CHAPTER I
INTRODUCTION

1.1. Background of the Study

Due to urbanization and convenience, motor bike selling in Kathmandu is dramatically increases since last few years. In the past it used to be the luxurious assets but it seems a part of daily need these days. This is how motorbike has become essential from student to professional and shopkeeper to farmer.

Buyer decision processes are the decision making processes undertaken by consumers in regard to a potential market transaction before, during, and after the purchase of a product or service.

More generally, decision making is the cognitive process of selecting a course of action from among multiple alternatives. Common examples include shopping and deciding what to eat. Decision making is said to be a psychological construct. This means that although we can never 'see' a decision, we can infer from observable behavior that a decision has been made. Therefore we conclude that a psychological event that we call 'decision making' has occurred. It is a construction that imputes commitment to action. That is, based on observable actions, we assume that people have made a commitment to effect the action.

In general there are three ways of analyzing consumer buying decisions. They are:
* Economic models: These models are largely quantitative and are based on the assumptions of rationality and near perfect knowledge. The consumer is seen to maximize their utility. See Game theory be used in some circumstances.
* Psychological models: These models concentrate on psychological and cognitive processes such as motivation and need recognition. They are qualitative rather than quantitative and family influences.

* Consumer behavior models: These are practical models used by marketers. They typically blend both economic and psychological models (Kioumarsi-2009).

Consumer behavior is the study of individuals groups, or organization and the process they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. It blends elements from elements from psychology, sociology, social authropoiogy and economics. It attempts to understand the decision-making processes of buyers, both individually and in groups. It studies characteristics of individual consumers such as demographics and behavioural variables in an attempt to understand people's want. It also tries to assess influences on the consumer from groups such as family, friends, reference groups, and society in general. Customer behavior study is based on consumer buying behavior, with the customer playing the three distinct, even for experts in the field. Relationship marketing is an influential asset for customer behavior analysis as it has a keen interest in the re-discovery of the importance of the customer or buyer. A greater importance is also placed on consumer retention, customer relationship management, personalisation, customization and one-to-one marketing. Social functions can be categorized into social choice and welfare function (Kioumarsiet al, 2009).

Consumer behavior is the study of how individuals, groups, and organization select, buy use, and dispose of goods services, ideas or experiences to satisfy their needs and wants. Consumers are exposed to a myriad of marketing and other external stimuli on a daily basis for which the marketer has to consider consumer characteristics and consumer psychology to successfully position a product or service. Consumer characteristics include; culture, social and personal factors and consumer psychology include motivation, perception, learning and memory (Kotler, 2010).

As different companies are introducing their products in the market, the cut-throat competition among bike companies can be witnessed. It can be further reflected in the schemes and the services they are offering to increase their sales. Moreover, the taste

and preferences of customer seems changing in term of power, fuel mileage, look, cost and extra utilities. As a result people are not stuck to one model for a long time. The growing market, as well as different models emerging within a month has created consumer decision making process more complex and so as the decision of bike companies to sweetener there product. Therefore, as other product, motorbike companies are trying to influence on customer decision making, either by marketing mix or by other forms of innovations.

In general, a consumer decision-making process is the selection of an option from two or more alternative choices. Consumers are the sole and supreme decider in the business. The success and failure of any business therefore heavily depends on consumer's reaction to the firm's marketing mix or strategies. Firm's marketing mix or strategies should be designed in such a way that satisfies consumer's need and wants. The companies not as in traditional marketing creating satisfaction by own product rather they are creating dissatisfaction on other's product through superior utility of companies product, but by understanding consumer buying process. So, understanding consumer's buying behaviors is an important task for today's marketers.

The consumers due to their differences in terms of their aspects, desires, perception, satisfaction, priority on product decisions have created challenges for the company. Marketers should analyze all those aspects. Similarly, consumers' needs, desires, and fashion undergo change from time to time. In order to adopt business with changing pace of customers' needs and desires, it is quite essential for marketers to conduct research continuously on customers and match that with innovative marketing along with product features so, they need to seek where in buying process they can strike uniqueness of their product.

Generally, the consumer's buying process consists of five stages i.e. problem recognition, information search, evaluation of alternatives, purchase behaviors and post purchase evaluation (Kilter; 2003:211).

The initial stage of the consumer's buying process is the problem recognition and it occurs when a buyer becomes aware of the fact that there is difference between desired state and actual condition. After becoming aware of the problem or need, the consumer (if continuing the decision process) searches for information regarding availability or brands, product features, seller's characteristics, process and other relevant aspects. During this stage, however, consumers have developed evoked i.e. the set of brands of products which the buyer actually consider while making a specific brand choice (Narayan C.L.and Markin .R.J.; 1975:195).

Products in the evoked set are 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's characters using the criteria and considering the importance of each, a buyer rates and eventually ranks the brand in the evoked set. If the evaluation yield one or more brands that the consumer is willing to buy, consumer is ready to move on to the next stage i.e. purchase stage. During the purchase stage, consumer selects not only products or brands but also selects seller or store from which consumer will buy the product. The actual decision process lead to a purchase, the individual may terminate the process prior to purchase. After purchase, a buyer starts to evaluate the product known as post purchase evaluation. The outcome of the post purchase evaluation is either satisfactory or dissatisfied, which feeds back the other stages of the decision process and influences subsequent purchase.

Though the consumer buying decision process consists of five stages all the consumers don not always go through all five stages. The individual may terminate the process during any stage. This depends on the experience of consumer in involved in purchasing and the nature of products he or she wants to purchase. Persons in high involvement decision process nay omit some essential for the modern marketer to know the buying behavior of his or her target customer for the long term survival (Kotler; 2003:215).

Consumer behavior is influenced by four factors: cultural (culture, sub culture and social class); social (reference groups, family and social roles and statuses); personal (age, stage in life cycle, occupation, economic circumstances, life stage, personality and self-concept); and psychological (motivation, perception, learning, beliefs and attitudes) (Kotler, 2003:35).

In order to understand the consumer's decision making process for high involvement goods, several theoretical models have been developed in western countries namely Nicosia model, Howard Sheth model, Engel-Kollat- Black well model, sheath family decision making model, bettman's information processing model and sheth Newman gross model.

In, Nepal especially in urban areas, the adoption of many high involvement goods such as automobiles (cars and motorbikes), television, VCR, mobile phones and digital camera and other electronic equipments seems to be growing. Although no data are available about their adoption rates; unlike in the past, consumers have some options to choose from, resulting in competition among retailers. As a result, knowledge of marketing in general and consumer decision making process for high involvement goods in particular is gradually becoming essential to meet the challenge of growing competition in the market (IBID: P144).

Motorcycle is the prevalent means of local transportation in urban areas of Nepal especially in Kathmandu valley. People having limited income can also afford due to finance facility. It is also faster and convenient means of transportation than other four wheelers. The motorcycle market in Nepal is dynamic and booming. The money involved in this sector is of large amount and the taxes levied on them are fueling the national economy in significant manner. According to record of development of transport management, total of over 59,000 units of motorcycle are registered in Kathmandu (Bagmati Zone) till the end of January 2013. As of economic survey 2063-64 shows 522kms of black top roads, 4738kms of concrete roads and 7649kms of rough roads that have been constructed and 63 district headquarters were found

linked by road till the end of January 2013.That also shows future potentiality of two wheeler. Keeping those views into consideration this study will focus on motorbike buying decision of Nepalese customers and effort of organization to influence on such buying decision.

1.2 Statement of the Problems

The consumer is sovereign, deciding 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 consumers. However, understanding of consumer buying behavior is a complex and difficult task as it is influenced by many factors such as individual taste, preference, influencing group, economic and cultural factors. In addition, consumer behavior is a changing phenomenon in itself when utility standard changes itself.

A few proprietary market research studies conducted to solve such problems of organizations heighten the result of such research are available and made public. Though this kind of research may have very little to do with the consumer decision-making process, it can put a light on need of such research in Nepal. Taking all these issues into account this study will attempt to solve the following problems:

1. How customers of two - wheeler make buying decision?
2. What factors and features influence the buying decision?
3. What is the level of the brand awareness, consumer satisfaction, and effectiveness of promotional tools?

1.3. Objectives of the Study

The major objective of this study is to examine the consumer decision making process towards buying two-wheeler (Motorbikes) in Kathmandu Valley. Besides it, the specific objectives of study are:

1) To study consumer behavior with respect to decision making.
2) To analyze the factors affecting consumer buying decision
3) To point out examine the brand awareness, customer satisfaction levels, effectiveness of promotional activities etc.

1.4 Importance of the study

The Nepalese market has been gradually turned into cutthroat competition. Different types of product with larger number of alternative brands are available in the market. In this context, it is essential for the marketer/ manufactures to know buying behavior with respect to decision-making process of motorbike purchase in Kathmandu city.

The research not only helps marketers and policy maker, but also provides valuable guidelines and reference to the scholars and researchers who are interested on conducting research on consumer buying behavior in Nepal. After all it can be contributing to develop literature on the Greenfield site particularly in case of Nepal.

1.5. Limitations of the study

Even after consideration of research norms, some unavoidable limitations of the study are:

1. This study is only confined to Kathmandu Valley so the result of the study cannot be generalized.

2. Among the various aspect of marketing, only decision making process and marketing mix been selected.

3. The study is entirely based on the options, views and responses of the respondents. Options of the respondents were taken as the sense of truth, which may not fit the situation pervasively because of changing behavior of customers.

4. This study is dependent upon primary data collected from survey technique.

1.6. Organization of the Study

The study has been organized into five chapters. The chapters specifically will cover heading and subheading as below:

Chapter one incorporates rationale behind conducting study so it includes background of the study, statement of the problem, objectives of the study, importance of the study, limitations of the study and organization of the study.

Chapter two is designated to examine the review of related literature; especially the consumers' decision process and factors influencing buyer's behavior and other relevant past studies. So it is divided into two parts, making theoretical framework and examining previous studies.

Chapter three represents the methodology study. It contains introductions, rational of the selection of study area ,research design, nature and sources of data, population and sampling ,data collection techniques, operational definitions and data processing and analysis.

Chapter four incorporates the main body of the study i.e. data presentation and analysis. This chapter will incorporates respondent's profile, data related to the buying behavior as well as marketing mix and their analysis and interpretations. Major finding of this study will be drawn at the end of this chapter.

Finally, Chapter Five will be concluded with summary, conclusion and recommendations of the study.

CHAPTER II
REVIEW OF LITERATURE

2.1 Introduction

This chapter incorporates theoretical reviews that include some of the well known books written by renowned writers. On the other hand, it also covers review of previous studies

2.2 Theoretical Reviews

In this section basic marketing concept are reviewed. Basically some core concept like consumer behavior model, consumer decision process and factors influencing consumer behavior and Marketing mix and its effect on consumer buying behavior will be discussed.

2.2.1 Consumer Decision Process

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

The consumer purchase decision process in generally viewed as consisting of sequential steps or stage through which the buyer passes in purchasing a product or service. The various steps in this process as well as the relevant internal psychological process that occur at each stage such as motivation, perception, attitude formation and learning.

Marketing every product needs the idea of buyer's behavior. The understanding of why buyers behave as they do and implications while this understanding is likely to

help marketers match their marketing mix with the needs of different consumer segments (Eagle; 1982:216).

Market can be divided in to three: consumer market, industrial market and intuitional market for analysis of buying decision process (Kotler, 2003:211).

