

**EFFECTS OF ADVERTISING ON BUYING BEHAVIOR OF COLLEGE  
YOUTH IN AIZAWL, MIZORAM: A STUDY ON TWO-WHEELERS**

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**CAROLYN VANLALHRIATI**

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Under the Supervision of

**PROF. ELANGBAM NIXON SINGH**

**DEPARTMENT OF MANAGEMENT**

**SCHOOL OF ECONOMICS, MANAGEMENT AND INFORMATION  
SCIENCES**

**Mizoram University**

**Aizawl, Mizoram**

**2017**



# MIZORAM UNIVERSITY

**Prof. Elangbam Nixon**  
Head

**Department of Management**  
School of SEMIS, Aizawl-796004, India  
Tel:2330710/2330261/9612160185  
Email: [singhnixon@yahoo.co.in](mailto:singhnixon@yahoo.co.in)

Ref. No. 2/16/DOM/10

Dated 16<sup>th</sup> January, 2017

## CERTIFICATE

This is to certify that the thesis entitled ‘Effects of Advertising on Buying Behavior of College Youth in Aizawl, Mizoram: A Study on Two-wheelers’ written by Ms. Carolyn Vanlalhriati has been undertaken under my supervision.

She has fulfilled all the required norms laid down under the Ph.D. Regulations of Mizoram University. The thesis is the result of her own hard work and investigation. Neither the thesis as a whole nor any part was ever submitted to any University for any degree or award.

**(Prof. Elangbam Nixon Singh)**

Supervisor

**DEPARTMENT OF MANAGEMENT**  
**SCHOOL OF ECONOMICS, MANAGEMENT AND INFORMATION**  
**SCIENCES**

**MIZORAM UNIVERSITY**

**AIZAWL**

**JANUARY, 2017**

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**DECLARATION**

I, **Carolyn Vanlalhriati**, hereby declare that the subject matter of the thesis is the record of work done by me, and the contents of this thesis did not form basis of the award of any previous degree to me or to do the best of my knowledge to anybody else, and that the thesis has not been submitted by me for any research degree in any other University/ Institution.

This is being submitted to Mizoram University for the Degree of Doctor of Philosophy in Management.

**Prof. Elangbam Nixon Singh**

**(Supervisor)**

**Carolyn Vanlalhriati**

**(Candidate)**

**Prof. Elangbam Nixon Singh**

**(Head)**

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Place:

Date

**(Carolyn Vanlalhriati)**

## ABBREVIATIONS

AAAI	-	Advertising Agencies Association of India
ADS	-	Advertising
AHP	-	Analytical Hierarchy Process
AIDA	-	Attention Interest Desire and Action
AIR	-	All India Radio
ASA	-	Advertising Standards Authority
ASCI	-	Advertising Standards Council of India
ATOA	-	Attitude Towards Advertising
BC	-	Before Christ
BOOT	-	Build Own Operate and Transfer
BSNL	-	Bharat Sanchar Nigam Limited
C	-	Credibility
CC	-	Cubic Capacity
CY	-	Calendar Year
DOCA	-	Department of Consumer Affairs
GAC	-	Government Aizawl College
GAMA	-	Grievances Against Misleading Advertisements
GANC	-	Government Aizawl North College
GAWC	-	Government Aizawl West College
GDP	-	Gross Domestic Product
GFE	-	Good For Economy
GSDP	-	Gross State Domestic Product
HBC	-	Government Hrangbana College
HMSI	-	Honda Motorcycle & Scooter India
IBF	-	Indian Broadcasting Foundation
IPVM	-	Indira Priyadarshini Vriksha Mitra

INS	-	Indian Newspaper Society
KMO	-	Kaiser Mayer Olkin
KTM	-	Kraftfahrzeuge Trunkenpolz Mattighofen
LPS	-	Laldailova Pachuau & Sons
MICA	-	Mudra Institute of Communication Ahmedabad
MIMSA	-	Mizoram Motorsports Association
MU	-	Multiple Unit
MW	-	Mega Watts
NAAC	-	National Assessment and Accreditation Council
NCI	-	National Institute of Cancer
NEHU	-	North Eastern Hill University
PC	-	Personal Computer
PI	-	Product Information
PUC	-	Pachhunga University College
RD	-	Rural Development
R & D	-	Research and Developmet
TVS	-	Thirukkurungudi Vengaram Sundaram Lyengar
YMA	-	Young Mizo Association

## LIST OF TABLES

<b>Table No.</b>	<b>Description of Table</b>	<b>Page No.</b>
Table 1.1	India Sales Analysis CY2015: Two-wheelers	5
Table 2.1	District- wise Population of Mizoram	56
Table 2.2	Gender-wise Distribution of Population	57
Table 2.3	GSDP at Factor Cost by Economic Activity: Mizoram	60
Table 2.4	GSDP at Factor Cost by Economic Activity: Mizoram	61
Table 2.5	Per Capita Income	61
Table 2.6	Districts of Mizoram showing Sub division and RD Blocks	64
Table 2.7	Educational semester of the respondents	73
Table 2.8	Subject disciplines of the respondents	74
Table 2.9	Gender and age group of the respondents	75
Table 2.10	Parental occupation of the respondents	77
Table 2.11	Family income of the respondents	78
Table 2.12	Number of siblings of the respondents	79
Table 2.13	Details of the product information	81
Table 2.14	Brand possession by different age group of respondents	82
Table 2.15	Product information	83
Table 3.1	Total Advertising expenditure in India	90
Table 3.2	Media wise advertising expenditure in India 2016	94



