International Journal of Social Science and Economic Research

ISSN: 2455-8834

Volume:09, Issue:04 "April 2024"

MICRO ECONOMICS FACTORS IMPACT ON TWO WHEELER PURCHASE BEAHVIOUR

Dr Ch.Munendar Reddy

Assistant Professor- MRM Institute of Management, Ibrahimpatan (M,) Ranga Reddy Dist, Telangana 501510

DOI: 10.46609/IJSSER.2024.v09i04.002 URL: https://doi.org/10.46609/IJSSER.2024.v09i04.002

Received: 28 March 2024 / Accepted: 7 April 2024 / Published: 11 April 2024

ABSTRACT

The individual purchase behavior may be measured by using various dimension like income, age, educational and family size. Each factor has its own advantage and disadvantage and influenced by other dimensions likes needs, wants, usage and urgency etc. The strength of microeconomics comes from the simplicity of its underlying structure and its close touch with the real world. In a nutshell, microeconomics has to do with SUPPLY and DEMAND, and with the way they interact in various markets. Microeconomic analysis moves easily and painlessly from one topic to another and lies at the center of most of the recognized subfields of economics. Labor economics, for example, is built largely on the analysis of the supply and demand for labor of different types. The field of industrial organization deals with the different mechanisms like cartel, different types of competitive behavior) by which goods and services are sold. International economics worries about the demand and supply of individual traded commodities, as well as of a country's exports and imports taken as a whole, and the consequent demand for and supply of foreign exchange. The economic factors that most affect the demand for automobile goods are employment, wages, prices/ inflation interest rates, and consumer confidence. This present paper focused on micro economics factors like (Age ,Income, Gender) impact on purchase behavior of two wheeler products and their concern issues and challenges are discussed in detail.

Keywords: Income, Needs, Family Influence, Economic usage

Introduction:

Consumer spending is entirely dependent on surplus income—the more people receive a steady income (and continue to receive one), the more consumers are willing to make discretionary purchases.

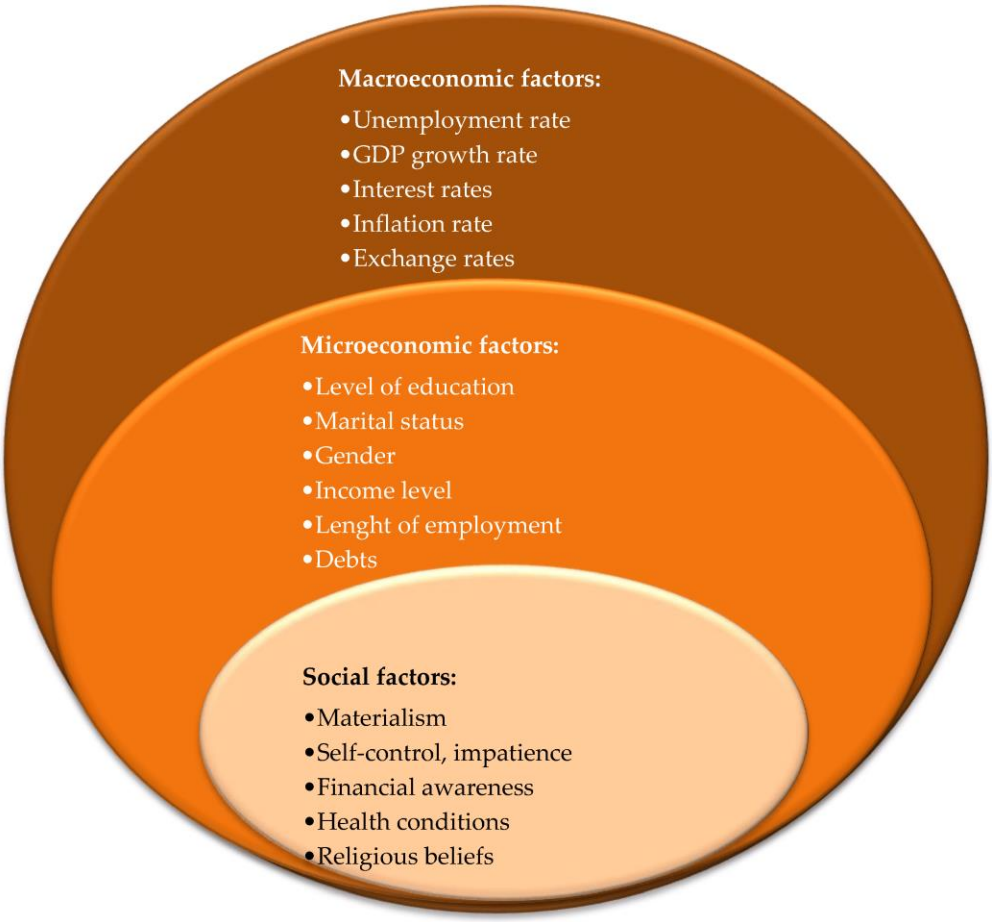
 Copyright © IJSSER 2024, All rights reserved