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

i). Problem Recognition

There are four types of problems for instance, consisting of routine, emergency, planning and evolution situations (Loudon and etal; 1993:193).

Problem Recognition occurs when a discrepancy develops between an actual and desired state of being. In essence, problem recognition occurs when a need state is felt. Typically, researchers seek to identify consumer problem by analyzing he factors that ache to widen the gap between the actual state and desired state. Thus, if the satisfaction with the actual state decreases, or if the level of desired state increases, a problem may be recognized that propels a consumer to action.

ii). Consumer Search Behavior

After a consumer identifies a problem of sufficient magnitude to propel him/her to action, a research process is begun to acquire information about product of service that may eliminate the problem. Investigation about the consumer decision 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 research process exists- Internal and External Research. Internal Research involves the consumer attempting to retrieve from long memory information in products or services 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 on. Search may be categorized as pre purchase or ongoing and as internal or external (David and etal; 1993:197).

Analyzing consumer behavior can be a pseudo science. I have come across advice in ecommerce journal that scems to be nothing more then a confirmation of the author's prejudice. If analysis of consumer behavior lacks rigor, it can be prejudicial (Ajeet Khurana; 1998).

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 consumer may form beliefs, attitude and intentions about the alternatives under consideration. Thus, alternative evaluation and development of beliefs, attitudes and intentions are closely related. The result of the 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 different types pf choices. They can choose among alternative brands or services and they can make choice among stores. Consumer behavior varies with the type of buying decision. Buying decision can be two types are: high involvement purchase and low involvement purchase (ibid: p124). When consumers are highly involved in the purchase, they 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.

Much research suggests that consumer's perceptions of value are frequently articulated relative to a reference level; options are valued as gains and losses relative to a reference point. Moreover, losses from this reference point are weighed more heavily than equivalent gains. This asymmetry has been termed less aversion. This dissertation examines the effects of reference dependence and loss aversion as the processes and outcomes of choice among multi attribute options in multi alternative choice sets. Based on past research, we propose that consumers often designate one brand in the choice set as a reference brand and then evaluate, in a loss averse manner, the attractiveness of competing brands as gains and losses from this reference brand. In a set of two experimental studies, we propose and test hypotheses regarding the effects of reference dependence on choice. Moreover, we investigate a loss aversion based explanation for the attraction effect. In terms of the choice process, we examine how reference dependence and loss aversion affect in formation search, and whether these process-level changes mediate reference dependent preferences. In line with previous evidence, we find that in efficient choice sets, reference status enhances a brand's attractiveness. Similarly, more comparisens are made involving reference and loss information. In addition, we find some evidence for a process-level mediation of reference-dependent preferences. We conclude that a reference dependence can change the processes and outcomes of consumer choice in systematic and predictable ways. The implications of such reference-dependent choice behavior for consumer and marketers are discussed (Sen, Sankar: 1993; 171).

v) Post acquisitions process

The post acquisition phase of consumer buying process consists of four stages: acquisition/uses, for formation of post acquisition purchase satisfactions or dissatisfactions, consumer complaint behavior and product disposition. The post acquisition phase is major impact consumption will repurchase the products or service (Mowen; 1990:285).

2.2.2. 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 wants 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 consists of smaller subcultures that provide more specific identification and socialization for their members (Kotler; 2003:95).

Culture is underlying determinant of a person's wants and behaviors. Our values are shaped by our culture heritage for eg. American value individualism, freedom, youthfulness, success where as the British value tradition, the family, the rule of low, etc. Similarly, subcultures such as religion, racial groupings and geographical location impact on consumer behavior. Social stratification is also key when considering how to market a product which includes seven categories; 1) lower lowers 2) upper lowers 3) working class 4) middle class 5) upper middles 6) lower upper 7) upper uppers (Kotler and Keller: 2010,04).

Subculture: Subculture includes nationalities, religion, 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. These members share similar values, interests and behavior. Social classes differ in dress, speech patterns, recreational preferences and many other characteristics. Social classes show distinct product and brand preferences in many areas, including clothing, home furnishing, 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 statues.

Reference groups: It is the group that has direct or indirect influence on the consumer's attitude. (Agrawal; 2003:202). A person's reference groups consist of all the groups that have a direct or indirect influence on the person's attitude or behavior. Groups having a direct influence on a persona are called membership groups. Some membership groups are primary groups such as family, friends, neighbors and co-workers with whom the persona 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 influential 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 person acquires an orientation towards religion, politics and economics and sense of personal ambition, self-worth and love. Even if the buyer no longer interact very much with his or her parents, their influence on the buyer's behavior can be significant.

Roles 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 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 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 chose life cycle groups as their target markets.

Occupation: Occupation also influences consumption patters. A blue collar worker will buy 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 products and services.

Economic Circumstances: Product choice is greatly affected by economic circumstances such as spend able 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.

Life style: People from the same subculture, social class and occupation may lead quite different life style. A life style is person's pattern of living in the world as expressed in activities, interest and opinions. Life style portrays the "whole person" interacting with his or her environment. Marketers search for relationships between their products and lifestyle groups.

Personal 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 useful variable in analyzing consumer brand choices. The idea is that brands also have personalities and that consumers are likely to choose brands whose personalities match their own.

Psychological Factors

A person 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 psychological states of tension such as hunger, thirst or discomfort. Other needs arise from psychological states of tension such as need of recognition, esteem or belonging.

A need becomes a motive when it is aroused to a sufficient level to intensity. A motive is a need that is sufficiently pressing to drive the person to act.

Motivation is basis and a psychological feature that are uses an organism to act towards a desired goal and elicits, controls, and sustains certain goal-directed behavior. It can be considered a driving force; a psychological one that compels or reinforces an action toward a desired goal. For example, hunger is a motivation that elicits a desire to eat. Motivation is the purpose or psychological cause of an action (Wikipedia, 2012 Aug.).

Perception: A motivated person is ready to act. How the motivated person actually acts is influenced by his or her perception of the situation. Perception is the process by which an individual selects, organizes and interprets information inputs to create a meaningful picture of the world. Perceptions can vary widely among individuals exposed to same reality (Bhattarai; 2003:201).

Perception is our sensory experience of the world around us and involves both the recognition of environmental stimuli and actions in response to these stimuli. Through the perceptual process, we gain information about properties and elements of the environment that are critical to our survival. Perception not only creates our experience of the world around us; it allows us to act within our environment (Kendra cherry-2010).

Learning: When people act, they learn. Learning involves changes in an individual's behavior arising from experience. Most human behavior is learnt. Learning theorists believe that learning is produced through the interplay of drives, stimuli, cues and providing positive reinforcement (Adhikari; 2004:195).

Learning is often defined as a relatively lasting change in behavior that is the result of experience. Learning become a major focus of study in psychology during the early part of the twentieth century as behaviorism rose to become a major school of thought. Today, learning remains an important concept in numerous areas of psychology, including cognitive, educational, social, and developmental psychology (Kendra Cherry-2010).

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

Attitudes lead people to behave in a consistent way towards 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 may stop their relatives and friends from using it. Since attitude can play such an important part in determining consumer behavior marketer should measure consumer attitude towards such dimension as prices, package designs, brand name, advertisement, etc (Kotler, 2003, pg. 183-198).

Consumer attitude simply as a composite of a consumer's beliefs, feelings, and behavioral intention toward some object within the context of marketing. A consumer can hold negative or positive beliefs or feelings toward a product or service. A behavioral intention is defined by the consumer's belief or feeling with respect to the consumer's belief or feeling with respect to the product or service (Dr. Lars Perner, 2010).

2.2.3. Consumer Behavior Models

With a view to describe how consumers make decisions for high involvement goods several theoretical models have been developed. There are six comprehensive models of consumers behavior namely Nicosia model, Howard-Sheth model, Engel-Kollat-Blackwell model, Sheth family Decision-Making model, Bettman's Information Processing model and Sheth-Newman Gross model. These models of consumer decision-making process postulate that for high involvement goods, consumers in general are likely to engage in extensive pre purchase information seeking, develop choice set out of several alternatives available in the market, and evaluate alternatives in choice set by using rational decision criteria and rules. These models are based on assumptions that consumers possess some prior knowledge about product markets as a result of on going search. These models are discussed as follows: (Biahal Sherpa; a dissertation on, 2005; 14)

A. Nicosia Model

Prancesco M. Nicosia provided a model of buyer's decision process in 1966.it focuses on the relationship between firm and its potential buyer's. it is an interactive design, according to which "the firm tries to influence buyers and buyers by their actions-influence the firm." This model is divided into four major fields

- Buyer's attitude based on the firm's message and the buyer's attitude towards firm's marketing mix based upon their interpretation of environment and firm's communications.
- Search and evaluation.
- The act of purchase.
- Feed back.

B Howard Sheth Model

John A. Howard and Jagdish N. Seth provided another model of buyer's decision making, which is basically a major revision of an earlier effort to develop a comprehensive theory of buyer's decision making. This model distinguishes between three stages of decision making.

- Extensive problem solving
- Limited problem solving
- Reutilized response behavior.

The extensive problem – solving behavior is characterized by great amount of information needed and slow speed is decision – making. That of limited problem solving is moderate and in routine response behavior little amount of information is needed and speed of decision is fact. The model consists of four major sets of variables.

- Input variables
- Physical and branch characteristics
- Verbal and visual product characteristics.
- Buyer's social environment

) Perceptual and learning constructs of the buyer
) Output either may be purchase behavior or anything like attention, intention, and brand comprehension.
) Exogenous variables e.g. importance of purchase buyers, personality traits, time pressure and financial status etc.

The more important conclusion is that informal influence (particularly information acquired from friends) was more critical than information supplied by advertisement.

C Engel Kollat Blackwell Model

This model assumes the consumer perceives a need and becomes motivated to solve a problem. Problem recognition is that result when there is a difference between one's desired state and one's actual state. Consumers are motivated to address this discrepancy and therefore they commence the buying process.

Sources of problem recognition include

- ⟩ An item is out of stock
- ⟩ Dissatisfaction with a current product or service
- ⟩ Consumer needs and wants
- ⟩ Related products/purchases
- ⟩ Marketer-induced
- ⟩ New products

The relevant internal psychological process that is associated with problem recognition is motivation. A motive is a factor that compels action. Belch and Belch (2007) provide an explanation of motivation based on Maslow's hierarchy of needs and Freud's psychoanalytic theory.

The next assumption is that the consumer searches for information required to make a purchase decision

Once the consumer has recognized a problem, they search for information on products and services that can solve that problem. Belch and Belch (2007) explain that consumers undertake both an internal (memory) and an external search.

Sources of information include:

- ⟩ Personal sources

- ）Commercial sources
- ）Public sources
- ）Personal experience

The relevant internal psychological process that is associated with information search is perception. Perception is defined as 'the process by which an individual receives, selects, organizes, and interprets information to create a meaningful picture of the world'

The selective perception process Stage Description Selective exposure consumers select which promotional messages they will expose themselves to. Selective attention consumers' select which promotional messages they will pay attention to Selective comprehension consumer interpret messages in line with their beliefs, attitudes, motives and experiences Selective retention consumers remember messages that are more meaningful or important to them

One should consider the implications of this process on the development of an effective promotional strategy. First, which sources of information are more effective for the brand and second, what type of message and media strategy will increase the likelihood that consumers are exposed to our message, that they will pay attention to the message, that they will understand the message, and remember our message.