Table 3.3	Advertising media, gender and age of respondents	100
Table 3.4	Advertising media, parental occupation and family income	101
Table 3.5	Advertising media, colleges and stream of the respondents	102
Table 3.6	Garett ranking for respondents' preferences on advertising media	103
Table 3.7	Ranking given by male respondents for advertising media	104
Table 3.8	Ranking given by female respondents for advertising media	104
Table 3.9	Exposure to media	105
Table 3.10	Number of times to encounter the advertisements of the two-wheelers	106
Table 3.11	Mean, standard deviation and reliability values for advertising characteristics	107
Table 3.12	Mean, standard deviation, reliability value for college youths' buying behavior	110
Table 3.13	Item statistics	117
Table 3.14	KMO and Bartlett's Test	119
Table 3.15	Communalities	119
Table 3.16	Total variance explained( buying two-wheelers)	120
Table 3.17	Component matrix	121
Table 3.18	Rotated component matrix	122
Table 3.19	Correlation analysis	124
Table 3.20	Effects of advertising characteristic on college youth's buying behavior	125
Table 4.1	Summary of the constructs and their sources	132

Table 4.2	Mean, standard deviation and reliability values	133
Table 4.3	Effects of college youths' attention on their interest towards the two-wheeler advertised	136
Table 4.4	Effects of college youths' interest on their desire towards the two-wheelers advertised	137
Table 4.5	Effects of college youths' desire on their action towards the two-wheeler advertised.	138
Table 4.6	Effects of College youths' AIDA on their buying behavior towards the two-wheeler advertised.	142
Table 4.7	Regression analysis	143
Table 4.8	College youths' ranking for different brands of two-wheelers on the basis of their brand preferences	150
Table 4.9	Ranking given by male respondents for different brands of two-wheelers	150
Table 4.10	Female respondents' ranking for different brands of two-wheelers	151
Table 4.11	Ranking given by the respondents on the basis of number of times they were exposed to two-wheelers' advertisement	152
Table 4.12	Correlation analysis	153
Table 5.1	Summary of the constructs and their sources	160
Table 5.2	Mean, standard deviation and reliability value for variables	166
Table 5.3	Correlation analysis	168
Table 5.4	Effects of attitude determinants on college youths' attitude towards advertising	170
Table 5.5	Effects of attitude towards advertising on college youths' buying behavior	171

### LIST OF FIGURES & MAP

<b>Figure No</b>	<b>List of Figures &amp; Maps</b>	<b>Page No.</b>
Map 2.1	Location of Mizoram in India	55
Figure 4.1	AIDA model of advertising communication	131
Figure 4.2	Effective of advertising on buying behavior	140
Figure 5.1	Conceptual framework	159

## CONTENTS

<b>Chapter</b>	<b>Page No.</b>
Certificate	i
Declaration	ii
Acknowledgement	iii
Abbreviations	v
List of Tables	vii
List of Figures & Map	x
<b>Chapter I: INTRODUCTION</b>	<b>1-53</b>
1.1 Introduction	
1.2 Definition of keywords	
1.3 Literature review	
1.4 Research Gap	
1.5 Significance and scope of the study	
1.6 Statement of the problem	
1.7 Objectives of the study	
1.8 Hypotheses of the study	
1.9 Research design	
1.10. Analysis of data	
1.11. Limitations of the study	
1.12. Chapter outline	
<b>Chapter 2: SOCIOECONOMIC PROFILE OF THE RESPONDENTS</b>	<b>54-85</b>
2.1 Introduction	
2.2 Profile of the study area: Mizoram	
2.2.1 Geography of the state	
2.2.2 Demography of the state	
2.2.3 Climate of the state	
2.2.4 Culture of the state	
2.2.5 Economy of the state	
2.2.6 Administration of the state	
2.2.7 Physiography of the state	
2.2.8 Infrastructure of the state	
2.2.9 Education of the state	
2.2.10 Media and communication of the state	

- 2.3 Profile of the respondents
  - 2.3.1 Colleges of the respondents
  - 2.3.2 Educational semester of the respondents
  - 2.3.3 Subject discipline of the respondents
  - 2.3.4 Gender & age group of the respondents
  - 2.3.5 Religion of the respondents
  - 2.3.6 Parental occupation of the respondents
  - 2.3.7 Family income of the respondents
  - 2.3.8 Siblings of the respondents
  - 2.3.9 Product information
- 2.4 Conclusion

### **Chapter 3: ADVERTISING AND BUYING BEHAVIOR**

86-129

- 3.1 Introduction
- 3.2 Advertising
  - 3.2.1 Advertising history
  - 3.2.2 Advertising in India
  - 3.2.3 Advertising Agencies Association of India
  - 3.2.4 Advertising Standards Council of India
  - 3.2.5 Advertising media
  - 3.2.6 Advertising characteristics
- 3.3 Buying behavior
  - 3.3.1 Characteristics affecting consumer behavior
  - 3.3.2 Types of buying decision behavior
  - 3.3.3 The buying process
  - 3.3.4 Buying roles
  - 3.3.5 Important factors for buying two-wheelers with factor analysis
- 3.4 Effects of advertising on college youths' buying behavior
  - 3.4.1 Correlation analysis
  - 3.4.2 Multiple regression analysis
- 3.5 Conclusion

