	21	42	9	18	10	20	<b>50</b>
Personal	29	58	12	24	5	10	4	8	<b>50</b>
Cultural	5	10	7	14	19	38	19	38	<b>50</b>
Psychological	6	12	10	20	17	34	17	34	<b>50</b>
<b>Total</b>	<b>50</b>	<b>100</b>	<b>50</b>	<b>100</b>	<b>50</b>	<b>100</b>	<b>50</b>	<b>100</b>	

*Source: Survey Report, 2009*

As shown in the table 13, respondents have given rank to the factors influencing consumer behavior while purchasing a motorbike. It is clearly seen from the table that personal factors like interest, occupation and lifestyle is the most important factors influencing consumer behavior which is in the first rank with 58%. Social factors like friends, family members and neighbors are in the second rank with 42%. Similarly, cultural factors like nationality, religion and social class is in the third rank with 38%. Psychological factors like recognition, belongings and belief are found to be the least influencing factors in consumer behavior which is 34%. According to the sample collected, personal factors have been found to be the most influencing factors in consumer behavior while purchasing a motorbike.

### **4.3 Presentation and Analysis to Identify the Profit of the Consumers**

Final objective of this study is to fine out the profile of the motorbike owners. In this section, questions have been asked to obtain demographic information relating to gender, education level, occupation and age of the respondents. The responses to these questions are presented in the respective tables.

#### **4.3.1 Education Level of Respondents**

All the respondents have been classified into four categories based on their education level. Table 14 shows the analysis of respondents in terms of highest level of education.

**Table 14**  
**Education Level of Respondents**

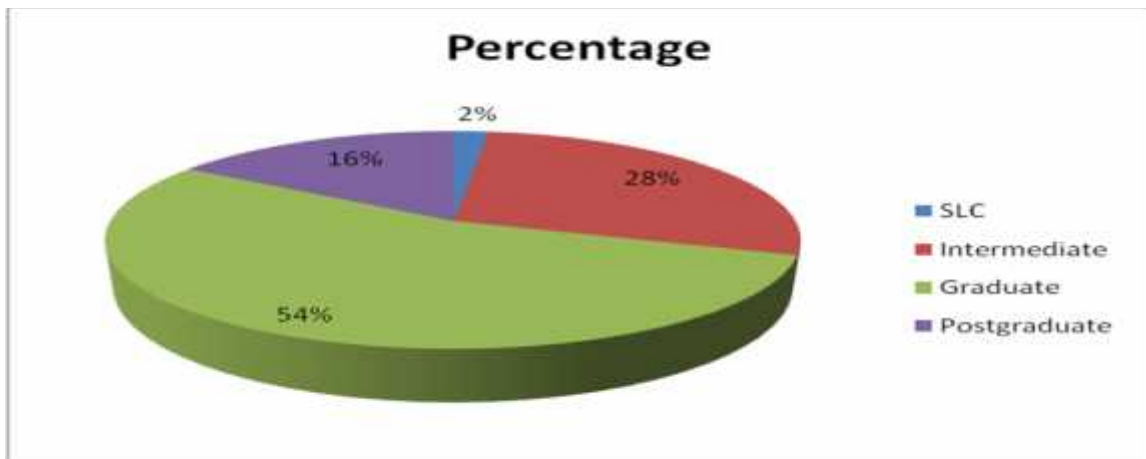
<b>Education Level</b>	<b>No of Respondents</b>	<b>Percentage</b>
SLC	1	2
Intermediate	14	28
Graduate	27	54
Postgraduate	8	16
<b>Total</b>	<b>50</b>	<b>100</b>

*Source: Survey Report, 2009*

Table 14 shows the education level of respondents. It is found that 54% of respondents are graduate, 28% have completed intermediate level, 16% are post graduate and only 2% have SLC as the highest level of education. The data has been presented in figure 4.11.

**Figure 11**

**Education Level of Respondents**



**4.3.2 Current Occupation of Respondents**

All the respondents have been divided onto four categories based on their current occupation. Table 15 shows the analysis of respondents in terms of their respective occupation.