Third assumption of this model is that the consumer compares various brands and products. At this time the consumer compares the brands and products that are in their evoked set. How can the marketing organization increase the likelihood that their brand is part of the consumer's evoked (consideration) set? Consumers evaluate alternatives in terms of the functional and psychological benefits that they offer. The

marketing organization needs to understand what benefits consumers are seeking and therefore which attributes are most important in terms of making a decision.

The relevant internal psychological process that is associated with the alternative evaluation stage is attitude formation. Belch and Belch (2007, p.117) note that attitudes are 'learned predispositions' towards an object. Attitudes comprise both cognitive and affective elements - that is both what you think and how you feel about something. The multi-attribute attitude model explains how consumers evaluate alternatives on a range of attributes. Belch and Belch (2007) identify a number of strategies that can be used to influence the process (attitude change strategies). Finally, there is a range of ways that consumers apply criteria to make decisions. Belch and Belch (2007) explain how information is integrated and how decision rules are made including the use of heuristics. The marketing organization should know how consumers evaluate alternatives on salient or important attributes and make their buying.

Fourth assumption is that the consumer decides which brand to purchase. Once the alternatives have been evaluated, the consumer is ready to make a purchase decision. Sometimes purchase intention does not result in an actual purchase. The marketing organization must facilitate the consumer to act on their purchase intention. The provision of credit or payment terms may encourage purchase, or a sales promotion such as the opportunity to receive a premium or enter a competition may provide an incentive to buy now. The relevant internal psychological process that is associated with purchase decision is integration.

The final assumption is that the consumer evaluates their purchase decision. The EKB model was further developed by Rice (1993) which suggested their should be a feedback loop, Foxall (2005) further suggests the important of the post purchase evaluation and that the post purchase evaluation is key due to its influences on future purchase patterns.

D. Sheth Family Decision Model

The Sheth Family Decision Model considered the family as the appropriate consumer decision-making unit and it suggested that joint decision making tends to prevail in families that are middle class newly married and close knit with few prescribed family roles. In terms of product specific factors, it suggests that joint decision making is more prevalent in situation of high-perceived risk of uncertainty, when the purchase decision is considered to be important and when there is ample time to make decision.

E. Sheth-Newman Gross Model

The Sheth-Newman Gross Model of consumption values recently developed to explain why consumers make the choice they do. This model concentrates on accessing consumption relevant values that explain why consumers choose one product over another and to consumer choices involving a full range of product types (consumer's non-durable, durables, industrial goods and services). The Sheth-Newman Gross model is rooted in three central propositions.

i)   Consumer choice is a function of a small number of consumptions values.
ii)   Specific consumption values make differential contribution in any given choice situation.
iii)   Different consumption values are independent.

This model of consumer choice behavior identifies the five consumer values, namely:
i)   Functional value
ii)   Social value
iii)   Emotional value
iv)   Epistemic value
v)   Conditional value

The first three models (Nicosia model, Howard-Sheth model, Engel-Kollat-Blackwell model) focus on consumer decision making, on how individual consumer arrive at brand choices. The fourth and final method of consumer behavior s concerned with consumption values, especially why consumers choose to buy a specific type of product or a specific brand.

2.2.4 Marketing mix and consumer buying behavior

Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market (Philip Kotler). Organization and marketers must create and manage an effective marketing mix that satisfies customer's need in target market. Marketing mix should be offered to for customer need satisfaction. The marketing mix includes generally four components: product, price, place, promotion.

Product means the goods and services combination the company offers to the target market.
 Price is the amounts of money customers have to pay to obtain the product.
Place includes company activities that make the product available to target consumers.
Promotion means activities that communicate the merits of the product and persuade target customers to buy it.

There are critics on this marketing mix: it holds that the four Ps concepts take the seller's view of the market, not the buyers view. So from the buyer's viewpoint, the four Ps might be better described as the four Cs.

4Ps	4Cs
Product	Customer solution
Price	Customer cost
Place	Convenience
Promotion	communication

The mixes just discussed are some important mix which can have effect on buyer's decision.

The term marketing mix refers to the planned combination of the controllable elements of a product's marketing plan. Commonly referred to "4ps", it combines the four marketing elements like product, price, place and promotion. The marketing mix is a business tool used in marketing and by marketing professionals. The marketing mix is often critical when determining a product or brand's offering, and is often synonymous with the 4ps: price, product, promotion, and place, in service marketing, however, the 4ps have been expanded to the 7ps' or 8ps to address the different nature of services. In recent times, the concept of 4ps has been introduced as a more customer-driven replacement of 4ps. And there are two four CS theories today (From: Ask me net).

2.3 Effectiveness of Advertising

Advertising is impersonal promotion that transmits standard message to large audiences. It pulls the product through the distribution channel by appealing directly to the product user (Cundiff, Still and Govoni).

Advertising is any paid from of non-personal presentation and promotion of ideas, goods or services by an identified sponsor (American Marketing Association).
Today, advertising finds itself in a serious bind. With a down economy, the tragedy of 9/11 and new technology that may threaten the way advertising operates, there is a need to rethink advertising as a strategic alternative. Advertising will only survive and grow if it focuses on being effective. All advertisers are expecting specific results, based on their stated objectives. Clients expect proof, and, for the most part, that proof must lead to or actually produce sales. It is no longer acceptable to tell a client, " Our ads work, we just don't know how, when, and with what results."

Only the advertiser (and the supporting ad agency), knows whether the ad company reached its objectives, and whether the ad truly was worth the money. But are all award-winning ads effectives' ads? Not necessarily. In 2011, Honda launched on of the most memorable advertising compaigns in automotive history.

A huge unto-account shakeup is under way as American Honda Motor Co, throws its $700 million U.S. creative and media accounts into review for both its Honda and Acura brand, Ad Age has learned.

According to the Ad Age Data Center, the Honda brand spent $513.5 million on U.S. measured media in 2011, a. 2.9% increase from 2010, globally; the company reported ad expenses of $2.46 billion in the year ended March 2011. It was an improvement compared with the $2.12 billion it spent in 2010, but still less then the $3.01 billion it spent in 2009. Honda's review comes on the heels of the automakers' best ever November in terms of U.S. sales, according to Auto News.

American Honda sales this year are up 24% through November, although those numbers are skewed due to last year's tounami in Japan Sharply crimping Honda's inventories. The automaker just posted the best November U.S. sales in its history. The Honda brands should combine to finish the year selling around 1.4 million units in the U.S.

But Honda has grander volume aspirations. Honda Motor CEO Takanobu Ito wants Honda's North American sales to increase to 2 million in the near term from 1.7 million units presently. Former American Honda sales boss Dick Colliver had a similar goal for the U.S. sales arm in the early 2000s, and never came close-sales peaked at 1.55 million units in 2008 before the recession took down the industry (Mark Rechtin, Automotive News).

The curious spirit that has made Honda the largest engine manufacturer and racing company in the world since its founding in 1948. And there are certainly many Honda products on display-heritage products like the 2Rc143 bike, current products like the

2013 Honda TT legends fire blade, the HB25 leaf blower, the CR-V and the Honwave T38 inflatable boat, innovative Honda technologies like the 2015 NSX concept, the FCX clarity car, which emits nothing but water, and of cource ASIMO; as well as Honda's first production NSX from 1990, the road sports car Honda developed in collaboration with Ayrton Senna (Wieden, Kennedy, London).

Effitive ads work on two levels. First, they should satisfy consumers' objectives by engaging them and delivering a relevant message. And, as we said, the ads, must achieve the advertiser's objectives. Initially, a consumer may be interested in watching an ad for its entertainment value or to satisfy her curiosity. If the ad is sufficiently entertaining, she may remember it. However, she may then learn that the ad relates to a personal need and provides relevant information about how to satisfy that need. The ad may also offer enough incentive for the consumer to risk change because it shows her how to satisfy her needs in a manageable way. Further, ads may reinforce her product decisions and remind her of how her needs have been satisfied.

The advertiser's objectives differ from the consumer's. Ultimately, Advertisers want consumers to buy and keep buying their goods and services. To move consumers to action, they must gain their attention. They must then hold their interest long enough to convince them to change their purchasing behavior, try their product, and stick with their product.

Three broad dimensions characterize effective advertising: strategy, creativity, and execution. This study highlights these three dimensions:

Strategy: Every effective ad implements a sound strategy. The advertiser develops the ad to meet specific objectives, carefully directs it to a certain audience, creates its message or speak to that audience's most important concerns, and runs it in media (print, broadcast, or the internet, for instance) that will reach its audience most effectively.

Creativity: The creative concept is the ad's central idea that grabs your attention and sticks in your memory. A concern for creative thinking drives the entire field of advertising. Planning the strategy calls for imaginative problem solving: the research efforts need to be creative, and the buying and placing of ads in the media require creative thinking. Advertising is an exciting field because of the constant demand for imaginative solutions to media and message problems.

Execution: Finally, effective ads are well executed. That means that the details, the photography, setting, printing, and the production values all have been fine-tuned. Many of these techniques are standard in the industry, such as the use of products created by Adobe, a popular computer graphics software manufacturer. Good advertisers know that how you say something is just as important as what you say. What you say comes from strategy, whereas how you say it is a product of creativity and execution. Strategy, Creativity, and Execution all contribute to whether and wins an award. But, as noted in the ' A matter of principle ' box, winning awards is only important if advertising objectives are achieved. Although these three conditions must be met for as advertisement/compaign to be considered effective, they are not isolated. They depend on the types of impacts advertisers hope to create in the minds of the people who read, view, or listen to the ads.

Understanding the various types of intended effects that typically are the goals of advertising is the way we evaluate whether an ad is effective. However, effectiveness only occurs to the degree that certain effects-such S the impact or results of a message are accomplished. In order, then, to understand what effectiveness means in advertising, we need to have an idea of the key effects, or results, that advertising can typically accomplish. A simplified model of a set of typical effects that advertisers hope to achieve is presented below:

Figure No: 2.3

Effectiveness Factors

Behavior

Do
(Action)

Think (cognitive)