### **Chapter 4: EFFECTIVENESS OF TWO-WHEELER ADVERTISING**

130-157

- 4.1 Introduction
- 4.2 Effectiveness of advertising on college youths' buying behavior by using AIDA model
  - 4.2.1 Attention
  - 4.2.2 Interest
  - 4.2.3 Desire
  - 4.2.4 Action
  - 4.2.5 Effectiveness of advertising on college youths' buying behavior (testing of hypotheses)

4.3 Effectiveness of advertising on college youths' brand preferences in respect of two-wheelers	
4.3.1 Different brands of two-wheelers available in Aizawl	
4.3.2 College youths' brand preferences of two-wheelers	
4.3.3 College youths' exposure to two-wheeler advertisement	
4.3.4 Effectiveness of two-wheeler advertising on college youths' brand preferences	
4.4 Conclusion	

<b>Chapter 5: ATTITUDE TOWARDS ADVERTISING</b>	158-176
--	---------

5.1 Introduction	
5.2 Conceptual framework	
5.2.1 Product information	
5.2.2 Credibility	
5.2.3 Hedonic/Pleasure	
5.2.4 Good for economy	
5.2.5 Attitude towards advertising	
5.3 Testing of hypotheses	
5.3.1 Mean, standard deviation and reliability	
5.3.2 Correlation analysis	
5.3.3 Multiple regression analysis	
5.4 Attitude towards advertising and buying behavior	
5.5 Conclusion	

<b>Chapter 6: SUMMARY OF FINDINGS AND SUGGESTIONS</b>	177-196
---	---------

6.1 Introduction	
6.2 Summary of findings	
6.2.1 Introduction	
6.2.2 Socioeconomic profile of the respondents	
6.2.3 Advertising and buying behavior	
6.2.4 Effectiveness of two-wheeler advertising	
6.2.5 Attitude towards advertising	
6.3 Suggestions	
6.3.1 Suggestions to two-wheeler companies and advertising agencies	
6.3.2 Suggestion's to college youth	
6.3.3 Suggestions to government	
6.4 Scope for further research	

<b>Bibliography</b>	197
---------------------	-----

<b>Appendix</b>	211
-----------------	-----

- i. Questionnaire
- ii. Publication
- iii. Henry Garrett ranking conversion table

## 1.1 Introduction

Advertising is a potent tool of marketing as it aims to influence the audiences by informing or reminding them about the existence of the product in the market and persuade them to make the buying decision. It is a component of promotional mix in the four marketing mix i.e., product, price, place and promotion. According to a theory, advertising can be considered as one of the most effective promotional tool as it can arouse interest on the audience and even influence them to buy the product which they never bought before (Khandai & Agrawal, 2012). The history of advertising evolves dates back to ancient times whereby societies used symbols and pictorial signs to communicate with their product users. Babylonian Empire was the first society to introduce advertising in 3000s B.C and moreover, the first advertisement in English went into print in the year 1947 in order to sell a prayer book (Robbs, 2009). By keeping communication as the main purpose, different societies have used different types of symbols for promotion of products and services, attracting customers to make buying decision.

In modern times, more emphasis has been laid on advertising to study the impact on buying behavior of the consumers. Advertising is regarded as an important promotional tool for products and services by industrialised and non industrialised nations and hence it is considered to be the primary sources of communication between the manufacturer and the buyer (Ravikumar, 2012). Advertising is a means of social communication (Leiss *et al.* 1990), and plays a significant role in the socialisation process by providing visual symbolic models for learning how to behave (Lysonski and Pollay 1990; Langmeyer 1993). Developing nations too has considered advertising as an investment rather than expenditure. No company can become a market leader unless they invest lots of their investment in promotional purposes (Hussainy *et al.*, 2008).

Although several critics of advertising may exist, Journalism and Communication specialist Brett Robbs has revealed positive effect of advertising on the society. From the economic and business standpoint, advertising creates demand for products and services which strengthens the economy. It is regarded as an effective function for increasing consumer knowledge about products and services. With focusing on the main purpose of advertising, companies continue to spend a lot of money to reach prospective customers and influence their awareness, attitudes, buying behavior and to keep individual interest in their product (Abideen & Saleem, 2011).

According to traditional hierarchy of effects model, advertising has an impact on prospective buyers by building memory about the advertisement, brand cognitions which leads to positive attitudes such as product liking and attitudes towards purchase, which will further leads to buying behavior i.e., buying the advertised product (Mendelson and Bolls, 2002).

Indian advertising is a billion dollar industry today and become one of the fastest growing industry which is estimated to be Rs 63,000 crore (10 billion) by the year 2017 (India Brand Equity Foundation Website). There exist a numbers of advertising vehicle through which advertisement may reach the target audiences in high frequency. It may be broadly classified into four type viz. print media, place media, broadcast media and narrowcast media. Newspaper and magazines are the most prominent print media which the advertiser may adopt in case of geographic target of audience. Place or outdoor media consist of billboards and transit which are preferable for high frequency target with low cost per exposure. Moreover, television and radio are broadcast media which target for mass coverage and at the same time, direct marketing i.e., telemarketing and direct mail, and internet are the most popular narrowcast advertising media. The level of influence created on buyers by those advertising media may not be similar on the basis of the product category. Therefore,



analyzing the effects of advertising on buying behavior through these media remains necessary.