ISSN: 2455-8834

Volume:09, Issue:04 "April 2024"

Likewise, wages play a part in consumer spending. If wages are steadily rising, consumers generally have more discretionary income to spend, but if they are stagnant or falling, demand for optional consumer goods is likely to fall. Median income is one of the best indicators of the condition of wages for American workers.

As of June 2023, the Bureau of Labor Statistics reported that total nonfarm payroll employment increased by 209,000, and the unemployment rate changed little at 3.6%. Employment continued to trend up in government, health care, social assistance, and construction. Many would see low unemployment usually regarded as a positive sign for the economy. A very low rate of unemployment, however, can have negative consequences, such as inflation and reduced productivity. When the labor market reaches a point where each additional job added does not create enough productivity to cover its cost, then an output gap, or slack, happens.



Consumer buying behavior refers to the selection, purchase and consumption of goods and services for the satisfaction of their wants. There are different processes involved in the consumer behavior. Many factors, specificities and characteristics influence the individual in

 Copyright © IJSSER 2024, All rights reserved

ISSN: 2455-8834

Volume:09, Issue:04 "April 2024"

what he is and the consumer in his decision making process, shopping habits, purchasing behavior, the brands he buys or the retailers he goes. A purchase decision is the result of each and every one of these factors. Initially the consumer tries to find what commodities he would like to consume, then he selects only those commodities that promise greater utility. After selecting the commodities, the consumer makes an estimate of the available money which he can spend. Lastly, the consumer analyzes the prevailing prices of commodities and takes the decision about the commodities he should consume. Meanwhile, there are various other factors influencing the purchases of consumer such as social, cultural, economic, personal and psychological.

Literature Review:

Diwakar (2020) "The consumers are expecting quality and fuel efficiency. So, the companies have to take steps to improve fuel efficiency. Fuel efficiency is a very important factor for two-wheelers. Majority of the consumers are more aware of this one. Therefore, regarding this aspect, companies design fuel-efficient vehicles. This will create positive attitude to the consumers. From that, companies have to increase their market potential. So, this is also one of the factors, the companies have to concentrate. Majority of the consumers prefer comfort, good after sales service, and smooth suspension. Based on these factors, consumers prefer the two wheelers. So, it is suggested from the research survey that the companies should often conduct a research survey to know the consumers' preferences. If the companies identify the preference factors, they can easily compete, and also improve their sales.

Bhuvanesh Kumar and Kavitha (2015), 'Customer Satisfaction towards Honda Activa with Special Reference to Pollachi Taluk', This study aims to determine the factors influencing the purchasing behavior of the Honda Active customers and also studies the impact of advertisement on the purchasing behavior of the Honda Active customers. This study concludes that the advertisement plays an important role in purchasing behavior of the consumers and it creates a rapid impact in their minds.