Feel(Emotion)
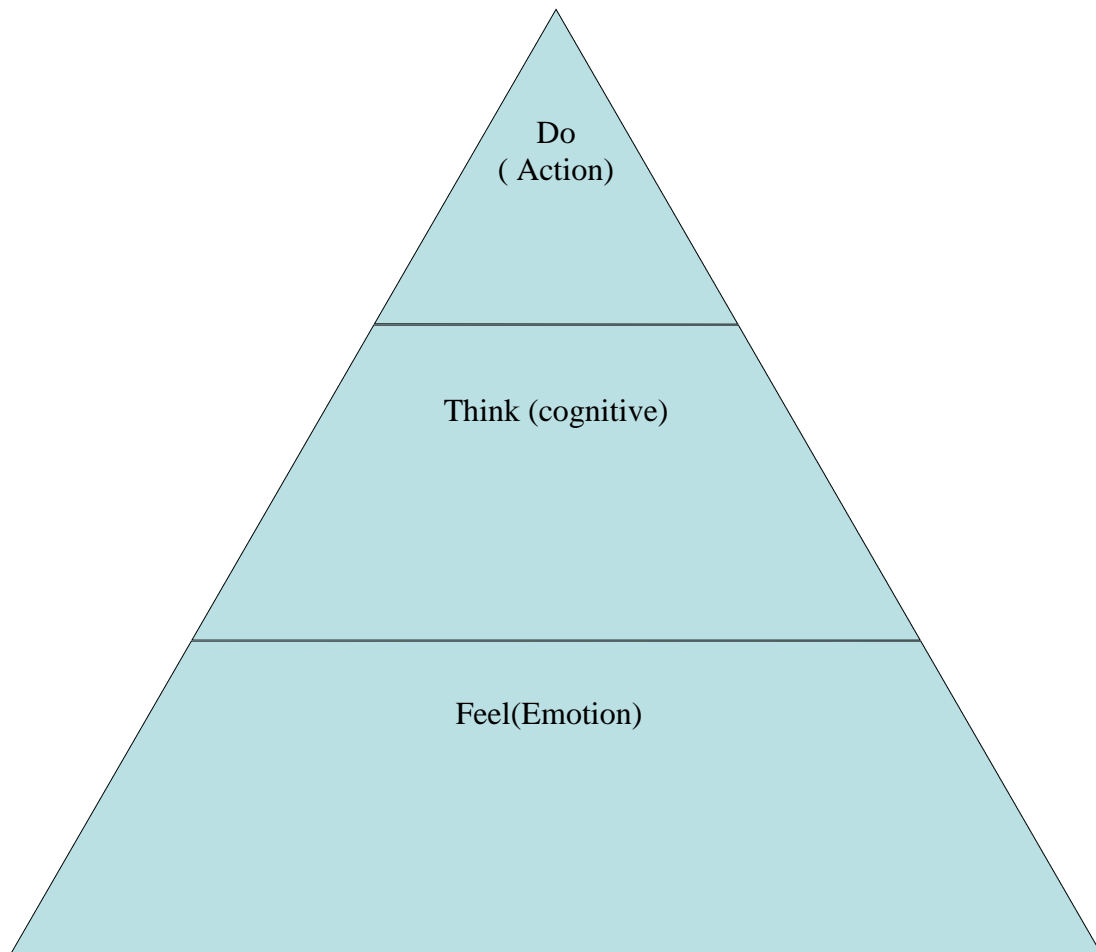
Learning   **Perception**   **Persuasion**

Source: WELLS, BURNETT, MORIARTY

In this model, first level is perception, which means the advertiser hopes the ad will be noticed and remembered. Then there are two categories of effects that are either

focused on learning, which means the make the correct associations, hopes to create or change attitudes and touch emotions. The last major category of effects is behavior getting the audience to try or buy the product, or perform some other action. In advertising strategy and planning, these effects are referred as objectives.

Every advertiser, deep down inside, hopes or assumes that each ad will produce sales, however, we know that to get the sale, these are communication activities that need to take place and these are often the best indicators other marketing variables may have more impact on sales. The relationship may be causal-the ad created a significant volume in sales response-or it may only make a partial contribution or lead prospects part of the way to sales. It may also reflect the kinds of communication effects that messages can be expected to deliver, such as understanding or conviction.

In addition, two other assumptions must be considered in analyzing advertising objectives. First, advertising communication objectives are desired from the company's marketing objectives, so, if any restaurant has an objective to increase market share by 5 percent, this should have a direct impact on the stated communication objectives. In other worlds, the advertising objectives are designed to contribute to the accomplishment of this market share objective. The second assumption is that any of the communication objectives may be legitimate, even the ones that aren't focused directly as a sale, for example, Expedia.com is a new consulting company and it views its advertising as a way to draw attention to itself, create name recognition, and create understanding of the products and services it sells. The key effects from figure 2.3, which are used to determine the effectiveness of an advertisement are further explained in the table no: 2.4:

Table No: 2.4

Message Effectiveness Factors

Key Message Effects	Surrogate Measures	Communication Tools
Perception	Exposure Attention Interest Memory: Recognition/ Recall	Advertising Media, Public Relations Advertising; Sales Promotion Advertising; Sales Promotion; Public Relations Advertising; Sales Promotion; Public Relations
Learning	Understanding Image and Association Brand Links	Public Relations, Personal Selling; Direct Marketing; Advertising Advertising; Public Relations, point of Purchase Ads
Persuasion	Attitudes: Form of Change Preference/ Intention Emotions and Involvement Conviction: Belief, Commitment	Public Relations; Personal Selling; Sales Promotion Advertising; Public Relations; Personal Selling Events Personal Selling; Direct Marketing
Behavior	Trial Purchase Repeat Purchase, Use More	Sales Promotion; Personal Selling; Direct Marketing Sales Promotion; Personal Selling; Direct Marketing Sales Promotion; Personal Selling; Direct Marketing

Source: WELLS, BURNEET, MORIARTY

Here the key categories of message effects are listed down the left side. The second column is labeled 'Surrogate measures' and refers to the way advertisers evaluate how well the advertising worked, how-effective the advertising was in meeting its objectives. The advertising industry, led by agencies, has developed a set of measures that are indicators of these key effects. The exact terminology will vary, but the effectiveness of most advertising is evaluated based on such factors as consumer's exposure, attention, interest, and so forth.

The next column lists the communication tools or tools that may be most appropriate for achieving the objective. Even though this study focuses on advertising, we recognize that advertising is just one part of the market communication mix, along with sales promotion, public relations, direct marketing, events, and personal selling. There are communication objectives that are more effectively accomplished through advertising, but there are situation where other communication tools may be more effective.

An examination of Table 2.4 shows that advertising is effective in accomplishing several objectives; for instances, creating exposure, attention, and awareness. It is also good at providing a reminder to the customer and encouraging repurchase. However, other marketing communication tools, such as sales promotion, are better at getting people to respond with a purchase or other types of actions. Most advertisers try to measure the communication effect of an ad-that is, its potential effect on awareness, knowledge, or preference. They would also like to measure the ad's sales effect. And the main objectives of this study is to the sales effects of the advertising.

Consumers are then asked to recall all the ads and their content, aided or unaided by the interviewer. Recall level indicates an ad's ability to stand out and to have its message understood and remembered laboratory tests use equipment to measure physiological reactions-heartbeat, blood pressure, pupil dilation, perspiration to an ad. These test measure attention getting power but reveal nothing about impact on beliefs, attitudes, or intentions.

Advertisers are also interested in post testing the overall communication impact of a completed campaign. If a company hoped to increase brand awareness from 20 percent to 50 percent, then the company is not spending enough, its ads are poor, or some other factor has been ignored.

On the other hand, what sales are generated by an ad that increases brand awareness by, lets say, 20 percent and brand preference by 10 percent? Advertising's sales effect is generally harder to measure then its communication effect. Sales are influenced by many factors, such as the product's features, price and availability, as well as competitors action. The fewer or more controllable these other factors are, the easier it is to measure effect on sales. The sales impact is easiest to measure in direct-marketing situations and hardest to measure in brand or corporate image-building advertising. Companies are generally interested in finding out whether they are overspending or under spending on advertising. One approach to answering this question is to work with the formulation show in figure 2.4.1.

Figure No: 2.4.1

Formula for Measuring Sales Impact of Advertising
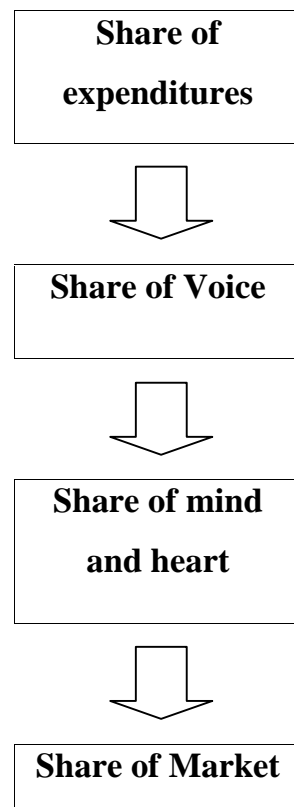
Source: Philip Kotler, 2001

A company's share of advertising expenditures produces a share of voice that earns a share of consumers' minds and hearts and ultimately a share of market. Peckham studied the relationship between share of voice and share of market for several consumer products over a number of years and found a 1-to-1 ratio for established products and a 1.5-2.0 to 1.0 ratio for new products. Using this information, let us suppose that we observed the following data for three well-established firms selling an almost identical product at an identical price:

Table No: 2.4.2

	(1) Advertising Expenditure	(2) Share of Voice	(3) Share of Market	(4) Advertising Effectiveness (column 3 Div. column 2)*
A	$2,000,000	57.1	40.0	70
B	1,00,000	28.6	28.6	100
C	500,000	14.3	31.4	220

Source: Philip Kotler, 2001

Firm A spends $2 million of the industry's total expenditures of $3.5 million, so its share of voice is 57.1 percent. Yet its share of market is only 40 percent. By dividing its share of market by its share of voice, we get an advertising-effectiveness ratio of 70, suggesting that firm A is either overspending or misspending. Firm B is spending 28.6 percent of total advertising expenditures and has a 28.6 market share; the conclusion is that is spending its money efficiently. Firm C is spending only 14.3 percent of the

total and yet achieving a market share of 31.4 percent; the conclusion is that it is spending its money super efficiently and should probably increase its expenditures.

Researchers try to measure the sales impact through analyzing either historical or experimental data. The historical approach involves correlating past sales to past advertising expenditures using advanced statistical techniques. Palda studied the effect of advertising expenditures on the sales of Lydia Pinkham's vegetable compound between 1908 and 1960. He calculated the short-term and long-term marginal sales effects of advertising. The marginal advertising dollars increased sales by only $50 in the short term, suggesting that Pinkham spent too much on advertising. But the long term marginal sales effect was three times as large. Palda calculated a post tax marginal rate of return on company advertising of 37 percent over the whole period.

Review of operations Motorcycle Business

Honda's consolidated unit sales of motorcycles in fiscal year 2013 totaled 9,510 thousand units, an increase of 9.9% from the previous fiscal year, mainly due to higher sales in India, Thailand, Nepal and certain other countries, despite lower sales in Brazil and Vietnam.

Table No. 2.4.3

Net Sales by Region

Yen(million)	2012	2013	%change
Japan	72,915	72,949	0.0%
North America	97,306	112,176	15.3
Europe	96,146	86,424	(10.1)
Asia	579,562	667,473	15.2
Other Regions	502,899	400,527	(20.4)
Total	1,348,828	1,339,549	(0.7)%

Source: Hero MotoCorp Ltd.

Japan:

Total Industry demand for motorcycles in Japan in fiscal year 2013 was approximately 440 thousand units, mostly unchanged from the previous fiscal year. Although the number of licensed riders declined in line with the continued decline in the population of young people in Japan, unit sales growth was driven by higher demand for scooters and small motorcycles.

Honda's consolidated unit sales in Japan in fiscal year 2013 were 217 thousand units, down 1.4% from the previous fiscal year. This result reflects lower unit sales of the TODAY model scooter and other models. The lower unit sales were partly offset by the positive impact of the launch of the large NC 700S and Integra models scooter featuring enhanced fuel economy. Another positive factor was increased unit sales of the SUPER CUB series.

-Source: JAMA(Japan Automobile Manufactures Association)

North America:

Total demand for motorcycles and all-terrain vehicles(ATVs) in the United States during calendar year 2012 increased approximately 2% from the previous year to approximately 678 thousand units, although demand has yet to fully recover. Unit sales growth reflected stronger consumer sentiment in line with improvement in the unemployment rate and income levels.

