

# ROLE OF FAMILY AND PURCHASE DECISION OF TWO WHEELER

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## **Abstract**

The purpose of this paper is to measure the role of family members and its influence on purchase decision for two-wheelers in select districts of Andhra Pradesh. To empirically prove that there is any influence of family members in purchase decision for two-wheelers; chi-square and factor analysis has been used in this study. The study finds exclusive set of statements were prepared pertaining to the buyer behaviour for two-wheelers. And factor analysis yielded two factors which have been empirically proved that there is an influence of family members in purchase decision of two-wheelers. The marketers of two-wheeler must frame their product design and communication strategy in such a way that it must appeal.

## **Introduction**

Today marketing emphasizes thrust on customer needs and wants. An understanding of the motives underlying consumer behavior helps the firm to seek better and more effective ways to satisfy its customers. Select appropriate sales-mix and advertising strategies, and plan its marketing programme in a more timely and effective manner. The study of consumer behaviour, therefore, includes an understanding of physical activity of buying as well as mental decision process involved in the purchase. On one side, intermeshing of various demographic and psychographics features in consumers pose several challenges and opportunities to marketers. And on the other hand, stiff competition among sellers and the availability of a wide array of products increase complexities for a consumer. Hence, the involvement of family members is unavoidable in buying. Though the marketers are interested in the “physical act of buying” by a consumer, yet the market conditions impel them to study the “mental decision process” undergone in reaching the purchase decision (William. J.Stanton (2002); Shciffman & Kanuk (2003).

Consumer behaviour is influenced strongly by cultural, social, personal and psychological and psychographic factors. Cultural factors include a set of basic values, perceptions, want and behaviour learned by a

member of the society from family and other important institutions. The social factors include consumer’s family, small groups, social status and roles. The personal factors characterized such as buyer’s age, lifecycle stage, occupation, economic situation and lifestyle etc., a person’s buying choices are further influenced by psychological factors (Loudon & Bitta, 2004). The present study emphasizes on the role of family members while making purchases of Two-Wheeler. On the other, competition is getting fierce with the arrival of foreign collaborated two-wheeler manufacturers who are recognized for their quality across the globe. A challenge has begun and the fate of these various brands will be decided based upon their price, technology, and servicing. Therefore, it becomes necessary to study the buying behaviour of the customers by which marketers can understand only then they are able to predict how customers are likely to react to various informational and environmental clues and shape their strategies.

## **Review of Literature**

Warren (1970) in his book “behavioural scientists are interested in all; patterns of human behavior of which consumer behavior is only a small segment in any city limits. It is a behavior which is associated with the buying of product and services and the reasons underlying these activities”. Burns & Granbois (1977) in his behavioural lab study comprising of 101 couples for the purchase of an automobile hypothesized that joint participation. In the process of deciding purchases, “will vary directly with family members directly engage in use of the product” and is more likely “the more nearly equal the contribution of resources such as, income, education, and social participation by husbands and wives”. The study illustrated that husbands exhibited high empathy for this product class. Husbands influenced the decision to an extent that it could be termed as an automobile decision, but participation by wife made it a joint decision. The wife’s sphere was one of influence, while the husband’s sphere was that of influence and right. Bijapurkar (1995) asserted that women now has a stronger voice in purchase decision both of products used by the entire family, the emphasize is

that some of that influence is yielded by the virtue of her position as wife/mother, while much of it flows from the assertion of other individualism.

According to Ruth & Commuri (1998); Green & Others (1975) according to their findings of the study that while tracing the shifts in family decision-making in Indian families found that most decisions involved collaboration of partners instead of being solo-decisions. Martinez & Polo (1999) that joint decision-making increases – regardless of demographics – for decisions considered important by spouses or supposing high economic outlay or low frequency of purchase. Hence, they attribute to the fact that spending large sums of money may be made for an asset to be used by the whole family, which, if made, without consulting other family members could leave potential for conflict or post-purchase dissonance. Moreover, joint decision-making reduces responsibility of decision on a particular member to reduce possibilities of future problems turning out of mistaken decision (Foxman & others, 1989).

#### Need for the study

Motorcycle sales grew by an annual average of 27% over a period of seven years i.e., 1995-2010, and constituted nearly 66% of total two wheeler sales in 2010, up from just 24% in 1995. Average monthly motorcycle sales have increased five-fold since 1995 to almost 350,000 units in 2010. This clearly shows that Hero Honda is the current market leader with a 49% market share. Hero Honda has been an early entrant in the 4 stroke segment of the two wheeler industry. With a right mix of product styling and pricing the company helped/ garner a larger market chunk of the 4-stroke market as compared to Bajaj Auto. A shifting consumer preference towards motorcycles also enabled the fast growth of the company in the last few years. Hero Honda motorcycle sales jumped 40.6% in April, 2010 at 135,961 units from 96,672 units it sold in the corresponding month last year (2009-10). The change in product mix in favor of higher value products has resulted in improved realization for the company the growing popularity of the passion model appears to be the key factor behind improvement in unit realization (Munsinger, Weberd & Hansen, 1975). Taking into account the recent trend in performance, the company appears well positioned to retain its top position in the motorcycle market and also sustain the recent rate of growth.