**Table 15**  
**Current Occupation of Respondents**

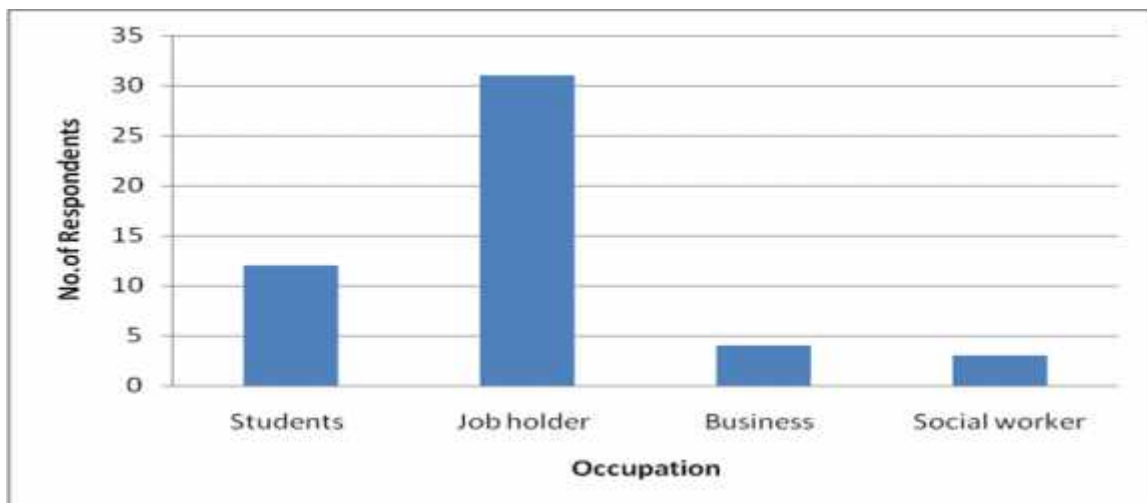
<b>Current Occupation</b>	<b>No of Respondents</b>	<b>Percentage</b>
Students	12	24
Job holder	31	62
Business	4	8
Social worker	3	6
<b>Total</b>	<b>50</b>	<b>100</b>

*Source: Survey Report, 2009*

Table 15 shows 62% of respondents are job holder, 24% are student, 8% are businessman and 6% are social worker. According to the sample collected, most of the respondents are found to be a job holder. Figure 12 respondents the data more clearly.

**Figure 12**

**Current Occupation of Respondents**



### 4.3.3 Age Group of Respondents

All the respondents have been divided into four categories based on their age group. Table 16 shows the analysis of respondents in terms of their age group.

**Table 16**  
**Age Group of Respondents**

<b>Age Group</b>	<b>No. of Respondents</b>	<b>Percentage</b>
18-29	39	78
30-39	7	14
40-49	3	6
50 or above	1	2
<b>Total</b>	<b>50</b>	<b>100</b>