Under these circumstance, Honda's consolidated unit sales in North America for fiscal year 2013 increased 25.0% from the previous fiscal year to 250 thousand units. Of this, consolidated unit sales of motorcycles increased 43.0% from the previous fiscal year to 153 thousand units.

Source: MIC (Motorcycle Industry Council)

Europe:

Total demand for motorcycles in Europe during calendar year 2012 dellined approximately 10% from the previous year to approximately 779 thousand units. Weak consumer sentiment due to growing economic instability adversely affected demand.

Under these circumstances, Honda's consolidated unit sales in Europe for fiscal year 2013 decreased 9.6% from the previous fiscal year to 179 thousand units, mainly reflecting the lackluster market as a whole.

Source: Based on Honda Research, U.K.

Asia:

Total demand for motorcycles in Asia during year 2012 declined approximately 3% from the previous year to approximately 41,500 thousand units.
Looking at market conditions by country, demand in India increased approximately 5% from the previous year, to approximately 13,850 thousand units while demand in China decreased approximately 12,630 thousand units. Indonesia saw demand decline approximately 12% from the previous year, to approximately 7,060 thousand units and Vietnam saw demand decline approximately 3,100 thousand units. Demand in Thailand rose approximately 8% from the previous year, to approximately 2,160 thousand units.

Under these circumstances, Honda's consolidated unit sales in Asia for fiscal year 2013 increased 17.5% from the previous fiscal year to 7,051 thousand units. Sales rose on growth in sales of the Activa Scooter and the small Dream Yaga motorcycle in India, in Thailand, which was impacted by floods in the previous year, sales growth was supported by brisk sales of the Wave Cub-type motorcycle.

Honda's consolidated units sales do not include unit sales of P.T. Astra Honda Motor in Indonesia, which is an affiliate accounted for under the equity method Astra Honda Motor's unit sales for fiscal year 2013 decreased 4.3% from the previous fiscal year to

4,092 thousand units mainly due to the impact of the Indonesian government's regulations concerning down payments on two-wheeled Vehicles.

Source: Based on Honda Research: Thailand, Indonesia, Malaysia, India, Pakistan and China.

Other Regions:

In Brazil, the principal market within other Regions, total demand for motorcycles in calendar year 2012 declined approximately 15% from the previous year to approximately 1,640 thousand units, mainly due to stricter lending standards for retail loans.

In other Regions (Including South America, the Middle East, Africa, Oceania and other areas), Honda's consolidated unit sales in fiscal year 2013 decreased 10.7% from the previous fiscal year to 1,813 thousand units, mainly due to lower sales of the small motorcycle CG125 Fan, CG150 Fan and other models. These sales declines primarlly reflected stricter lending standards for retail loans in Brazil.

Source: The Brazillian Association of motorcycle, moped and bicycle manufacturers.

2.4 Review of Previous Studies in Nepal

In this segment, previous thesis of unpublished literatures will be reviewed. Among them following are important.

Bhandari's study (2004)

Bhandari conducted a research study on, "Brand preference study in motorbikes with reference to Kathmandu City" with the objective of:

i)   To identify the profiles of customer of specific brand.

ii)   To examine the product attributes sought in the motorbike brand.

iii) 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 stuffy were as follows:

1. Hero Honda brand has been found as the most preferred brand, Yamana as the second, K-Bajaj as the third and other brands like Lifan, Dayang etc were fourth, firth preferred brand respectively.
2. On the basis of profession, Hero Honda has been the most popular except in business category. K-Bajaj has been popular in business category.
3. It was found that brand loyalty exists in the motorbike buyers.
4. The price factor has been found as the main factor for brand switching.
5. Hero Honda has been positively perceived in terms of fuel efficiency, resale value and aesthetic looks.
6. Yamaha has been found having high resale value, high power and moderate looks.
7. K-Bajaj, has been represented by its fuel efficiency,, more sale services and moderate looks.
8. High power and high aesthetic looks have been found as the strong attributes of Lifan Brand. It has been found that Lifan has disadvantages with regard to fuel efficiency and resale value.
9. Dayang brand of motorbike has been found more positive on its aesthetic looks and finance facility.

Prakash Lamichhane's study(1996)

"A search on family influence in buying decision" was conducted by Lamichhane. He selected certain types of consumer whose families were likely to be more involved

in making buying decision with the objectives of examining the nature and dynamic of family influence in making purchase decision in the context of urban area of Nepal.

The main findings of this study are as follows:

1. The study found that wife is an influential person in initiating the need and in collecting information.
2. Most of the families have gathered information from family discussion, different dealers and from their neighbours.
3. The joint decision takes place in the alternative evaluation and final decision stage of buying high involvement products.
4. In most cases wife follows the purpose of the product.

Bidya bashyal's study(2007)

Miss Bashyal conducted a research study entitled "a study on individual buyer behavior on computer buying" with the objectives of:

1. To analyze the level of buying awareness about individual computer.
2. To analyze the purpose of buying individual computers.
3. To find out brand preferences of buyers.
4. To find out the level of expenditure that a buyer is ready to spend on individual computers.

The major findings of the study are:

1. Educated people are the prominent buyers of individual computers.
2. Assembled computer is most favored brand.

Most of the people are willing to spend more than36000 in personal computers

Mukesh Batajoo's study(2007)

A research on "consumer's behavior towards buying cars in Kathmandu valley" was conducted by Batajoo submitted to Patan Multiple Campus. The major objective of this study was to examine brand awareness of the Nepalese consumer. Primary data were collected from consumers with the help of a structured questionnaire. The major findings of his studies were:

1. Small car market in Nepal is expected to grow further and market potential is high.
2. Advertisement is main source of information.
3. Consumers believe on Dealers/authorized work shop for regular service of car.
4. Businessman and professionals are main customers of cars.

2.5 Concluding Remark

This study has been undertaken to identify consumer behavior with respect to decision –making process of motorbike purchase in kathmandu. Based on presentation and analysis following conclusions can be made.

Marketing every product needs the idea of buyer's behavior. The understanding of why buyers behave as they do and implications while this understanding is likely to help marketers match their marketing mix with the needs of different consumer segments.

Analyzing consumer behavior can be a pseudo science. I have come across advice in e-commerce journal that seems to be nothing more then a confirmation of the author's prejudice.

CHAPTER III
RESEARCH METHODOLOGY

3.1. Introduction

Research methodology is a way to systematically solve the research problem. It explains the methods, used in the study including presentation and research design. Research methodology employed in this study is presented as below.

Research Methodology is the branch of logic that deals with the general principles of the formation of knowledge, body of practices, procedures, and rules used by those who work in a discipline or engage in an inquiry; or a set of working methods. The process of research methodology is used to collect information and data for the purpose of making business decisions. The methodology may include historical documents, interviews, surveys, or publication research. So research methodology is a term used to describe how one has gone about conducting a certain scientific study. Each research methodology is a standardized and accepted practice (www2. Webster.edu).

3.2. Rationale of the Selection of the Study Area

This study is conducted in Kathmandu valley. There are 3 districts viz. Kathmandu, Lalitpur and Bhaktapur. out of these three districts, Kathmandu is main study area for collecting primary data and other districts for collecting secondary data.

Instead of going to other unknown places of Nepal in the lack of money, manpower as well as seeing the Kathmandu district's user and potential buyers, the Kathmandu valley has been choosen.

3.3. Research Design

In this study described form research design has been followed:

The study examines consumer's decision process under high involvement situation. It is a fact finding study involving collection of data directly from the respondents. So survey research design is used in this study to seek response directly from the respondent. Since there is a lack of sufficient empirical work in this area in Nepal to increase the researcher's familiarity with the problems, this study is exploratory in nature. As well as it is also describing the behavior so it is descriptive in nature too.

A detailed outline of how an investigation will take place. A research design will typically include how data is to be collected, what instruments will be employed, how the instruments will be used and the intended means for analyzing data collected.

The formidable problem that follows the lack of defining the research problem is the preparation of the design of the research project, popularly known as the "research design". Decision regarding what, where, when, how much, by what means concerning an inquiry or a research study constitute a research design. "A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure." In fact, the research design is the conceptual structure within which research is conducted; it constitutes the blueprint for the collection, measurement and analysis of data. As such the design includes an outline of what the researcher will do from writing the hypothesis and its operational implications to the final analysis of data (C.R. Kothari, India, 1997).

3.4. Nature and Sources of Data

In this study both primary as well as secondary data are used. The primary data and information is collected from field survey and the secondary data are obtained from different sources. The sources of data are: books of different author's publication and

reports by different related national and international organization, journals, research report, Newspapers, magazines and other reliable sources.

3.5. Population and Sample

Population consists of total number of motorbike brand in Kathmandu city for this study. Mainly in the market of Nepal Hero Honda, Yamaha, Bajaj, Lifan, Dayang, Cosmic etc brands are available. It includes well defined number of motorbike brands and potential buyers. Sample will be selected from the certain number of respondents of population having Motorbikes. The sample will be taken out from the whole universe.

Convenience sampling methods were used in this study. The logic behind using this sampling for this study is that there is no any information found regarding buyers and potential buyers. Therefore, researchers use common convenience samples such as friends, relatives, neighbours and other as link persons.

Table 3.1

Population and sample

S.No.	Group of Respondents	Sample Size
1	Students	28
2	Businessman	23
3	Professionals	30
4	Employees	27
5	Population	All the bike holders

Source: Survey Questionnaire

3.6. Operational Definition and Measurement of the Selected Concept/Variables

For this study the term which is used is:

Two wheelers: Means of transportation having two wheels and run by using petrol, also called motorbike/motorcycle is also called only bike in short. But two wheels include all types of motorcycles and scooters of all brands. Mainly in the market of Nepal Hero Honda, Yamaha, Bajaj, Lifan, Dayang, Cosmic etc brands are available.

3.7. Data Processing and Analysis

The questionnaire were distributed and collected to make them applicable for presentation and analysis. Presentation of the data will be made in tabulated form, simple diagram, bar diagram will also be used. The statistical analysis will be made based on statistical tools such as average, mean.

The data, after collection, has to be processed and analyzed in accordance with the outline laid down for the purpose at the time of developing the search plan. This is essential for a scientific study and for ensuring that we have all relevant data for making contemplated comparisons and analysis. Technically speaking, processing implies editing, coding, classification and tabulation of collected data so that they are amenable to analysis. The term analysis refers to the computation of certain measures along with searching for patterns of relationship or differences supporting or conflicting with original or new hypotheses should be subjected to statistical tests of significance to determine with what validity data can be said to indicate any conclusions (G.B. Giles, Marketing, P. 44).

CHAPTER IV
DATA PRESENTATION AND ANALYSIS

In this chapter, the data and information obtained from the questionnaire have been presented and analyzed keeping the objective in mind. This chapter has been organized into three sections. In the first sections, presentation and analysis will be 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 owners in Kathmandu city. Likewise, the last section will include the study of the profile of the motorbike owners. This chapter will be concluding with major finding.

4.1 Respondent profile

Final objective of this study is to find out the profile of the motorbike owners. In this section, question has been asked to obtain demographic information relating t o education level, occupation, age and the income of the respondents. The responses to these questions are presented in the following tables.

4.1.1 Current Occupation

All the respondents have been divided into four categories based on their current occupation. Table 4.17 indicates current occupation of the respondents. All the respondents are having bike their own.