Chandu Ravi and .N Swamy (2015), Empirical analysis with a titled 'A Study on Consumer Satisfaction towards TVS Motors with Special Reference to Guntur City' This study aims to determine the factors influencing the purchasing behavior of the two wheeler customers. This study concludes that the television is the biggest source of information on purchasing the TVS two wheeler vehicles.

Yuvaraju and Rao, 2014 , Customer satisfaction largely depends on product features, price and aftermarket. Price, mileage, pickup and design have significant effect on customer satisfaction of Honda at Tirupati ("Customer Satisfaction towards Honda Two Wheelers: A case study in

 Copyright © IJSSER 2024, All rights reserved

ISSN: 2455-8834

Volume:09, Issue:04 "April 2024"

Tirupati"). Customers are satisfied with price, design, safety, mileage, interior space, status, brand name, comfort level, spares and after sale service of Tata motors passenger vehicles. Price was the most influencing and primary determinant, mileage and interior space were considered to be secondary determinants.

Saraswathi S. (2008) analyzed the Post-Sales Service customer satisfaction on 100 samples of various two-wheelers buyers of Hyderabad and Secunderabad. The study was presented in two parts: Part-I, on perception of customers on post-sale-service and Part-II, on ranking of respondents and satisfactory index on post-sale-service of two-wheeler automobile industry. Study found moderate mean values for some dimensions. Hence suggested manufacturers/ dealers to invest highly valuable service staff in the specific problem areas, i.e., specialized skills, satisfaction after the test ride and quality of service. In the next part of the secondary research I studied the "other sources of impact " of this segment to understand what really helps to reach into the consumer perception which is the basic essence of my research.

The world's largest bicycle manufacturers and the Motor Company of Japan, has today become the World's single largest two wheeler Company. Coming into existence on January 19, 1984, Hero Motors Limited gave India nothing less than a revolution on two-wheels made even more famous by the 'Fill it - Shut it - Forget it ' campaign. Driven by the trust of

over 5 million customers, the Hero product range today commands a market share of 48% making it a veritable giant in the industry. Add to that technological excellence, an expansive dealer network, and reliable after sales service, and you have one of the most customer- friendly companies.

No	2Wheeler Domestic	Feb-23	Feb-22	Diff	Growth % YoY	Share % Feb 23
1	Hero	3,82,317	3,31,462	50,855	15.34	37.65
2	Honda	2,27,064	2,85,677	-58,613	-20.52	22.36
3	TVS	2,21,402	1,73,198	48,204	27.83	21.80
4	Bajaj	1,20,335	96,523	23,812	24.67	11.85
5	Enfield	64,436	52,135	12,301	23.59	6.34
-	Total	10,15,554	9,38,995	76,559	8.15	100.00

 Copyright © IJSSER 2024, All rights reserved

ISSN: 2455-8834

Volume:09, Issue:04 "April 2024"

Today the two wheeler industry plays a significant role in the Indian economy. India is the second largest manufactures of two — wheelers in the world. One of the very important characteristics of economic development is the transformation of luxury goods into necessary goods. In recent time one such goods, which has been highly demanded by the customers, is the motor cycle possessing a mechanical device for conveyance is an indicator of good standard of living.

Research Methodology:

The Methodology part will explain the road map for proposed research include Objectives and Hypothesis followed by sample and sample size and data collection methods etc..

Objectives:

1) To Know the various economic factors influence on purchase behavior.

2) To identify level of micro economics factors impact on purchase decision.

3) To know consumer buying process with reference to various economic factors.

Hypotheses:

H_{01}: There is no significance association between Age of the respondents and their opinion on bike pick up performance is a factor to purchase bike.

H_{02}: There is no significance relation between respondents' income and their opinion on fuel efficiency is a factor to purchase bike.

H_{03}: The association between family size and road safety and grip is a dependent factor before purchase of bike.