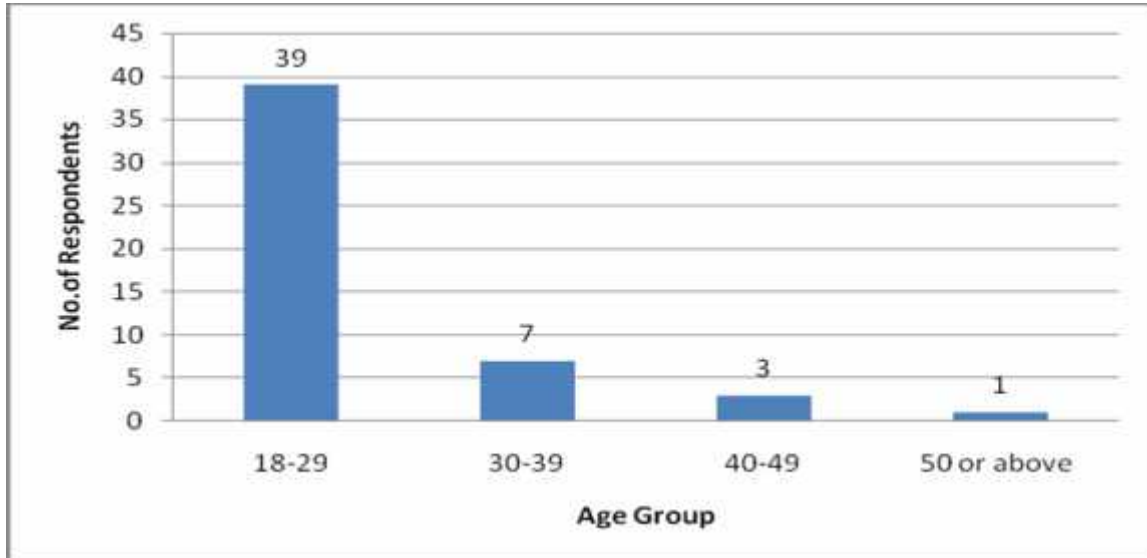
*Source: Survey Report, 2009*

Table 16 shows the age group of respondents. Most of the respondents fall in the age group of 18-29 which is 78%. It is followed by the age group of 30-39 which is 14% and 40-49 which is 6%. Only 2% of respondents are found to be in the age group of 50 or above. The most active buying age group according to the data is 18-29 years. The data has been presented in the figure 13 for better understanding.



**Figure 13**

**Age Group of Respondents**



**4.4 Major Findings of the Study**

Based on the analysis of respondents on consumer behavior with respect to decision making process of motorbike purchase in Biatnagar city, the major findings of the study has been presented below:

1. The respondents preferred motorbike in comparison to other vehicles, as it is economical. Only few respondents have been found prefer motorbike for its easy handling.
2. A large number of motorbike riders used motorbike for the purpose of transportation, while the other used it for the interest of pleasure and for their social status.
3. The study has found out advertising has moderate effect on problem recognition.

4. The responsibility first happened to know about the model of motorbike they bought through advertisement.
5. Performance of motorbike like mileage, ride and frequency of repair are the most sought information by the respondents in the consumer search behavior.
6. Easy availability of spare parts is also the major subject of concerned for the buyers to select their brand.
7. Respondents have given rank to different sources of information they used while purchasing a motorbike which are as follows:

TV advertisement	1 <sup>st</sup> Rank
Friends and Family	2 <sup>nd</sup> Rank
Visit to dealers	3 <sup>rd</sup> Rank
Test-driving	4 <sup>th</sup> Rank
Manufacturer's brochure	5 <sup>th</sup> Rank

7. In the alternative evaluation process, the motorbike buyers first looked for mileage while evaluating different models of motorbikes. Only few respondents considered warranty any credit facility in alternative evaluation process.
8. Friends are the most used source for recommendation while evaluating different model of motorbikes.

9. Respondents have given rank to the factors influencing consumer choice process while purchasing a motorbike which are as follows.

Price	1 <sup>st</sup> Rank
Resale value	2 <sup>nd</sup> Rank
Model	3 <sup>rd</sup> Rank
Spare parts available	4 <sup>th</sup> Rank
Brand	5 <sup>th</sup> Rank

10. The study has found out that attitude of others highly affect the consumers in their buying decision process.
11. The respondents strongly agree with the statement that Japanese motorbikes are better than motorbike manufactured in other countries.
12. Respondents have given rank to different factors influencing consumer behavior which are as follows

Personal factors	1 <sup>st</sup> Rank
Social factors	2 <sup>nd</sup> Rank
Cultural factors	3 <sup>rd</sup> Rank
Psychological factors	4 <sup>th</sup> Rank

13. On the basis of education level, large numbers of respondents have been found to be in the graduate level. Only few respondents have SLC as highest level of education.
14. The current occupation of most of the respondents is found to be jobholder. So, most of the jobholder seems to use motorbike for transportation.

15. On the basis of age group, most of the respondents have been found to be in the age group of 18-29 years. Thus, the most buying age group according to the study is 18-29 years.

# **CHAPTER - V**

## **SUMMARY, CONCLUSION & RECOMMENDATIONS**

### **5.1 Summary**

One of the important and traditional areas of study in consumer behavior has been the consumer decision consumer decision process leading to product purchase. The study of consumer decision-making involves the analysis of how people choose between two or more alternative acquisitions and the process that take place before and after the choice.

The success and failure of any business entirely depends on consumer's reaction to a firm's marketing mix or strategies. It is therefore essential for the marketer to understand the consumer buying behavior for long-term survival in today's changing and competitive business environment.