Table 4.1

Current Occupation of the Respondents

	Frequency	%

Student	28	25.9
Businessman	23	21.3
Professionals	30	27.8
Employees	27	25.0
Total	108	100.0

Table 4.1 indicates 28(25.9%) respondents are students, 23(21.3%) are involved in business, 32(29.63%), 30(27.8%) are professionals and 27(25%) are employees in different government and non-government organization. So, balance representations of respondents were made in collection of data.

4.1.2 Age of the Respondents

Government has made a compulsory provision to make license to purchase motorbike and age below 16 years are not allowed to drive the motorbike. In this regard an attempt has been made to know the age structure of motor cycle owners / potential buyers. All the respondents have been divided in to four categories based on their age group.

Table 4.1.1

Age Group of the Respondents

	Frequency	Percent
16-25	29	26.9
26-35	52	48.1
36-45	25	23.1
above 46	2	1.9
Total	108	100.0

The table 4.1.1 indicates the age group of the respondent .One of total no of samples ,29 respondent i.e. 26.9% fall in the age group 16 -25 yrs, 52 respondent i.e. 48.1% is the highest number fall in the age group 26 -35 yrs, 25 respondent i.e. 23.1% fall in the group 36 -45yrs and rest 2 respondent i.e. 1.9% falls in the age group 46 and above.

4.1.3 Monthly Income of the Respondents

To find the monthly income of the respondents, respondents were asked to categories their monthly income. Below Table 4.1.2 shows the response of the respondents based on their monthly income.

Table 4.1.2

Monthly Income of the Respondents

	Frequency	Percent
up to Rs. 10000	6	5.6
Rs. 10000-25000	60	55.6
Rs. 25000-50000	31	28.7
Above 50000	11	10.2
Total	108	100.0

The Table 4.1.2 describes the respondent's monthly income level. As shown 6(5.6%), have income up to (Rs.10000), 60(55.6%) have income between (Rs10000-25000), 31(28.7%) have income between (Rs 25000-50000) and rest 11(10.2%) have income over Rs 50,000.

4.1.4 Educational Level of Respondents

The history of progress of human race is the history of education. Education is invisible but must important instrument to develop personality and society, without which nobody can achieve success in own lives.

The respondents have been classified in to four categories based on their education. The below, Table 4.1.3, shows the analysis of respondents in terms of educational level.

Table 4.1.3

Education Level of the Respondents

	Frequency	Percent
Intermediate	31	28.7
Graduate	41	38.0
Post-Graduate	36	33.3
Total	108	100.0

Source: Survey Questionnaire

Table 4.1.3 describe the educational level of respondents. It is found that 41 respondents (38%) graduate, 31 (28.7%) respondents found intermediate/+2 level, 36 respondent (33.3%) found post graduate.

4.2 Decision-making process of the respondents

In this section, an attempt has been made to identify decision-making process while making a motorbike purchase. For this purpose, questions to problem recognition consumer choice 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.

4.2.1 Problem recognition

In this section, two sets of question have been asked to the customers. The first question was asked to find out the customer's preference to motorbike in comparision to other vehicles. Table 4.2 shows the result of the respondents.

Table 4.2

Reason for preferring Motorbike

Preference	No. Of respondent	Percentage
Economical	49	45.38
Saves time	35	32.40
Easy to Handle	15	13.89
Easy movement	9	8.33

As per the table 4.2, 49(45.38%) respondents prefer bike as it is economical in comparision to other vehicles.35 (32.40%) respondents gave the reason as it saves time. 15(13.89%) prefr it as it is easy to handle and rest prefer it for easy moment. As we have seen before middle income group prefer bike most so it may be the reason we found here most prefer it as it is less expensive than other vehicles.

The second question was asked to find the purpose of motorbike riding. There may be many more uses of buying motorbikes but here all the respondents response have been classified into four categories. The table 4.2.1 shows the analysis of respondents in term of their use.

<center>**Table 4.2.1**</center>

<center>**Purpose of Motorbike Riding**</center>

Purpose	No. Of respondent	Percentage
Transportation	70	64.8
Status	11	10.2
Pleasure	14	13
Interest	13	12

As per the above table 4.2.1 out of 108 respondents, 70(64.8%) have given the reason of transportation use, 11(10.02%) have given the reason for status, 14(13%) have given the reason for pleasure and the rest 13(12%) have given the reason of just interest of buying motorbike. Most of the respondent's purpose is transportation because it may be the poor public vehicle facility.

4.2.2 Consumer Search Behavior

For search behavior, respondents were asked three sets of questions. The first question was asked to find out how the customers first happened to know the model of bike they bought. Table 4.3 shows the result.

<center>**Table 4.3**</center>

<center>**Source of First Hand Information**</center>

	No. Of respondent	Percentage
Friend	75	69.44
Advertisement	12	11.11
Family members/relatives	14	12.97
showroom	7	6.48

Source: First Hand Information

As per table 4.3, 75 respondents said they came to know about the model of the bike from their friends. 12 respondents said advertisement is the mean they came to know about the model and 14 from family members and relatives and only 7 respondents said they knew the model by visiting the show room themselves.

The second question was asked to find out the information sought by the buyer before purchasing a motorbike. Table 4.4 shows the result

Table 4.4

Information sought before buying

Sought	No. Of respondent	Percentage
Features	11	10.18
Performance	70	64.82
Price	14	12.96
After sales service	13	12.04

As per table 4.4, most of the respondents i.e. 70(64.82%) sought information in features like electric start,disk brake etc before they bought.11(10.18%) respondents tried to find out the performance of the bike and almost equal i.e 14 and 13 respondents sought information on price and after sale service respectively.

The third question was asked to find out the source of information customer used while purchasing a bike. Here respondents have been asked to rank different source of information they used. Table 4.5 shows the result of the respondents

Table 4.5

Ranking Source of Information Used by the Consumers

		Occupation				Total	
		Student	Businessman	Professionals	Employees	Col %	Count
Advertisement	Highest	17	9	8	9	39.80%	43
	Second	3	5	13	0	19.40%	21
	Third	6	2	4	9	19.40%	21
	Least	2	7	5	9	21.30%	23
Friends/Family / Relatives	Highest	4	8	17	3	29.60%	32
	Second	19	3	13	12	43.50%	47
	Third	2	8	0	9	17.60%	19
	Least	3	4	0	3	9.30%	10
Visit dealers /Showrooms	Highest	5	6	5	15	28.70%	31
	Second	6	9	2	6	21.30%	23
	Third	15	8	16	3	38.90%	42
	Least	2	0	7	3	11.10%	12
Test driving	Highest	4	0	0	0	3.70%	4
	Second	0	6	2	9	15.70%	17
	Third	5	5	10	6	24.10%	26
	Least	19	12	18	12	56.50%	61

The table 4.5 shows the ranking sources of information used by the consumers while buying motorbike. From the above table it is found that advertisement is the most used sources of information which is in the first rank is 43(39.80%), followed by friends, family and relatives with 32(29.60%), visit dealers and showroom is in the third rank with 31(28.70%) and test driving is in the fourth rank with 4(3.70%).

4.2.3 Alternative evaluation

Under this section two question have been asked to find out the customers evaluation criteria. The first question was asked to identify the criteria one can possibly use while checking different models of the Motorbike. For that product attributes like price, looks, mileage, credit facilities and resale and after sale value are used. Table 4.6 shows the result of the respondents.

Table 4.6

Criteria Used While Selecting Different Models

		Occupation				Total	
		Professionals	Student	Employees	Businessman	Count	Col %
Price	Highest	18	4	6	11	39	36.11
	Second	4	11	6	7	28	25.93
	Third	4	11	3	0	18	16.67
	Fourth	2	2	3	5	12	11.11
	Least	2	0	9	0	11	10.19
Looks	Highest	6	10	3	4	23	21.30
	Second	11	13	12	5	41	37.96
	Third	11	5	6	8	30	27.78
	Fourth	0	0	3	0	3	2.78
	Least	2	0	3	6	11	10.19
Mileage	Highest	4	7	9	3	23	21.30
	Second	11	4	6	7	28	25.93
	Third	11	8	9	13	41	37.96

	Fourth	2	5	0	0	7	6.48
	Least	2	4	3	0	9	8.33
Credit Facility	Highest	0	5	3	5	13	12.04
	Second	2	0	3	2	7	6.48
	Third	4	2	6	2	14	12.96
	Fourth	17	11	12	14	54	50.00
	Least	7	10	3	0	20	18.52
Re-Sale Value	Highest	2	2	6	0	10	9.26
	Second	2	0	0	2	4	3.70
	Third	0	2	6	0	8	7.41
	Fourth	9	10	6	4	29	26.85
	Least	17	14	9	17	57	52.78

From the table 4.6 its shows that the buyers first looks for price 39(36.11%) while evaluating different models, secondly they look for Looks with 23(29.30%),again they look for mileage putting it in the same rank as they do with the looks price and third 13(12.04%) credit facility. Similarly 10(9.26%) for resale/after sale value.

The second question was asked to find out the recommendation used by the buyers while selecting the model of the motorbike. Table 4.7 shows the result.

Table 4.7

Recommendation Used by the Customers

Recommendation	No of respondents	Percentage
Friend	54	50

Family members	25	23.15
salesperson	9	8.33
Relative	20	18.52

The table 4.7 shows recommendation used by the customers while purchasing the motorbike. Majority of the respondents use friend i.e. almost 50% use friend's recommendation. Only 8.33% of respondents use salesperson, which is the least source used for recommendation. Similarly family members and relative are used for recommendation 23.15% and 18.52% respectively.

4.2.4 Choice Process

In this section three questions have been presented and analyzed to identify the 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 4.8

Factors Influencing Choice Process

		Occupation				Total	
		Professionals	Student	Employees	Businessman	Count	Col %
Price	Highest	18	4	6	11	39	36.11
	Second	4	11	6	7	28	25.93
	Third	4	11	3	0	18	16.67
	Fourth	2	2	3	5	12	11.11
	Least	2	0	9	0	11	10.19
Model	Highest	4	7	9	3	23	21.30
	Second	11	4	6	7	28	25.93
	Third	11	8	9	13	41	37.96
	Fourth	2	5	0	0	7	6.48

	Least	2	4	3	0	9	8.33
Spare parts	Highest	6	10	3	4	23	21.30
	Second	11	13	12	5	41	37.96
	Third	11	5	6	8	30	27.78
	Fourth	0	0	3	0	3	2.78
	Least	2	0	3	6	11	10.19
Resale value	Highest	2	2	6	0	10	9.26
	Second	2	0	0	2	4	3.70
	Third	0	2	6	0	8	7.41
	Fourth	9	10	6	4	29	26.85
	Least	17	14	9	17	57	52.78
Brand	Highest	0	5	3	5	13	12.04
	Second	2	0	3	2	7	6.48
	Third	4	2	6	2	14	12.96
	Fourth	17	11	12	14	54	50.00
	Least	7	10	3	0	20	18.52

In the table 4.8 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 36.11%. model and the availability is the second choice for the customer having 21.30% respondents. While brand and resale value comes after them respectively while choosing the motorbike.

The second question has been asked to find out whom the customer use purchase pal for choosing the motorbike. The table enlisted below shows the descriptive statistics of the purchase pal users.