Data Collection:

The primary data was collected with the help of structured questionnaire which contain 12 questions designed with likert scale regarding promotional practices by Hero Company in Hyderabad city.

Sample:

A sample of 100 two wheeler users of Hero motors in Hyderabad opinions was considered with above questionnaire.

 Copyright © IJSSER 2024, All rights reserved

ISSN: 2455-8834

Volume:09, Issue:04 "April 2024"

Data Analysis:

Factor Analysis (More Impacted Promotional Factors)

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.786
Bartlett's Test of Sphericity	Approx. Chi-Square	577.249
	df	21
	Sig.	.000

Before we proceed for factor analysis first the researcher tested the eligibility of the data by checking KMO- Bartlett's test which is a measure of sampling adequacy. The KMO value is 0.810 >0.6. Bartlett's Test of Sphericity indicates a measure of the multivariate normality of set of variables (Sig. value is less than 0.05 indicates multivariate normal and acceptable for factor analysis).

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.524	50.344	50.344	3.524	50.344	50.344
2	2.115	30.219	80.562	2.115	30.219	80.562
3	.633	9.043	89.606			
4	.392	5.600	95.205			
5	.139	1.989	97.194			
6	.114	1.625	98.819			
7	.083	1.181	100.000			

Extraction Method: Principal Component Analysis.

The variance matrix indicating 80 % (statistically 65% variance valid) variance on tested variable, i.e 20 % of other factors are influencing on bike promotional activities.

 Copyright © IJSSER 2024, All rights reserved

ISSN: 2455-8834

Volume:09, Issue:04 "April 2024"

Component Matrix[a]

	Component	
	1	2
6.Attract	.892	-.181
7.New Bike	.608	.304
8.Service	**.905**	.099
9.Price	.565	-.506
10. Advertisement	.087	.895
11. Prestige	-.406	**.948**
12. Preference	.771	.451

Extraction Method: Principal Component Analysis.

a. 2 components extracted.

Inference: The most influencing factors on consumers with reference to Hero Bike Promotional factors are Service center availability and its efficiency after purchase of bike and, the second factor is Prestige issue for individual to buy Hero bike only .

H_{01}: There is no significant association between Age of the respondets and their opinion on bike pick up performance is a quality to purchase bike.

Table 4.20.1: Chi Square values of Age and Bike Pickup

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	597.460[a]	12	**.003**
Likelihood Ratio	614.470	12	.000
Linear-by-Linear Association	132.695	1	.000
N of Valid Cases	730		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 12.66**.**

Inference: From the above table, the chi square value is not significant (Chi-square sig. value is 0.003< 0.05), Reject the null Hypothesis i.e there is a significant different of opinion between respondents age and their opinion on bike pick up is a criteria before purchasing of bike.

 Copyright © IJSSER 2024, All rights reserved

ISSN: 2455-8834

Volume:09, Issue:04 "April 2024"

H_{02}: There is no significant relation between respondets income and their opinion on fuel efficiency is a quality to purchase bike.

Table 4.21.1: Chi Square values of Income and Fuel Efficiency

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	629.343[a]	12	**.706**
Likelihood Ratio	611.415	12	.000
Linear-by-Linear Association	108.582	1	.000
N of Valid Cases	730		

a. 2 cells (10.0%) have expected count less than 5. The minimum expected count is 4.04.

Inference : From the above table, the chi square value is very much significant (Chi-square sig. value is 0.706> 0.05), Accept the null Hypothesis i.e there is no such importance for fuel efficiency by bike buyers in Hyderabad region and they are much concern about other qualities like design and color etc...

H_{03}: The assocaition between family size and road safety and grip is a dependent factor before purchase of bike.

Table 4.24.1: Chi square values of Family Size and Road Grip

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	479.415[a]	12	**.510**
Likelihood Ratio	603.654	12	.000
Linear-by-Linear Association	.008	1	.929
N of Valid Cases	730		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.65.