### **1.1.1 Advertising and buying behavior**

Advertising is one of the major tools that all business firms use for persuasive communication and its effectiveness depends on the extent to which the advertising message is received and accepted by the target audience (Singh and Kaur, 2011). Advertiser's primary objective is to reach the prospective customers and influence their awareness, attitudes and buying behavior. They spend a lot of money to keep individuals (markets) interested in their products. To succeed, they need to understand what makes potential customers behave the way they do (Abideen and Saleem, 2011). This involves the study of consumer behavior: the mental and emotional process and the physical activities of people who purchase and use goods and services to satisfy particular needs and wants (Arens, 1996). O'Guin and Faber (1989) examined that once buying behavior is developed, the individual faces great difficulty in controlling buying even after its detrimental effects are recognized.

Marketing starts with the consumer and ends with the consumer. The main emphasis is laid upon consumer rather than the product. All the business activities may be consumer oriented with a goal to provide satisfaction and enhance customer value. There lies the success of business upon how the consumer needs and desire is coordinated with the product and promotional programs. As advertising is a subset of promotion, the primary objectives is to reach the prospective buyers and influence their awareness and persuade them to make the buying decision. Several factors may influence the buying behavior of the consumer ranging from cultural, social, personal and psychological factors which can be discussed briefly as:

- i. **Cultural Factors:** Culture may be defined as the sum total beliefs, values and customs that are shared within ethnic group of people. It is a social process in which members

shared their beliefs, values and behavioral norms that guide and direct the consumer behavior of all members of that society.

- ii. **Social Factors:** Social factors such as reference group, family, social roles and status will also affect buying behavior of consumer.
- iii. **Personal Factors:** Buyers decision get influenced by personal characteristic, the buyers' age, life cycle stages, occupation, economic circumstances, lifestyle, and personality and self-concept.
- iv. **Psychological Factors:** The higher levels of Maslow's needs hierarchy such as esteem needs; self-actualization needs are the important psychological factors that influenced the buying behavior of a consumer.

With the aims of achieving their goals, the advertiser required relevant market data to make complete customers profile and explore the reasons why the customers behave in such a way they do. Consumer behavior analysis tries to explain why consumer behaves in a particular way under certain circumstances (Proctor & Stone, 1982).

### **1.1.2 Two -wheelers market in India**

India is the biggest two-wheelers market in the world based on its total volume of production and sales of the two-wheelers industry. Two-wheelers markets in India comprises of three main types of vehicle viz. motor cycles, scooters and mopeds. Apart from this, firms have started manufacturing new categories such as Step Thrus and Scooterettes by combining two or more two-wheeler segments. The two-wheelers market has emerged as the most vibrant and transforming segment of the overall Indian automobile industry, witnessing an unprecedented growth with an overall growth rate of 9.5 % between 2006 and 2014. The growth of the industry was endeavoured by launching of new attractive models at affordable prices, design innovations made from youth perspective as well as adoption of latest technology in the manufacturing of vehicles. The sales volume of two-wheelers observed a

substantial growth from 15 % to 24 % between 2008-2009 and 2013-2014. According to the data compiled by Autocar Professional, the overall two-wheelers industry registered domestic sales of 1,61,22,322 units in 2015 which shows 0.68 % year on year growth i.e. 108,875 units over the total sales of 1,60,13,447 units recorded in 2014. The market share of scooters in the overall two-wheelers market has witnessed substantial growth with 12.94 % i.e. 48,80,117 units in 2015 as against 43,20,925 units in 2014. On the contrary, the motorcycles sales has decline with 3.42 % i.e. 1,05,23,909 units in 2015 as against the overall sales of 1,08,96,687 units in 2014.

**Table 1.1: India Sales Analysis CY2015: Two-wheelers**

Two-wheeler sales in India in 2015			Difference	
Company	CY 2015	CY 2014	Units	Growth (%)
Hero Motocorp	62,96,920	64,44,542	-1,47,622	-2.29
Honda Motorcycle & Scooter India	43,14,558	41,72,717	1,41,841	3.40
TVS Motor Company	21,48,025	20,82,676	65,349	3.14
Bajaj Auto	18,09,612	18,85,263	-75,651	-4.01
India Yamaha Motor	5,94,608	5,66,749	27,859	4.92
Royal Enfield	4,44,527	2,96,380	1,48,147	49.98
Suzuki Motorcycle India	3,28,423	3,37,620	-9,197	-2.72
Mahindra Two-wheelers	1,50,927	1,94,516	-43,589	-22.41
Piaggio Vehicles	27,830	26,998	832	3.08
Harley-Davidson Motor Company India	4,445	4,080	365	8.95
India Kawasaki Motors	1,312	851	461	54.17
Triumph Motorcycles India	1,135	1,055	80	7.58
<b>TOTAL</b>	<b>1,61,22,322</b>	<b>1,60,13,447</b>	<b>1,08,875</b>	<b>0.68</b>

**Source:** [www.autocarpro.in](http://www.autocarpro.in)

*Note: CY: Calendar Year*

Table 1.1 revealed that the two-wheelers manufacturers in India are Hero Motocorp, Honda Motorcycle and Scooter India, TVS Motor Company, Bajaj Auto, India Yamaha Motor, Royal Enfield, Suzuki Motorcycle India, Mahindra Two-wheelers, Piaggio Vehicles, Harley Davidson Motor Company India, India Kawasaki Motors, Triumph Motorcycles India. It also revealed that the biggest gainers in 2015 were Honda Motorcycle & Scooter India (HMSI) and Royal Enfield while Hero Motocorp and Bajaj Auto stood as the biggest loser for the

year 2015. Other players such as TVS Motor Company, India Yamaha Motor, Piaggio Vehicles, Harley-Davidson Motor Company India, India Kawasaki Motors and Triumph Motorcycles India saw a mild progress in their respective sales numbers in CY2015. On the contrary, Mahindra Two-wheelers and Suzuki Motorcycle India saw declining sales in 2015 with -22.41 % and -2.72 % growth rate against the previous year 2014.

