



CUSTOMER LOYALTY TOWARDS THE TWO WHEELER INDUSTRIES – A STUDY OF WARANGAL

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Abstract

The present research study is emphasis on the customer loyalty towards the two wheeler industries. India is one of the largest manufacturers and producers of two-wheelers in the world. The sales ratio of two wheelers is very significant in India. Its customers can be seen in every corner of our country. Thus, to know the loyalty of the customers regarding two wheelers purchase and consumption we have taken this study. The study surveyed 100 users' opinions to determine the satisfaction level regarding the different services of the two wheelers. Finally, conclusions were drawn and suggestions were offered.

Key Words: Customer Loyalty, Two Wheeler Industries, Purchase and Consumption.

Introduction

In today's market the concept of customer loyalty is considered to be as very important and a key factor. It plays a very important role for businesses to achieve competitive advantage and to maintain it. It is an act that occurs when people choose to use a particular product for long period of time rather than using other products made by other companies. It exhibits when customer consistently purchase a certain product or brand over an extended period of time. It is the key objective of customer relationship management and describes the loyalty which is established between a customer and companies, persons, products or brands. For businesses, making a consumer loyal toward a particular product is a tough ask but it produces the great effects.

Importance of Customer Loyalty

Every supplier wants to create and retain a loyal customer who engages in continued profitable business with him. Customer Loyalty is the measure of success of the supplier in retaining a long term relationship with the customer. Thus, customer loyalty is when a supplier receives the ultimate reward of his efforts in interacting with its customer. Customer loyalty tends the customer to voluntarily choose a particular product against another for his need. The loyalty may be product specific or it may be company specific. When a loyal customer has repetitive requirement of the same product, such customers may be described as being 'brand loyal'. On the other hand he may also require different products of the same manufacturer. That is to say he makes significant purchases direct from the same supplier and that counts as the company specific loyalty. Loyal Customers are extremely valuable to any brand, and in very simple terms, if you don't invest in customer loyalty, you'll end up losing more customers than you gain. Some of the important aspects of it are as follows.

1. Customer Loyalty is about Engagement and Building Relationships

Customer loyalty can generally equate to customer engagement, if your consumers are willing to spend time engaging with your brand they are becoming loyal. Always give them the same courtesy back and constantly engage. Engagement breed's positive connections and the more you interact in a positive way, the more loyal your customers become. These engagements and interactions then create relationships. Engaging is so important and when you focus on the consumer you turn into more than a company and create a bond with them. Customers in a 'relationship' will be more loyal – but remember, it is your business that is lucky to have them, not the other way round. With this in mind they need to be treated well in the relationship, they are making decisions about your business, deciding whether to recommend you or return to you. Build up a good relationship in your interactions and turn them into a completely loyal customer.

2. The Power of Word-of-Mouth

Loyal customers are instrumental in helping you spread the word and become brand ambassadors. Word-of-mouth is seriously powerful when it comes to marketing;

- If loyal customers have a positive experience they're more likely to share this – and people are generally more influenced by people they know.
- Loyal customers give your brand a positive head-start to people who may be unfamiliar with you.
- The relationships you build with loyal customers leads to word-of-mouth and then referrals.

3. Loyal Customers Lead to Repeat Business

Building customer loyalty is important as it often leads to more business because;

- Loyal customers tend to make more than a single transaction
- They are more likely to explore and try out different products or service
- Loyal customers will spend more as they already trust your brand



4. Eliminate the Competition

If loyal customers feel that they are getting good value, quality and service from you they are less likely to go elsewhere. Loyal customers are less likely to stray towards the competition, as if they are completely happy with you a competitor simply won't appeal. This means that the stronger your loyal customer base is the less threat your competitors pose – it acts as a defense against your rival brands. When a customer becomes truly loyal you are the only brand in your field they'll consider – other brands disappear in their minds and their market becomes completely closed in on you.

5. Economic Advantages

Building and retaining a loyal customer base makes sense economically, it can help your business save money – as well as making money;

- It increases your company's profitability as they cost less.
- They can educate new customers about your customers – saving you money.
- Loyal customers tend to spend more with you and your business profit.

Review of Literature

Many researches have conducted studies on customer loyalty and two wheeler industries. The important are selected in this review of literature. According to Inamullah (2012) Customer loyalty is the willingness of a consumer to purchase the same product and keep the same profitable relationship with a particular company. In other words, it is the continuous buying of a consumer for a particular company brand and suggesting to other friends and family. There must be something attractive in a brand which keeps a customer to buy that product over period of time without preferring any other competitor brand. Previous researches have classified customer loyalty into two parts. First part is consumer behavior and the second part is consumer attitude (Guillén, Nielsen, Scheike & Marín, 2011). Rauyruen and Miller (2007) describe in their study that customer loyalty may be because of rational or either emotional factors. Rational factors may be the characteristics of the product and emotions are the feeling of a consumer. Consumer loyalty is a behavior of a consumer in which they show willingness to repurchase from a company and continue relationships with that company in their future purchases. Customer loyalty is the key factor under consideration of each and every firm (Vesel & Zabkar, 2009). The sale record of a company can go in positive figures if their consumers are loyal to them. So for maximization of sale, customer loyalty is important. But for customer loyalty it is important to make significant features in the product which can contribute for loyalty in consumers. (Gerpott, Rams & Schindler, 2001). Customer loyalty is the key and important competitive advantage in current market situations (Lin & Wang, 2006). This is very hard to understand the mind of consumer that what will be the key psychological factors that will make consumer loyal towards a company product. (Chen & Hu, 2010).