Inference: From the above table, the chi square value is very much significant (Chi-square sig. value is 0.510> 0.05), Accept the null Hypothesis i.e the road safety and grip is utmost deciding factor for bike purchase and it significantly depend on respondent family size.

 Copyright © IJSSER 2024, All rights reserved

ISSN: 2455-8834

Volume:09, Issue:04 "April 2024"

Discussion of Results:

The results suggest that there is significant difference between the various dimensions (Attributes, Sales Support, External Factors and overall purchase decision) of purchasing decision and age of the respondents. But from the analysis, It shows that there is no significant difference between the various dimensions (Attributes, Sales Support, External Factors and overall purchase decision) of purchasing decision and age of the respondents. Purchase is an outcome of consumer behavior in various dimensions at Hyderabad region, but the researcher find there is no significant relation in respect of age due to the influence from friends and family members, credit availability, sensitivity of the consumer in fuel consumption, information displayed on spare components. These are all the factors influencing purchase decisions in various dimensions.

Micro Economics factors include – Age, Gender, Income, Social Status, Community, Geographical identity etc. It has been noticed that the buyer behaviors in general and two wheeler segments in particular are more bent on demographic factors because decisions are more of a personal nature and social status rather than organizational buying. The capability and need are the most important unlike in organizational buying. This is also proven in the current research in the given area of Hyderabad and on the selected sample of people as indicated in the previous sections.

The family size is generally large due to traditional beliefs of more prosperity with more children more so in rural areas. In urban areas this trend is changing due to people moving to jobs and expenditure capability controlling the life style. If a person is having a family size of three children then the total family is five if we do not count his old parents. Such family will go for loan to buy a second-hand car with in his budget rather than thinking of a two wheeler. in some cases where a car owner is keeping a two wheeler then it is for his local needs like shopping or for children's use for schooling etc. In such cases the second hand car market will affect the new vehicles market of smaller vehicles to two wheelers.

References

- Bhuvneshkuar & Kavitha, N. (2015). Influencers of Decision Making For Two-Wheeler Purchase: A Study with Special Focus to Malappuram District of Kerala, IJEMR –6(8)
- Cahndu Ravi & N.Swami. (2015), "Dynamic Effects of Social Influence and Direct Marketing on the Adoption of High-Technology Products", Journal of Marketing, Vol. 78 (March), pp. 52-68.

 Copyright © IJSSER 2024, All rights reserved

ISSN: 2455-8834

Volume:09, Issue:04 "April 2024"

- Diwakar .A & Pavani .V M. (2020). A Study on Consumer Behaviour Towards Two Wheeler Dealers in Coimbatore District, International Journal of Management Research & Review. 7(4), pp. 418-423.
- Khan A. A., and Rao, D. V. M. (2018). Two-Wheeler Consumers' Towards customer satisfaction. International Journal of Research Granthaayalah. 6(2), pp. 13-31.
- Mani, R. &Tripathy, D. (2013). A Study on Consumer Buying Behavior Towards Two Wheeler Bikes in Context to Indian Market, International Journal of Advanced Research in Management (IJARM), 4(1), pp. 65-73.
- Murugan, P., & Paul, T. F. (2018). A Study on Consumer Buying Behavior Towards Two Wheeler in Tirunelveli District, International Journal of Engineering and Techniques. 4(6), pp. 161-166.
- Saraswathi, A. (2008). Customer Satisfaction Towards Motorcycles: A Conceptual Study, IMPACT: International Journal of Research in Humanities Arts and Literature. 6(4), pp. 211-216
- Yuvraj & Rao, K. S. (2014). Household Characteristics and Buying Behavior of Two-wheeler Consumers in Chennai City - A Study, Asian Journal of Research in Business Economics and Management.5(4), pp 109-122.

 Copyright © IJSSER 2024, All rights reserved