### **1.1.3 Advertising and two-wheelers market**

Majority of Indians, especially youngster prefer Motorbikes rather than car. Capturing a large share in the two-wheelers industry, bikes and scooters cover a major segment. Bikes are considered to be the favourite among the youths as they help in easy commutation. The unprecedented growth of two-wheelers market in India may be influenced by the advertising campaigns conducted by different brands of two-wheelers. In the year 2010, the top three players in the market are Hero Honda, Bajaj Auto and TVS Motors which have spend over hundreds of crore of rupees for advertising expenses.

Within the same year, Hero Honda Motors Limited is the market leader in Motor cycle segment with around 40% of market share whose contribution was made by the strong advertising of the brand supported by Rs 120 Crore. The company is engaged with different media ranging from print media to mass media like TVS and hoardings and took up sponsorship for different national and international events. Famous personalities are appointed as Brand Ambassador by most of the two-wheelers companies to promote their brands in the market.

Advertising plays an important role in creating brand awareness as well as building market shares for two-wheelers Company in particular. With two-wheelers posting a strong 26 % growth in 2009-10, manufacturers have also stepped up advertising their products. According to AdEx India analysis, television advertisements by two-wheelers companies have grown 48

per cent in 2009 as compared to the previous year (Business Line website, 2010). The largest domestic two-wheelers company in volumes, Hero Honda, led overall with a 41 per cent share among two-wheelers TV advertisements. According to GroupM website, the automobile industry would account for 8.2 % of the total advertising spending in India in 2016.

#### **1.1.4 Two-wheelers market in Aizawl**

Mizoram which is located in the southernmost part of the North Eastern India consist of eight districts such as Mamit, Kolasib, Aizawl, Champhai, Serchhip, Lunglei, Lawngtlai and Saiha where Aizawl, the capital of the state is one of the biggest markets among the districts for different kinds of products and services. The Aizawl two-wheelers market is flourished with a number of brands which offers different models through their respective authorized dealers such as Khaia & sons For Hero Motocorp, Hauva Honda for Honda Motorcycle and Scooter India, Tlau TVS for TVS Company, Thansanga & Sons for Yamaha, Zamliana two-wheelers for Mahindra two-wheelers, Lawma Enfield for Royal Enfield, Standard Motor works for Bajaj Automobiles and KTM, Highland for Hyosung and CK Cars for Piaggio Vespa. Different ads for these two-wheelers brands can be seen from modes ranging from print media to broadcast media. The youths are following the new trends, new products and they are highly influenced by the advertisements. Besides the company's ads through different media, there is an important promotional program in Aizawl market which was introduced by Mizoram Motorsports Association (MIMSA). They have organised motorcycle racing events once a year starting from 2010 and this provides great opportunities for different Two-wheelers companies to build their brand image. As for the number of two-wheelers, under the Transport Department of Mizoram, 79,737 privately owned and 992 Government-owned two wheelers were registered till the year 2014(Statistical Handbook, 2014).

## 1.2 Definition of keywords

“*Advertising* is any paid form of non-personal presentations and promotions of ideas, goods and services through mass media such as newspaper, magazines, television or radio by an identified sponsor” Kotler and Armstrong. According to American Marketing Association, advertising is “the placement of announcements and persuasive messages in time or space purchased in any of the mass media by business firms, non-profit organizations, government agencies, and individuals who seek to inform and/or persuade members of a particular target market or audience about their products, services, organizations or ideas.”

*Advertising media* includes various mass media that can be employed to carry advertising messages to potential audiences or target markets for products, services, organizations, or ideas. These media include newspaper, magazines, direct mail advertising, yellow pages, radio, broadcast television, cable television, outdoor advertising, transit advertising and specialty advertising.

*Advertising effectiveness* can be explained by the AIDA (attention, interest, desire and action) model of advertising communication which is generated by the conditions that the advertising messages must first gain the audience attention, followed by its interest in the advertising, and then create a desire for the product and finally leads to the action (purchase).

*Consumer* can be an individual who buys products and services for personal use and not for manufacture or resale. The term ‘consumer’ can be used for both personal consumers and organizational consumers representing two types of entities. *Personal consumers* are referred to as ‘end users’ or ‘ultimate users’ as they bought the goods and services for personal use which are considered to be for final use. *Organizational consumers* are profit or non-profit

organizations which buy equipments, products and services required to run their organizations.

**Consumer buying behavior** is the dynamic interaction of affect and cognition, behavior and the environment by which human beings conduct the exchange aspects of their lives. It is the behavior of the consumer in the market place of products and services (American Marketing Association).

**Buying behavior** is the decision processes and acts of people involved in buying and using products. It is a study of how individuals create decision to spend their accessible resources (time, money and effort) on consumption related items (what they buy, why they buy, when they buy, where they buy, how often they buy and use a product or service).