#### Research Objective

The principal objective of this study is to analyze the role of Family members influence on purchase

decision of Two-Wheeler in Hyderabad and Ranga Reddy district of Andhra Pradesh.

#### HYPOTHESIS

H0= The monthly income and family members has no influence on the purchase decision of two-wheelers.

Ha= The monthly income and family members has influence on the purchase decision of two-wheelers.

#### Scope and Methodology

The present study is based on both primary and secondary sources of data. This is an exploratory kind of research study. The data has been collected by canvassing a structured questionnaire among 1000 two wheeler owners, 50 each from 20 dealers from Hyderabad and Ranga Reddy districts of Andhra Pradesh during July-August, 2011 based on purposive (both convenience and judgmental) sampling method. The collected data analyzed by applying chi-square test to find out the relationship between two variables. Chi-Square ( $X^2$ ) =

$$= \sum \frac{(O_{ij} - E_{ij})^2}{E_{ij}}$$

#### Limitations of the Study

- The study was carried out to understand the customer opinions, views and experiences pertaining Two-Wheelers in select Districts of A.P. Hence this is a limitation of the study.
- The respondents neither exclusive user of one single company Two-wheeler, they are also using other company Two-Wheelers.

#### RESULTS AND DISCUSSION

**Demographic profile of respondents:** the analysis reveals that majority of respondents (48%) who were using and aspiring to buy two wheelers are having monthly income of Rs. 10,000/- to Rs. 15,000/- followed by unemployed segment with 21 percent. Decision makers with regard to two wheelers are mostly graduates 45 percent and males 70 percent with regard to their area of residence, majority of respondents were belong to urban (62%).

**Buying Parameters:** There are several factors which determine the purchase decision of any product. Among them brand image is one of the strongest factor which set forth as a parameter (35%). Durability of product stood second strongest parameter (20%) and past experience of either others or own is also paramount factor which is considered by 17 percent of respondents. It is therefore concluded that 'brand image' of the product is the principal parameter for making purchase decision in

case of two wheeler (table-2).

**Monthly income and purchase decision of two wheeler:** from the following table 3 it is revealed that majority of respondents felt that family income always influence the buyer decision of two wheeler i.e., 50%, 29 percent of them said that it is sometimes and only 21 percent of respondents opined that monthly income never influence the buyer decision of two wheelers. It is concluded that purchase decision of the buyer get influenced by monthly income and the same is proved statistically.

**Ho. The monthly income has no influence on the purchase decision of two-wheelers.**

Calculated value of chi-square ( $X^2=18.713$ ) is greater than the table value 5.991 at 5 percent level of significance. Hence, we reject the null hypothesis and it is inferred that monthly income has significant influence on the purchase decision of two wheeler.

**Family members and purchase decision:** it is found from the following table -4 that the family members influence on purchase decision of two wheelers and almost 59 percent of respondents opined that there will have influence 'always', 30 percent of them said 'never' and only 11 percent of respondents says that the family influence will be there for 'sometimes'. It is concluded that there may be influence of family members while making the purchase of two wheelers "always". Further, it is also analyzed that the extent of influence on the same by each individuals of buyer's family. It is observed that the children's influence is great extent (26%) followed by self (18%) and others stood third i.e., 16 percent. It is concluded that the children's playing greater role in influencing the decision while purchasing two-wheeler bikes. Since they are exposed to media and hence children's have more information about the brand of such durable product. Factor Analysis: Family Members Influence for Purchase of Two- Wheeler

- Kaiser-Meyer- Olkin of Sampling Adequacy 0.899
- Bartlett's test of sphericity Approx. Chi-square = 13931.636.

It is concluded that there is a significant role of family members on the purchase decision of two wheelers because the calculated value of chi-square ( $X^2=13931.636$ ) is greater than the tabulated value (.965) at 5% level of significance for 7 d.f., so we reject the null hypothesis.

#### **Chi –square Test**

**Extraction Method: Principal Component Analysis**

From the Factor analysis only one Factor is identified. Factor – I (Husband) the following factors has influence on Two-Wheeler Purchase -(i) Wife's influence; (ii) Sister's influence; and (iii) Brother's influence.

#### **MAJOR FINDINGS**

The following are the findings that have been emerged from the analysis.

- Majority of two wheeler buyers are belong to middle income group i.e., with monthly income of Rs. 10,000/- to Rs.15,000/-, followed by the income group more than Rs.15,000/- per month.
- Employees and students are the major customer base for two-wheelers when compared to others and further most of them are graduation as their educational qualification.
- Male customers still playing crucial role while making purchase of two-wheelers and it is also seen drastic rise in number of female customer base not only as decision makers but also influencing to buy ladies bikes such as Honda Activa, Pleasure, Scooty, Suzuki,TVS- Wego, etc.
- Brand image and durability features of the bikes are the strong parameters for buying followed by past experience of the usage.
- It highlights the influence of family members related to the buyer behaviour of two-wheeler. Influence of the family members reveals that majority of respondents are influenced by the decision of "husband" and also an equal number of respondents viewed as the purchase decision is also determined by the life partner (wife) which is second among the family members. Whereas, the factor analysis reveals that Husband influence among the family members is high.