Consumer behavior may be defined as the decision and physical activity individuals engage in when evaluating, acquiring, using or disposing of goods and services. Consumer behavior is the effort of investigation and exploration of consumers. But such practices of investigation and exploration on consumer buying behavior are too rare of entirely absent in Nepalese business perspectives.

In such a circumstances, an attempt has been made in this work to study consumer behavior with respect to decision-making process of

motorbike purchase in Kathmandu city. The study is aimed at determining decision-making process of motorbike purchase, determining factors influencing consumer behavior and studying profile of the consumer.

The sample of respondents used in this study constitutes 50 motorbike buyers of Biratnagar city. Biratnagar city was chosen the geographical region to draw the sample from because the motorbike traffic here is tremendous these days. The information and data required for conducting the study was entirely based on primary source. Primary information and data were gathered through structured questionnaire. Based on the objectives of the study, a comprehensive questionnaire was developed which included questions pertaining to consumer decision-making process and factors influencing consumer behavior.

The first objective of the study has been made to identify decision-making process while making a motorbike purchase. For this purpose, questions relating to problem recognition, consumer search behavior, alternative evaluation, consumer choice process and post acquisition process have been employed. The analysis has been done on the basis of responses provided by the respondents.

Another stream of research in this study has focused at finding out factors influencing consumer behavior. A consumer buying behavior is influenced by social, personal, cultural and psychological factors. Research into all these factors can provide clue to reach and serve consumers more effectively. To achieve this objective, questions relating to factors influencing consumer behavior have been employed.

The final objective of this study has focused at finding out the profile of the motorbike owners. In this section, questions have been asked to obtain demographic information relating to gender, education level, occupation and age of respondents.

Presentation and analysis of data on each of these objectives have been done on the basis of responses provided by the respondents.

## **5.2 Conclusions**

This study has been undertaken to identify consumer behavior with respect to decision making process of motorbike purchase in Biratnagar city. Responses of various respondents have been collected, presented and analyzed. Based on this information, following conclusions can be drawn:

1. Motorbike has become the best means of transportation in comparison to other vehicles as it is economic, it saves time, it is easy to handle and it is easy to ride in crowded streets.
2. Nepalese consumers are moderately affected by advertisement on problem recognition.
3. Performance of motorbike like mileage, ride and frequency of repair are the most sought information by the respondents in the consumer search behavior.
4. TV advertisement is the most used source of information while purchasing a motorbike.

5. Nepalese consumers use friends as recommendation while evaluating different model of motorbikes.
6. Price is the most influencing factor in consumer choice process.
7. Personal factors like interest, occupation and lifestyle is the most influencing in consumer behavior.
8. Jobholders are the main customers of a motorbike. Similarly, an active segment motorbike owner is in the age group 18-29 years.

### **5.3 Recommendations**

The study has shown that different consumers go through different decision-making process while purchasing a motorbike. Similarly, behavior is influenced different factors and situations. On the basis of major findings of the study, following recommendations have been made.

1. The most sought information on a motorbike is its performance like mileage, ride and frequency of repair. So, it is suggested to give high performance on performance of a motorbike.
2. TV advertisement should be highly exploited while providing information to the potential buyers.
3. The study has found that Nepalese buyers mostly use friends as recommendation. So, it is suggested to provide good after-sale service to its buyers, so that they can exchange satisfaction level with the potential consumers.



4. Competitive price should be charged to influence consumer choice process.
5. According to this study, the most influencing factors in consumer behavior is personal factor like interest, occupation and lifestyle. So, the manufacturers should give high priority to personal factor of the potential consumers.
6. The most active buying age group is 18-29 years. So, the preference of the youth should be highly considered.

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# Appendix

## A Survey on Motorbike Buyers.

My name is Purushottam Ahdikari. I am a student of Post Graduate Campus, Biratnagar. I am doing master's degree in management. I am interested in finding out individual's decision-making process while purchasing a motorbike. For this purpose, I request you to fill up this questionnaire by providing your valuable time. Your response to this questionnaire would help me to carry out my research effectively. All the information provided by you will be kept confidential.