M Abdul Haneef, M Edwin Gnanadhas, and Mr. BA Abdul Karim, Mr. Vikas Singhal (2006): In his study of automobile Industry sector he has mentioned that the two-wheeler segment has recorded significant change in the past 4-5 years. The market for motorcycles is growing and its sale rose by 27 percent annually during the last four years. He pointed out that while the market for motorcycles is growing that for mopeds and geared scooters is shrinking. This change in the taste of the consumers is possibly due to the technological change. Also most of the manufacturers like Hero Honda, Bajaj and TVS had reduced the prices of their entry level motorcycles in order to capture a bigger share of the market. Mr. Subhadip Roy (2006) and SR Mohnot (2002) in their study of two-wheeler industries has become an expression of the owners' personality. The (customer in making his choice does evaluate the product in terms of utility, fuel economy, reliability, maintenance, affordability, performance, good after-sales service at reasonable cost, availability of spare parts at economical prices, looks, safety and comfort and ease of riding for driving. Total sales of two-'wheeler in first eight months of 200 1-02 had increased to 2.70 million units from 1.33 million units in the corresponding period of the preceding year. Siddhartha and S Mukherjee (2002) reveals that, the two-wheelers in India are used for variety of work such as visiting people, carrying loads, outdoor jobs like selling and buying. In rural areas it helps people to travel more frequently to nearby towns to their daily needs. The two-wheeler has become a valuable support for increasing productivity and in turn the profit, besides helping as a personal mode of transportation. Rajmani Singh and AS Yasso (2001) also pointed out that a major part of growth in the two-wheeler industry has come from motor cycles, which are considered fuel efficient, reliable and its suitability on rough roads. As per his study, TVS-Suzuki, Hero: Honda, Bajaj dominates the two wheeler scene. The study also says that due to stiff competition from automobile major Bajaj which is a largest producer of scooters the LML is facing considerably stiff competition. However, dominance of this category has been declining because of shift in customer preference towards motor bikes. Lutz (1981): In this study a perspective into consumer behavior is motivated by a desire to understand the relationship between attitude and behavior.

Objectives of the Study

The following are the important objectives of the study:

1. To study the customer loyalty towards the two wheeler industries.
2. To find the customer satisfaction towards the two wheeler industries.



- To offer some suggestion to improve the level of satisfaction of two wheeler industries.

Research Methodology

The research methodology of the study is mainly based on information collected from primary sources. After the detailed study, an attempt has been made to present comprehensive analysis of Customer Loyalty in two wheeler industries. The data had been used to cover various aspects like consumer loyalty behaviour and customer's satisfaction etc.

Data Collection

The data, which is collected for the purpose of study, is divided into 2 bases:

Primary Source: The primary data comprises information survey on "Customer Loyalty towards the two wheeler industries". The data has been collected directly from respondent with the help of structured questionnaires.

Secondary Source: The secondary data is collected from internet, References from Library.

Survey Design

The study is a cross sectional study because the data were collected at a single point of time. For the purpose of present study a related sample of population was selected on the basis of convenience.

Sample Size and Design

A sample of 100 people was taken on the basis of convenience. The actual consumers were contacted on the basis of random sampling.

Research Instrument

This work is carried out through self-administered questionnaires. The questions included were open ended and offered multiple choices.

Limitations of the Study

- The survey is restricted to Warangal district only.
- Since the Sample size is 100 and the data may not represent the accurate results.
- The time period of the study is only six weeks, which may not be sufficient for the overall study.

Data Analysis & Interpretation

Table 1: Mode of Communication

S. No	Mode of Communication	No. of Respondents	% of Respondents
1	Friends	24	24
2	Relatives	10	10
3	Advertisement	56	56
4	Other	10	10
Total		100	100

(Source: Compiled from Primary Data – Through Questionnaire)

Interpretation

The above table shows that the majority of consumers are aware of the two wheelers through advertisement. Their percentage is 56. 24 per cent of the respondents are aware through communication with friends. Further, 10 per cent each of the respondents are aware of it through relatives and other sources.

Table 2: Factors Influencing Purchase Decision

S. No	Criteria for Purchasing factors	No. of Respondents	% of Respondents
1	Mileage	30	30
2	Reasonable Price	20	20
3	Style	30	30
4	Performance	20	20
Total		100	100

(Source: Compiled from Primary Data – Through Questionnaire)



Interpretation

The study reveals that the consumers purchase decision is mainly influenced by Mileage and style. Its percentage is 30 per cent each. Other factors like reasonable price and performance are also influencing factors in purchase decision.