**Attitude** is an individual's personal evaluation, emotional feeling attached and action plan towards some objects or ideas.

**Two-wheelers** is a motorized vehicle (motorcycle, scooter and mopeds) having two wheels and powered by internal engine.

**Youth** is defined by The United Nations for statistical purposes as those persons between the ages of 15 and 24 years, without prejudice to other definitions by Member States. Indian National Youth Policy (2014) defined youth as those aged between 15 to 29 years. This age group constitute 27.5 % of India's population.

### **1.3 Literature review**

Relevant literature review has been conducted on several areas such as advertising, attitude towards advertising, advertising and buying behavior; and two-wheelers which can be discussed as below:

### 1.3.1 Studies on advertising

Pridmore and Snell (1963) illustrated the use of simple techniques to identify the relatively short term effects of advertising which measures only the incremental effect of advertising in one area which is compared with another. They had illustrated some of the effects of advertising by taking real life examples for which four products had been studied. All the products which are studied are analysed in terms of their deliveries from the depot. The researchers adopted Regression analysis to point out the deliveries of the product and whether the advertising ads campaign took place over in both the test and no test area. Thus they had detected whether there are some effects on deliveries of the product during the advertising campaign i.e. increased or decreased in the number of deliveries of the product in both the areas.

Dunn *et al.* (1978) had defined advertising from the functional perspective as a paid, non-personal communication through various media by business firms, non-profit organization, and individuals who are in some way identified in the advertising message and who hope to inform or persuade members of a particular audience.

Raj (1982) conducted an empirical investigation on the effects of advertising on high and low loyalty consumers by examining (i) the effects of increased advertising on consumers loyal to the brand and those not loyal to it, (ii) the nature of the effect, (iii) the relationship between advertising effectiveness and varying levels of loyalty and (iv) the time path of advertising effectiveness. Moreover, the study had put forward several variables influencing the effectiveness of advertising such as the customer type (loyal or non-loyal to the advertised brand), the advertising content (mood or informational advertising) and the product type (high or low potential for increased consumption by individual customers). Furthermore, it was attempted to examine whether increased advertising effects brand choice by attracting



and retaining customers (Moran, 1976) and whether increased advertising induces increased purchase of the brand without loss to competitors. Thus, the results of the study had shown that increased advertising has different effects on high and low loyalty consumers. The nature of effect among consumers loyal to advertised brand A can be observed by increased product purchased rather than switches in to the advertised brand from competing brand while in the presence of increased competitive advertising, consumer loyal to Brand B decreased the quantity of purchased of Brand B. In case of high loyalty segments where increased advertising has an effect, it was found that the effect continues beyond the duration of the period.

Kamins *et al.* (1989) studied celebrity endorsements in advertising using a two-sided framework, in terms of internalization and identification process of social influence. The two-sided frameworks enables the celebrity spokesperson to make both positive and negative statements regarding the advertised product and is further compared to the traditional one-sided format on which the celebrity spokesperson stresses out only the positive claims about the product. The study has observed that when compared to a traditional one sided celebrity endorsement, the two-sided communication elicited significantly higher advertising credibility and effectiveness ratings, higher evaluation of the sponsor in terms of perceived overall quality of service as well as a significantly greater intention to use the advertised service. It is further observed that the use of celebrity appeal in a two-sided form is an effective advertising strategy.

Ohanian (1990) defined the domain of source credibility construct and has developed a reliable and valid measurement scale. The semantic scale consist of 15 items for measuring three dimensions; perceived expertise, trustworthiness and attractiveness. The items developed for the source credibility scale was presented by the confirmatory factor analysis model for the three dimensions. Items such as attractive, classy, beautiful, elegant and sexy

were developed under the attractiveness dimension; expert, experienced, knowledgeable, qualified skilled falls under the expertise dimension and another five items- dependable, honest, reliable, sincere, trustworthy belongs to the trustworthiness dimension. Moreover, the researcher states that the impact of each component of celebrity endorser's persuasiveness can be assessed by adopting this three dimensions construct. Likewise, the source credibility scale can be used for predicting the attitude toward an intention to purchase a specific product.

Deighton *et al.* (1994) examined the effects of advertising on brand switching and repeat purchasing. They had developed management science model based on behavioral mechanisms such as predictive framing, diagnostic framing and usage dominance. This model was applied to investigate whether advertising works on switching, repeat purchasing, neither or both and furthermore it was applied to an empirical study of mature products in three product categories namely ketchup, liquid and powder detergent. In the ketchup and powder detergent categories, there was a significant switching effect of current advertising and no repeat purchase effects of either current or lagged advertising. In liquid detergent categories, there was neither switching effect nor current effect on repeat purchasing and a negative lagged effect on repeat purchase. However in all the categories examined, advertising works by attracting switchers and this effect is exerted primarily by the exposure that takes place between previous and current purchase occasion. The advertising appears to do little to change the repeat purchase probabilities of those who have just purchased the brand. It also reminds those who have not recently bought the brand of the brand's existence and its attributes. Those who have bought the brand recently do not need this reminder.

Ayanwale *et al.* (1995) emphasized that advertising has major influence on consumer preferences for Bournvita and it has contributed to its success in Nigeria. Even though the brand has been known for 10 and 20 years by majority of the respondents, it still remains as

one of their favourite drink. The prolonged life cycle of the brand is considered to be generated by advertising. The study had revealed that advertising and quality are the major factors responsible for the success of the brand. There are no gender and age group differences in advertising influence. Of all the media used, television advertising was most preferred by 71.43 % of the respondents which may be due to the powerful combinations of sound and vision in television advertisement.