Table 4.9

Purchase Pal Users

Companion	Occupation				Total	
	Professionals	Student	Employees	Businessman	No.	%
Alone	9	0	9	5	23	21.30
Family members/Relatives	10	24	9	5	48	44.44
Experts/Mechanics	0	0	3	6	9	8.33
Friends/Neighbours	11	4	6	7	28	25.93

Table 4.9 provides descriptive statistics concerning the different types of purchase pals used by the respondents. Among the total number of respondents 23(21.30%) do not use purchase pal means take decision themselves. In which maximum 48(44.44%) respondents use Family members/Relatives as purchase pal, 28(25.93%) respondents use Friends/Neighbours as purchase pal and 9(8.33%) respondents use mechanic/experts as purchase pals.

The third and the last question on consumer choice process was reason behind using the purchase pal. As observed from the table 4.9 out of 108 respondents' 85 respondents use purchase pal were asked the reasons of using purchase pals. In the table given below shows the different reason for using purchase pals.

Table 4.10

Reasons for Using Purchase Pal

Reason for companion	Occupation				Total	
	Professionals	Student	Employees	Businessman	No.	%

Deciding which to buy	9	15	9	2	35	32.41
Discounts	2	2	3	2	9	8.33
Models	2	2	6	4	14	12.96
Right decision	8	9	0	10	27	25.00
No response	9	0	9	5	23	21.30

Out of 85 respondents who use purchase pal, maximum number of respondents 35(32.41%) use purchase pals to make sure that s/he has chosen the right brand, 27(25.00%) respondents use purchase to get help in making right decision, 14(12.96%) respondents use purchase pal to get help to decide which one to buy from different Models and 9(8.33%) respondents use purchase pals to get discount from the dealers and 23(21.30%) people go alone to purchase bike so they didn't respond.

4.2.5 Post Acquisition Process

The post-acquisition process is the main source of failure for M & As if not handled properly. The outcome of the post-acquisition phase largely depends on its managerial planning prior to the acquisition and action taken during the process (Lasserre,2008).

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

Table 4.11

Satisfaction Level of Respondents

Satisfaction level	Occupation				Total	
	Professionals	Student	Employees	Businessman	No.	%

Highly satisfied	2	8	3	2	15	13.89
Satisfied	15	8	15	16	54	50.00
Average	11	12	9	5	37	34.26
Unsatisfied	2	0	0	0	2	1.85

The table 4.11 shows that 54(50.00%) people are satisfied with bike,37(34.26%) people are moderately satisfied,15(13.89%) people are highly satisfied and only 2(1.85%) are unsatisfied.

4.3 Environmental factors influencing consumer behavior

Four (4) major factors that influence consumer buyer behavior. These are cultural, social, personal, psychological. Although many of these factors cannot be directly controlled by marketers, understanding of their impact is essential as marketing mix strategies can be developed to appeal to the preferences of the target market.

When purchasing any product, a consumer goes through a decision process. This process consists of up to five stages:

-Stage 1: problem recognition
-Stage 2: Information search
-Stage 3: evaluation of alternatives
-Stage 4: purchase decision
-Stage 5: post purchase behavior.

The length of this decision process will very. A consumer may not act in isolation in the purchase, but rather may be influenced by any of several people in various roles. The number of people involved in the buying decision increases with the level of involvement and complexity of the buying decision behavior.

Consumer's buyer behavior and the resulting purchase decision are strongly influenced by cultural, social, personal and psychological characteristics. An understanding of the influence of these factors is essential for marketers in order to develop suitable marketing mixes to appeal to the target customer. Cultural factors include a consumer's culture, subculture and social class. These factors are often inherent in our values and decision processes.

SOCIAL factors include groups (reference groups, aspirational groups and member groups), family, roles and status. This explains the outside influences of others on our purchase decisions either directly or indirectly.

PERSONAL factors include such variables as age and lifecycle (activities, interests, opinions and demographics), personality and self concept. These may explain why our preferences often change as our 'situation' changes.

PSYCHOLOGICAL factors affecting our purchase decision include motivation (Mas low's hierarchy of needs), perception, learning, beliefs and attitudes.

 Other people often influence a consumer's purchase decision. The marketer needs to know which people are involved in the buying decision and what role each person plays, so that marketing strategies can also be aimed at these people (Kotler et al, 1994) .

The second objective of this study is to find out the factors influencing consumer behavior. A consumer's behavior is influenced by cultural, social, personal, psychological factors. Research into all those factors can provide clues to reach and

serve consumers more effectively. An attempt has been made to identify consumers' behaviors. Below table 4.12 shows the result of the respondents.

Table 4.12

Factors Influencing the Consumer Behavior

		Occupation				Total	
		Student	Businessman	Professionals	Employees	Count	Col %
Social Factors	Highest	14	3	16	9	42	38.90%
	Second	8	7	2	15	32	29.60%
	Third	6	5	6	0	17	15.70%
	Least	0	8	6	3	17	15.70%
Personal Factors	Highest	12	15	10	12	49	45.40%
	Second	16	6	15	9	46	42.60%
	Third	0	0	5	6	11	10.20%
	Least	0	2	0	0	2	1.90%
Cultural factors	Highest	2	3	0	3	8	7.40%
	Second	4	2	4	3	13	12.00%
	Third	20	15	17	18	70	64.80%
	Least	2	3	9	3	17	15.70%
Psychological factors	Highest	0	2	4	3	9	8.30%
	Second	0	8	9	0	17	15.70%
	Third	2	3	2	3	10	9.30%
	Least	26	10	15	21	72	66.70%

From the table 4.12, it is found that the largest number of respondents 49(45.40%) were influenced by personal factor, 42(38.40%) of the respondents were influenced by social factors, 9(8.30%) of the respondents were influenced by Psychological factors and 8(07.40%) of the respondents were found influenced by Cultural factors.

according to the sample collected, it is clearly seen that personal factors like interest, occupation and life style is the most important factor influencing the consumer behavior.

4.4 Analysis of Marketing Mix

Marketing mix is an imperative concept in modern marketing and academically it is referred to as the set of controllable tools that the firm blends to produce the response it wants in the target market. So it consists of everything the firm can do to influence the demand for its product (Kotler & Armstrong, 2004).

It is important to realize that marketing mix strategy of any company can have one major function, that is, strategic communication of the organization with its customers. It was further argued that marketing mix provides multiple paths as such communication can be achieved either in spoken form and written communications(advertising, selling, etc.) or in more symbolic forms of communication (the image conveyed in the quality of the product, its price and the type of distribution outlet chosen). However, the key element is that the main aspects of marketing mix that will be discussed below "should not be seen as individual entities, but as a set of interrelated entities which have to be set in conjunction with one another" (Proctor, 2000: 212) .

 In this section respondents were asked some of the question related to the marketing mix i.e. about the place, product, price and promotional activities done by the company or their agent.

The first question was asked which one is the brand mostly prefer by the respondents and the table 4.13 shows the result of the respondents.

Table 4.13

Brand Preference of the Respondents

Brand Name	No of Respondents	Percentage
Hero Honda	48	44.44
Yamaha	39	36.11
Bajaj	15	13.89
other	6	5.56

The table 4.13 shows the respondents' brand preference. It is seen from the above table 4.13 that 48(44.44%) respondents prefer Hero Honda, 36.11% prefer Yamaha, 13.89% prefer Bajaj brand of motorbike and remaining 5.56% prefer others than these.

The second question was related to the place of marketing mix. Here the respondents were asked about whether they were familiar with the no of showroom bike company have or not. The table 4.14 shows the re

Table 4.14

No of Showrooms Bike Companies Have

No of showrooms	Occupation				Total	
	Professionals	Student	Employees	Businessman	No.	%
Only one	2	0	0	0	2	1.85
More than one	28	28	27	23	106	98.15

The table 4.14 shows that 106 (98.15%) people knew their bike company have more than one showroom and very negligible people said i.e. 2(1.85%) said only one.

The third question was about the price of the bike. Here the respondents were asked what is their perception for the price of the bike they been using. Table 4.15 shows the result.

Table 4.15

Perception for the Price of the Bike

Perception	Occupation				Total	
	Professionals	Student	Employees	Businessman	No.	%
Very high	4	6	0	0	10	9.26
High	9	12	6	4	31	28.70
Average	17	10	18	19	64	59.26
Low	0	0	3	0	3	2.78

The table 4.15 shows that 64(59.26%) said the price they had paid for their bike is average, 31(28.70%) said the price is high, 10(9.26%) said very high and 3(2.78%) said the price is low.

The fourth and the last question were related to the promotional activities of the marketing mix. Here the respondents were asked how they perceived the effectiveness of the special offer provided by the company for selling their bike. Table 4.16 shows the result of the respondents.

Table 4.16

Effectiveness of the Special Offer Perceived by the Buyers

Perception	No.	Percent
Excellent	10.00	9.26
Good	51.00	47.22
Average	47.00	43.52
Total	108.00	100.00

The table 4.16 shows that effect of the special offer provided by the buyer is good has been said by 51(47.22%), average has been said by 47(43.52%) and excellent is said by 10(9.26%)

4.5 Major Findings of the Study

Based on the analysis of the respondents on consumer behaviors with respect to decision making process of motorbike purchase in Kathmandu valley, 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 moment.
2. A large number of motorbike riders used motorbike for the purpose of transportation. While the other used it for interest, pleasure and status respectively.
3. The respondents first happened to know about the model of bike they bought through friends.
4. Performance of the motorbike like mileage, ride and frequency of repair are the most sought information by the respondents in the consumer search behavior.
5. Respondents have given rank to different sources of information they use while purchasing motorbike which are as follows: Advertisement- 1st rank, Friends and Relatives as 2nd rank., visit dealers as 3rd rank and test drive is least means 4th rank
6. In the alternative evaluation process, the motorbike buyers first looked for price while evaluating different models. Only few respondents see the resale value in alternative evaluation process.
7. Friends are the most used source for recommendation while evaluating different model of motorbikes.

8. Respondents have given rank to the factor influencing consumer choice process while purchasing motorbike where price is the most influencing factor and resale value is the least factor influencing the choice process.

9. Large number of respondent are found to prefer purchase pal instead of going alone because they want to decide which want to buy that also with family members and relatives.

10. Almost half of the respondents are satisfied with their current bike.

11. Personal Factor is found main factor to influence consumer behaviors while buying motorbike.

12. Hero Honda is the most preferred motorbike among various bike found in the market.

13. Almost all the respondent know that there bike company has got lot of showrooms in the market.

14. Most of the respondents are happy with the price they paid for their bike.

15. A little less than half respondent believe that the special offer provided by the bike company sometimes are good .there are good number of respondent thinks that the offer is still average.

16. The current occupation of most of the respondents is found to be professionals.

17. On the basis of age group, most of the respondents have been found to be in the age group of 26-35 years.

18. Similarly most of the respondents who have got motorbike are of those income groups who are having income of Rs 10000 to 25000 and of graduate.

CHAPTER V
SUMMARY, CONCLUSION AND RECOMMMENDATIONS

Summary

One of the important and traditional areas of study in consumer behavior has been the 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. For that understanding of consumer behavior effort of investigation and exploration is needed. Such practice of investigation and exploration on consumer buying behavior are too rare or absent in Nepalese business perspectives.

In such circumstances, an attempt has been made in this work to study consumer behavior with respect to decision making process of motor bike purchase in Kathmandu city. The study is aimed at determining decision making process of motorbike purchase, determining factors influencing consumer behavior, marketing mix and studying profile of the consumer.