Table 3: Opinion on Cost of Vehicle

S. No	Cost	No. of Respondents	% of Respondents
1	High Price	20	20
2	Reasonable Price	40	40
3	Low Price	40	40
Total		100	100

(Source: Compiled from Primary Data – Through Questionnaire)

Interpretation

The above table shows that majority of respondents i.e., 40 per cent are having opinion that price is reasonable and low. However, remaining 20 are saying the price of new brands in the market is relatively high.

Table 4: Level of Satisfactions towards Service Offered

S. No	Level of Satisfaction	No. of Respondents	% of Respondents
1	Highly satisfied	60	60
2	Moderately satisfied	20	20
3	Dissatisfied	20	20
Total		100	100

(Source: Compiled from Primary Data – Through Questionnaire)

Interpretation

As per the observation overall 80 per cent of the respondents are satisfied with the services offered by the two wheeler industries. However, the remaining 20 per cent of the respondents are expecting more services to satisfy them.

Table 5: Opinion on Additional Benefits Offered

S. No	Opinion on Add Benefits offered	No. of Respondents	% of Respondents
1	Yes	80	80
2	No	20	20
Total		100	100

(Source: Compiled from Primary Data – Through Questionnaire)

Interpretation

The majority of respondents i.e., 80 per cent of them are accepting that the company is offering additional benefits to retain the customers. Somehow, 20 per cent of the respondents are not getting these benefits.

Table 6: Usage of Vehicle

S. No	Years	No. of Respondents	% of Respondents
1	1	25	25
2	2	20	20
3	4	40	40
4	5	15	15
Total		100	100

(Source: Compiled from Primary Data – Through Questionnaire)

Interpretation

The table depicts that 40 per cent of the respondents are using the two wheeler vehicle since 4 years and 15 per cent are using from 5 years. Further, 20 per cent of the respondents are using from 2 years and 25 per cent are using from one year.



Table 7: Level of Satisfaction about the Two Wheeler Bike

S. No	Level of Satisfaction	No. of Respondents	% of Respondents
1	Excellent	35	35
2	Satisfaction	20	20
3	Average	30	30
4	Poor	15	15
Total		100	100

(Source: Compiled from Primary Data – Through Questionnaire)

Interpretation

The table depicts that 35 per cent of the respondents stating that the performance of the two wheeler bike is excellent. 30 per cent stated that the performance is average. Further, 20 per cent stated that the performance is satisfactory. However, only 15 per cent stated about the poor performance.

Table 8: Opinion on Features and Benefits of Two Wheeler Bike

S. No	Opinion on Features and Benefits of Bike	No. of Respondents	% of Respondents
1	Yes	75	75
2	No	25	25
Total		100	100

(Source: Compiled from Primary Data – Through Questionnaire)

Interpretation

According to the data of the table 75 per cent of the respondents are satisfied with the features and benefits of the two wheeler bikes. However, 25 per cent are expecting additional features and benefits.

Table 9: Brand Recommendations

S. No	Brand Recommendations	No. of Respondents	% of Respondents
1	Yes	70	70
2	No	30	30
Total		100	100

(Source: Compiled from Primary Data – Through Questionnaire)

Interpretation

As per the analysis, 70 per cent of the respondents are recommending the used two wheeler brand to their friends and relatives. However, 30 per cent of the respondents are not interested towards brand recommendations.

Table 10: Opinion on Repurchase

S. No	Opinion on Repurchase	No. of Respondents	% of Respondents
1	Yes	60	60
2	No	40	40
Total		100	100

(Source: Compiled from Primary Data – Through Questionnaire)

Interpretation

Above table shows that 60 per cent of the customers are willing to repurchase the selected brands. They are retaining with the same brand. However, 40 per cent of the respondents want to switch to the other brands in their future purchase.

Conclusion

The study concludes that advertisement is the main mode of communication for two wheeler industries to create awareness in the market. In features of the product of two wheeler industries, style and mileage are the major factors that influence the purchase of two wheeler motor cycles. The cost of most of the vehicles is very reasonable. The respondents are highly satisfied towards the services offered by the two wheeler industries. It also offering various additional benefits to the customer's and the customers are very much satisfied with the services offered. The study concludes that majority of



customers are ready to recommend and suggest the brand to other customers. They respondents are willing to repurchase the brand in future.

Recommendations

1. The industries should think about extending the warranty period.
2. The host organization must immediately concentrate on improving the present sales promotion for this seasonal discounts may be introduced or installments to more section of people.
3. The dealer must conceive the consumer to purchase the only original spare parts for better and long future of their motor cycle.
4. The industries must increase the Advertisement Promotional Activities in the Rural Areas in order to increase the loyal customers.
5. Dealer should maintain continuous relationship with their customer to enhance customer loyalty. Dealer should also inform the customers about their new brands introduce in the market.

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