Mitra and Lynch (1995) proposed a theoretical model to identify the advertising effects on price elasticity and this model consist of two mediating constructs such as the size of the consideration set and the relative strength of preference which are expected to influence the effects of advertising on price elasticity. The study has revealed that advertising has some economic value. It does not only disseminate information about the existence of substitutes, it also acts as a recall cues thereby increasing the number of effective substitutes considered at the time of choice. Besides, advertising is believed to increase the price elasticity of the product by increasing the number of brands considered.

Kotler and Armstrong (1995) state that advertising is any paid form of non-personal presentation and promotion of ideas, goods and services through mass media such as newspapers, magazines, television or radio by an identified sponsor. There are three main objectives of advertising i.e., to inform – e.g. tell customers about a new product; to persuade – e.g. encourage customers to switch to a different brand; to remind – e.g. remind buyers where to find a product.

Thomas (1996), in an article titled “To succeed in advertising, believe the hype” highlights the impact of advertising. It reads “Advertising can create awareness”. Brand awareness alone works in three important ways: a) It creates the possibility of purchase b) It helps people see a brand in the store c) It biases people in favour of the known brand advertising can create

a model people wish to identify with and imitate. Advertising can communicate new information. Advertising can suggest, and humans are suggestible being”.

Etzel *et al.* (1997) acknowledge that advertising; sales promotion and public relations are the mass communication tools available to the marketers. Mass communication reaches everyone in the target audience with the same message incurring a lower cost per person as compared to the personal selling. They also believed that advertising has four main features: (i) A verbal and or visual message (ii) A sponsor who is identified (iii) Delivery through one or more media (iv) Payment by the sponsor to the media.

Turley and Kelley (1997) compared the contents of magazines advertising for business to business and consumer services by drawing a sample from widely circulated magazines in US that contains both business to business and consumer services ads. Six different magazines such as Business week, Forbes, Fortune, Newsweek, Time, US News and World Reports were considered for the study. Specific message element such as appeal, headline usage, price information, quality information and inclusion of an internet address were evaluated in such selected magazines ads. Therefore, the study has revealed that business-business buying process in comparison with consumer service is generally acknowledge to

- a. Be more rational
- b. Involve longer term relationships
- c. Address products of greater complexity
- d. Involve the exchange of larger amounts of money
- e. Depend more on group decision making
- f. Often involve service mixes that are customized in some way for a particular organization. (Cooper and Jackson 1988).

Calfee (1998) is of the opinion that advertising persuades the consumer to buy a particular product out of the thousand options. He carried out some specific ads campaign to

demonstrate the ways in which advertisement deliver information to the public. Calfee has pointed out the cancer issues in USA back in 1970's when the public health experts have realised that a diet consisting of high fibre could prevent cancer. National Institute of Cancer (NCI) wanted to communicate the new information of high fibre and cancer to the public but do not have enough resources to pursue it. Kellogs Corporation, whose all-brand cereal held a commanding market share of the high fibre segment quickly saw the opportunities and proposed to use their advertising campaign as a vehicle for disseminating the public messages. After an agreement was made between the two entity, Kellogs started the high-fibre cancer ads campaign which increased the used of high fibre from 8.9 to 32 % after the campaign. This campaign not only increased the sales of Kellogs fibre but expand the high fibre market for non-advertised fibre brand. The reason why Calfee brought up this specific demonstration was he wanted to expressed that good information can be share to the public through advertisement.

Jedidi *et al.* (1999) compared the importance of advertising and promotion for long run profitability of the firm. To address this comparison they brought up a hetero-sadistic, varying-parameter joint probit choice and regression quantity model. The model is estimated for summer packaged good category by using eight years of panel data. The resulting parameters were used to assed the effects of changes in advertising and promotion policies on sales and profits. The study had revealed that advertising has positive effects on brand equity while sales promotion has negative effect for the long term. Price elasticity is considered to be larger than regular price elasticity in short term, but these are smaller when long term effects are considered. Furthermore, the results shows that the long term affects of promotions on sales are negative overall. A simulation test was conducted to assess the relative profit impact of long-term changes in pricing, advertising or promotion policies

which came out with a result showing regular price decreases to have a generally negative effect on the long term profits of brands and advertising to be profitable for two of the brands. According to Goldsmith & Lafferty (2002), the major aim of advertising is to create positive attitude towards the ads and the brand until consumer purchases that product and through this positive attitude create emotional response in the mind of consumer.

Zhou *et al.* (2003) addressed the issues on impact of short term advertising on long term sales of consumer durables and non-durables in China by using cross sectional time series television advertising and sales data. Findings of the study showed different advertising effects on sales of consumer durables and non-durables. The long term effects of advertising were observed in the sales of consumer durables while the advertising did not have long term effects in the sales of consumer non-durables. For consumers durable, seven of the eight brands were found to have significant long term effects while in terms of non-durables, four out of the six brands attained a negative results showing temporary advertising creates temporary sales results.