### Section A: Problem recognition

1. Why do you prefer motorbike in comparison to other to other vehicles?
  - a. It is a economical
  - b. It saves time
  - c. It is easy to handle
  - d. Easy movement in crowded streets
2. What is the purpose of motorbike riding?
  - a. Transportation
  - b. Pleasure
  - b. Status
  - c. Interest
3. In what extent did you desire to own a motorbike watching an advertisement?
  - a. Very High
  - b. High
  - c. Moderate
  - d. Low
  - e. Very Low

### Section B: Consumer search behavior

1. How did you happen to know first about the model of motorbike you bought?
  - a. My friends told me
  - b. My family member/relative told me
  - c. I saw its advertisement
  - d. I happened to see it in a dealer's show room
2. Please tell me about the kind of information you sought about motorbike before you bought your motorbike?
  - a. Features-electric start, disc brakes, looks
  - b. Performance-mileage, ride, frequency of repair
  - c. Price
  - d. After-sale service
3. Which of the following source of information did you use to collect information prior to purchase of your motorbike? Please rank sources of information, 1 being the highest.
  - a. TV advertisement                      1      2      3      4      5
  - b. Friends/Family                         1      2      3      4      5
  - c. Visit to dealer                         1      2      3      4      5
  - d. Manufacturer's brochure            1      2      3      4      5



**Section E: Post acquisition process**

1. How well are you satisfied or dissatisfied with your motorbike?

- a. Delight
- b. Satisfied
- c. Just satisfied
- d. Dissatisfaction
- e. Disappointed

2. Are you using motorbike for purpose you bought?

- a. Yes
- b. No

3. If no, what actions have you taken?

- a. Sole it
- b. Exchanged it
- c. Looking for sale

**Section F: Factors influencing buyer's behavior**

Following are some personal belief statements. Please indicate your agreement or disagreement with each statement, where 1 indicate you highly agree.

1. Japanese motorbikes are better than motorbike manufactured in other countries.

1      2      3      4      5

2. Price of a motorbike reflects its quality.

1      2      3      4      5

3. When you first seriously through about buying a new motorbike, did you knew which brand to buy?

- a. Japanese:    Definitely yes     Not sure     Definitely no
- b. Indian:        Definitely yes     Not sure     Definitely no
- c. Others:        Definitely yes     Not sure     Definitely no

4. Please check the factors that influenced your choice of the motorbike you bought. Please the sources, one being the highest.

- |  |   |   |   |   |   |
|--|---|---|---|---|---|
| a. Social factors-friends, family neighbors              | 1 | 2 | 3 | 4 | 5 |
| b. Personal factors-interest, occupation, lifestyle      | 1 | 2 | 3 | 4 | 5 |
| c. Cultural factors-nationality, religion, social class  | 1 | 2 | 3 | 4 | 5 |
| d. Psychological factors-recognition, belongings, belief | 1 | 2 | 3 | 4 | 5 |

5

### Section G: Profile of the consumer

1. Your gender: a. Male  b. Female
2. Please check the category representing the highest level of education you have completed.
- |                 |                          |                 |                          |
|-----------------|--------------------------|-----------------|--------------------------|
| a. SLC          | <input type="checkbox"/> | c. Graduate     | <input type="checkbox"/> |
| b. Intermediate | <input type="checkbox"/> | d. Postgraduate | <input type="checkbox"/> |
3. What is your current occupation?
- |               |                          |                |                          |
|---------------|--------------------------|----------------|--------------------------|
| a. Student    | <input type="checkbox"/> | c. Business    | <input type="checkbox"/> |
| b. Job holder | <input type="checkbox"/> | d. Social work | <input type="checkbox"/> |
4. Which of these categories best describes your age?
- |          |                          |                |                          |
|----------|--------------------------|----------------|--------------------------|
| a. 18-29 | <input type="checkbox"/> | c. 40-49       | <input type="checkbox"/> |
| b. 30-39 | <input type="checkbox"/> | d. 50 or above | <input type="checkbox"/> |
5. Your monthly income :
- |                  |                          |                 |                          |
|------------------|--------------------------|-----------------|--------------------------|
| a. 5000-10,000   | <input type="checkbox"/> | c. 15000-20000  | <input type="checkbox"/> |
| b. 10,000-15,000 | <input type="checkbox"/> | d. above 20,000 | <input type="checkbox"/> |