#### **Suggestions :**

Today we are standing at a threshold in the business world, fraught with peril, yet full of possibilities. It is a time for business to implement innovative strategies to meet the expectations of the customers. Businesses began shifting their focus from competitors to value additions. This study throws light on the unparalleled behaviour of consumers pertaining to the purchase decision of two-wheeler. Marketers must focus on to understand the family members and their influence is significant and the same is proved from the study. As such it is strongly recommended that two-wheeler companies must

draw attention to it.

### **Conclusion**

Typically, the success of any Two-wheeler company depends greatly on understanding their buyer behaviour to set its marketing strategy; a marketer pursues a wide combination of factors that makes an influence on buyer behaviour, it is very important to understand what is their on their mind while designing a two-wheeler. For instance, when buying patterns of an individual customers change it makes an impact on the company. Thus two-wheeler companies must design strategies to update from time to time. Two-wheeler market is a synonym for oligopoly market; the companies operating under oligopoly face competition from all respects therefore they need to distinguish themselves from competing firms.

As buyer has unlimited choice and they look for a two-wheeler from their point of view it and two-wheeler companies must address to the needs such as provision of mobile charger and so on. Exclusive set of statements were prepared pertaining to the buyer behaviour for two-wheelers. Most of the respondents said that their perceptions and attitudes were influenced by and Family members has been proved empirically through chi-square test and factor analysis and among the family members influence Husband role is an important among others.

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**Table – 1 Demographic profile of respondents**

<b>Profile</b>	<b>Frequency</b>	<b>Percentage</b>
<b>Monthly income (Rs.)</b>		
<5000	69	06.90
5000 -10000	221	22.10
10000 -15000	479	47.90
>15000	231	23.10
<b>Total</b>	<b>1000</b>	<b>100.00</b>
<b>Profession</b>		
Employed	261	26.10
Self employed	103	10.30
Unemployed	207	20.70
Business	109	10.90
Students	214	21.40
Others	106	10.60
<b>Total</b>	<b>1000</b>	<b>100.00</b>
<b>Edu.qualification</b>		
Graduate(UG)	455	45.50
Hintar	261	26.10
SSC	133	13.30
5 <sup>th</sup> std	057	05.70
Illiterate	094	09.40
<b>Total</b>	<b>1000</b>	<b>100.00</b>
<b>Area of Residence</b>		
Rural	381	38.10
Urban	619	61.90
<b>Total</b>	<b>1000</b>	<b>100.00</b>
<b>Gender</b>		
Male	703	70.30
Female	297	29.70
<b>Total</b>	<b>1000</b>	<b>100.00</b>

Source: Questionnaire data

**Table - 2 Buying Parameters**

<b>Variables</b>	<b>Frequency</b>	<b>Percentage</b>
Popularity	107	10.70
Price	83	08.30
Brand image	355	35.50
Durability	198	19.80
Past experience	167	16.70
All of there	90	09.00
<b>Total</b>	<b>1000</b>	<b>100.00</b>

Source: Questionnaire Data

**Table - 3 Monthly Incomes and Purchase Decision**

Family income(Rs)	Responses			Total
	Never	Sometimes	Always	
<5000	21	18	54	93(9.3)
5000-10000	79	68	122	269(26.9)
10000-15000	185	93	110	288(28.8)
>15000	24	109	217	350(35.0)
<b>Total</b>	<b>209(20.9)</b>	<b>288(28.8)</b>	<b>503(50.3)</b>	<b>1000(100)</b>

Source: questionnaire data

**Table - 4 Family Members and Purchase Decision**

Family members	Responses			Total
	Never	Sometimes	Always	
Husband	27	18	139	184(18.4)
Wife	33	07	97	137(13.7)
Children's	57	19	188	264(26.4)
Father	21	11	31	63(6.3)
Mother	26	05	23	54(5.4)
Sister	19	08	24	51(5.1)
Brodrther	33	18	34	85(8.5)
Others	84	25	53	162(16.2)
<b>Total</b>	<b>300(30.0)</b>	<b>111(11.1)</b>	<b>589(58.9)</b>	<b>1000(100)</b>

Source: Questionnaire data

**H0= The family members has no influence on the purchase decision of two-wheelers.**

Reliability Statistics	
Cronbach' s alpha	No. of Items
.965	8

**Chi –square Test**

Family Influences	Total Eigen Value	% of Variation	Cumulative %
Husband/Self	7.599	84.438	84.438
Wife	.469	5.207	89.645
Daughter/Son	.348	3.867	93.512
Father	.289	3.206	96.718
Mother	.111	1.237	97.955
Sister	.089	.986	98.941
Brother	.070	.776	99.717
Others	.025	.282	100.00