The sample of respondents used in this study constitutes 108 motorbike buyers of Kathmandu city. Kathmandu city was chosen as the geographical region to draw the

sample because the motorbike traffic here is tremendous compared to any other district. The information and data required for conducting the study was entirely based on primary sources. Primary information and data were gathered through structured questionnaire. Based on the objectives of the study, a comprehensive questionnaire was developed which include questions pertaining consumer decision making process, factors influencing consumer behavior and marketing mix.

The first objective of the study has been made to identify decision making process while making a motorbike purchase. Fro this purpose, question relating to problem recognition, consumer search behavior, alternative evaluation, consumer choice process and post acquisition process has been employed. The analysis has been done on the basis of responses provide 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 factor. Research in to all these factors can provide clue to reach and serve consumers more effectively. To achieve this objective, question relating to factors influencing consumer behavior have been employed.

Similarly the study also trying to find how marketing mix have been taken by customer in brief. For that question related to place, product, price, and promotional activities 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 age, education level, occupation and income level of the respondents.

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

Consumer behavior is the study of individuals, groups, or organizations and the processes they use to select, secure, and dispose of products, services, experiences, or ideas to satisfy needs and the impacts that these processes have on the consumer and society. It blends elements from psychology, sociology, social anthropology and economics. It attempts to understand the decision-making processes of buyers, both individually and in groups. It studies characteristics and behavioral variables in an attempt to understand people's wants. It also tries to assess influences on the consumer from group such as family, friends, reference group, and society in general.

Customer behavior study is based on consumer buying behavior, with the customer playing the three distinct roles of user, payer and buyer. Research has shown that consumer experts in the field. Relationship marketing is an influential asset for customer behavior analysis as it has a keen interest in the re-discovery of the true meaning of marketing through the re-affirmation of the importance of the customer or buyer. A greater importance is also placed on consumer retention, customer relationship management, personalization, customization and one-to-one marketing. Social function can be categorized into social choice and welfare functions.

Each method for vote counting is assumed as social function but if Arrow's possibility theorem is used for a social function, social welfare function is achieved. Some specifications of the social function are decisiveness, neutrality, anonymity, monotonicity, unanimity, homogeneity and weak and strong pareto optimality. Marketing provides services in order to satisfy customers. With that in mind the productive system is considered from its beginning at the production level, to the end of the cycle, the consumer (Kioumarsi et al, 2009).

Conclusion

While trying to gain insight in to the decision making behavior of consumer in Nepal, the Nepalese marketer, academicians and other are forced to use and assume the models of consumers behavior developed in other countries having quite different consumers, socio economic and product market situations than that of Nepal. Hence it is doubtful how far these models are able to explain the behavior of the consumers of Nepal.

This study has been undertaken to identify consumer behavior with respect to decision- making process of motorbike purchase in Kathmandu valley. Based on above presentation and analysis following conclusions can be made.

Performance of the motorbike like mileage, ride and frequency of repair are the most sought information by the respondents in the consumer search behavior. Motorbike user found that they use motorbike for personal use i.e. also for the purpose of transportation. Friends are the most used source for recommendation while evaluating different model of motorbikes. Price is the most influencing factors in consumer choice process. Professionals, graduate, age group of 26-35yrs and having monthly income of range   between 10000 -25000 are main users of motorbike.

Recommendations

n the basis of finding following recommendation can be made.
- The most sought information on a motorbike is its price. So it is suggested to give high preference on price of the motorbike.
- The majority of consumer used advertisement as source of information most frequently. So marketers are suggested to provide greater emphasis up on advertisement on television.
- 75% of the respondents found under the age of 35yrs .so the preference of the youth should be highly considered.

- According to this study the most influencing factor in consumer behavior is personal factor like interest, occupation and life style. So the manufactures should give high priority to personal factors of the potential consumers.

- A little less than half respondent believe that the special offer provided by the bike company sometimes are good .there are good number of respondent thinks that the offer is still average so while providing offer they should be little bit more careful.

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Appendix

Questionnaire

A Survey of Motorcycle Owners

Dear Respondents

It is requested you to participate in this survey entitled "**Consumer Behavior and Decision Making Process (with reference to two wheeler purchase)"** for master degree thesis. It's ensured that the information provided by you will be used only for the academic purpose and will be kept confidential.

Section A: Problem recognition

1) Why do you prefer motorbike in comparisons to other vehicles?

a. it is economical ☐   b. It saves time ☐

c. it is easy to handle ☐   d. Easy movement in crowded street. ☐

2) What is the purpose of motorbike riding?

a. Transportation ☐   b. status ☐

c. pleasure ☐   d. interest ☐

3) In what extent did you desire to own a motorbike watching an advertisemt?

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 bike you bought?

   a. friend   □   b. advertisement   □

   c. family member/relatives   □   d. showroom   □

2) Please tell about the kind of information you sought about bike before you bought?

   a. Features – electric start, disk brake, looks   □

   b. Performance – mileage, frequency of repair   □

   c. Price   □

   d. after-sales service   □

3) which of the following sources did you use to collect the information prior to

Purchase your motorbike? Please rank the sources of information, 1 being the highest.

   a. Advertisement: 1   2   3   4

   b. Friends/Family/Relatives: 1   2   3   4

   c. Visit Dealers/show room: 1   2   3   4

   d. Test Driving: 1   2   3   4

Section C: Alternative evaluation

1) The list below presents a no of criteria (features) one can possibly use while checking different models of bike, please check the criteria you used while evaluating different models. Please rank in 1st to last most important feature among the given choices.

   a. Price   □   b. Looks   □

   c. Mileage: □   d. Credit Facilities   □

   e. Resale/After Sale Value: □

2) Was the model of bike you bought recommended by?

a. Friend ☐

b. Family member ☐

c. Salesperson ☐

d. Relative ☐

Section D: consumer choice process

1. What are the factors influencing your buying decision. Please rank the choices 1 being the highest

a) Price	1	2	3	4	5
b) Model	1	2	3	4	5
c) Availability of spare parts	1	2	3	4	5
d) Resale value	1	2	3	4	5
e) Brand	1	2	3	4	5

2) Did you go alone or with someone to buy bike?

a) Alone: ☐   b) With family members/relatives: ☐

c) exports/mechanics: ☐   d) With Friends/neighbors: ☐

3) What was the reason to use purchase pal ?if you used

a) To get help in deciding which motorcycle to buy?   ☐

b) To get discount from dealers.   ☐

c) To get help in inspecting different models   ☐

d) To make sure I make the right decision.   ☐

Section E: Post acquisition process

1) What is your satisfaction level with your present bike?

     a. Highly satisfied ☐   b. satisfied ☐   c. Average ☐

     d. Unsatisfied   ☐

4) How would you perceive the current price of your bike?

a. very high ☐   b. high ☐   c. average ☐   d. low ☐   e. very low ☐

Section F: Factors influencing buyers' decision

1) Please check the factors that influence you in your choice of motorbike you bought?   Please rank the choices 1 being the highest.

  a) Social Factors (Friends/Family/Neighbors): 1   2   3   4

  b) Personal Factors (Interest/Occupation/Lifestyle): 1   2   3   4

  c) Cultural Factors (Religion/Social Class/Nationality): 1   2   3   4

  d) Psychological Factors (Beliefs/Recognition/Belongings): 1   2   3 4

Section G: marketing mix

1. Please mention the name of your bike manufactures?

a. Hero Honda

b. Yamaha

c. Bajaj.

d. Other

2) How many show rooms of your bike the company has?

a. Only one   b. more than one

3) How would you perceive the current price of your bike?

a. very high ☐   b. high ☐   c. average ☐   d. low ☐

4. Are different Promotional activities done by bike dealers doing different occasion are attractive.

Excellent ( )   Good ( )   Average (   )

Section I: Profile of the consumer

1) Would you please provide the following information about yourself?

I. Name: …………………….

II. Occupation...

A. Student

B. Businessman

C. Professionals (Doctor/Engineer/Lawyer/Other)

D. Employee (Government Service/Private Sector/Public Com./INGOs)

III. Age Group:

A.16-25

B.26-35

C.36-45

D. above 46

IV. Total monthly family/household income.

A. Upto Rs.10000   (   )

B. Rs 10000 - 25000   (   )

C. Rs 25000 - 50000 (   )

D. Above 50000   (   )

V. Education?

A. Intermediate

B. Graduate

C. Post-Graduate

Profit & Loss A/C

Of Hero MotoCorp Ltd.

For The Year 2012-2013.

Rs. Crore

Parameter	Mar. 2013	Mar. 2012	Mar. 2011
Income			
Operating income	23,768.11	23586.80	19366.97
Expeneses			
Material consumed	17470.73	17391.62	14209.45
Manufacturing expenses	129.18	164.28	510.36
Personnel expenses	820.92	735.52	618.95
Selling expenses	-	963.64	866.5
Administrative expenses	2025.33	683.72	564.64
Expenses capitalized			
Cost of Sales	20446.16	19938.78	16769.90
Operating profit	3321.95	3648.02	2597.07
Other recurring Income	398.38	82.98	123.68
Adjusted PBDIT	3720.33	3731.00	2720.75
Financial expenses	11.91	33.43	28.20
Depreciation	1141.75	1097.34	402.38
Other write offs	-	-	-
Adjusted PBT	2566.67	2600.23	2290.17
Tax charges	411.04	486.58	476.86
Adjusted PAT	2155.63	2113.65	1813.31
Non recurring items	-	264.48	114.59
Other non cash adjustments	-	-	-
Reported net profit	2155.63	2378.13	1927.90
Earning before appropriation	4694.18	3822.93	4074.45
Equity dividend	1198.13	898.59	2096.72

Parameter			
Preference dividend	-	-	-
Dividend tax	203.62	145.77	340.14
Retained earning	3292.43	2778.57	1637.59

Source: Hero MotoCorp Ltd- Research Center-2013

Balance Sheet

Of Hero MotoCorp Ltd.

(Rs. Crore)

Parameter	Mar. 2013	Mar. 2012	Mar. 2011
Sources of funds			
Owner's fund			
Equity share capital	39.94	39.94	39.94
Share application money	-	-	-
Preference share capital	-	-	-
Reserves & surplus	4966.30	4249.89	2916.12
Loan funds			
Secured loans	302.16	994.85	1458.45
Unsecured loans	-	-	32.71
Total	5308.40	5284.68	4447.22
Uses of funds			
Fixed assets			
Gross block	4427.29	6308.26	5538.46
Less: revaluation reserve	-	-	-
Less: accumulated Dep.	1356.31	2522.7	1458.18
Net block	3070.98	3785.51	4080.28
Capital work-in-progress	62.09	193.95	125.14
Investment	3623.83	3964.26	5128.75

Net current assets

Current assets, loans &			
Advances	2884.75	1951.69	1510.52
Less: current liabilities &			
Provisions	4333.25	4610.73	6397.47
Total net current assets	-1448.50	-2659.04	-4886.95

Miscellaneous expenses			
Not written	-	-	-
Total	5308.40	5284.68	4447.22

Notes:

Book value of unquoted			
Investments	-	3659.51	5065.79
Market value of quoted			
Investments	353.28	302.20	62.14
Contingent liabilities	502.00	252.62	131.90
No. of equity share			
Outstanding(lacs)	1996.88	1996.88	1996.88

Source: Hero MotoCorp Ltd. Research Center-2013