Choi *et al.* (2005) conducted a cross cultural comparison of celebrity endorsement in television commercials from two dissimilar cultures- the United States and Korea and observed that the frequency of celebrity appearance is higher in Korea as compared to their counterpart United states but both the countries were found to be similar in terms of celebrity endorsement in commercials especially, food, beverages, personal care products and services. Actors and actress were the most frequently used group of celebrities other than athletes, comedians and music artist in both Korean and US commercials. The study also observed that all the celebrities used in Korean commercials are domestic personalities while the case is different for US. Moreover, it was observed that many Korean celebrities appeared to support more than one product which in theory was understood that overexposure will make the relation between celebrity endorser and the product less unique. Furthermore, it was

revealed that Korean celebrity advertising came out with less information but more collectivism oriented values as compared to their counterpart US.

Brida and Schubert (2008) developed a dynamic model to study the macroeconomics effects of advertising activities on tourism. They had observed that an increase in marketing activities raises the relative price of tourism service in the short run, stimulates investment in capital, resulting in gradually increasing tourism production which is accompanied by current account deficit and marketing have to be bought abroad.

Nagar (2009) focuses on exploring the advertising effectiveness in different media and further make a comparison for web and television advertising. A total of 379 responses were used as a basis for the research. The results of this study showed that of all the given nine media, television was considered as the most valuable source of advertising with a mean ranking of 2.08, followed by newspaper (2.67), magazines (4.31), radio (4.98), internet (5.03), and point of purchase (5.62), direct mail (5.65), outdoor media (5.93) and telemarketing (6.51). Different eight dimensions were used to compare the effectiveness of the internet and television as media of advertising. The respondents considered the internet advertising to be more effective medium on informativeness predictor of advertising effectiveness. There are significant differences between attention grabbing ability of web and television ads, however, Television ad was found to be superior to web ads. The study revealed that the respondents consider both web and television as emotion stimulating media and in terms of precipitating action, attitude and deceptiveness, television was superior to web ads while there are no significant differences in both entertainment and irritation dimensions.

Joshi and Hanssens (2010) has brought out the relationship between advertising spending and market capitalization through their studies on the direct and indirect effects of advertising spending on firm values of PC manufacturing industries and Sports goods industry. For their

study, data for 15 years (1991-2005) from PC manufacturing industries such as Apple, Compaq, IBM, Dell, Hp as well as data for 10 years from leading Sports goods industries namely Reebok, Nike, kSwiss and sketchers were collected based on monthly revenue, income, stock return, advertising, innovation announcements and R&D expenditures. The study has revealed that there is a conceptual and empirical evidence of positive relationship between advertising expenditure and market value of the firm. It shows that advertising has a double impact (direct and indirect routes) on firm values which provide a strong validation for investment in advertising. Furthermore, advertising may have investors impact even if it does not have impact on tangible consumers and may have negative impact on the valuation of a competitor with equal size.

Raina and Khajuria (2012) discussed the effectiveness of advertisement in India on a selected product category such as automobiles, consumer goods, fashion goods, home accessories, sports, clothing, banks and insurance, electronic items and educational institutions. Findings of the study had revealed that the consumers have positive perception towards advertising and television was found to be the most preferred media by the consumers for each class of product except for educational institution. Effectiveness of advertisement was observed by that media changed the lifestyle of consumers and influenced them to buy the advertised product irrespective of its cost. Similarly, newspaper is an important medium of advertising for consumer goods, fashion goods, home accessories, banking and insurance, clothing and electronic items. Moreover, magazines, hoardings and billboards are the ideal medium of advertising for sport utilities.

Swaminathan and Bansal (2014) has worked on Indian culture and its reflection on advertising by reaching the advertising practitioners from advertising agencies, media and marketing. The practitioners agreed that effective advertising can be developed by assessing the culture in which the target consumers belong. Advertising is perceived as a change agent



who invites the consumers to a better world and offers a new way of living to the Indian consumers. Consumer culture in advertising was portrayed by using five patterns: change for the better, change in traditions, change in the concept of globalization and change in perceptions of value for money.

Tolmacheva (2013) conducted a sociological survey to explore the impact of advertising on the formation of value orientation among the youth, and he observed that among the primary sources (family, mass media and advertising) of formation of value orientation, the youth believed that advertising not only fulfils the information, commercial but also aesthetic, cognitive and developing functions, which in turn orient one towards moral values and shape one's behavior. Thus, it is observed that advertising is increasingly important in the life activity of the youth.

### **1.3.2 Studies on attitudes towards advertising**

Lee and Browne (1995) examined the attitude of African American teenagers towards television advertising on athletic shoes featuring African American athletes. In this study, the researcher also attempted to explore the influence of television advertising on the teenager's perception about the product and the purchase intent. Thus, statistical analysis of the data had observed that exposure to television ads played a major role in brand selection for sport shoes which was indicated by responses (68%) showing fashion/look/style and trend as their motivation to buy a particular brand of shoes and responses (75%) showing friends and advertisements as sources of information about the brand. Findings of the study had suggested that African American Teenagers are having positive attitudes towards the television ads on sport shoes featuring African American athletes, the amount of television viewing was found to be related with the perceived influenced and the buying intention was

quite high for the Nike brand. Thus it was concluded that the brand preference and purchase intent among the television viewers are highly impact by the celebrity endorsement.

Coulter *et al.* (2001) interpreted consumers' perceptions of advertising on which Pollay and Mittal (1993) framework was followed as a basis for presenting research on attitudes towards advertising. The findings of the study were classified on the basis of (a) economic effects of advertising (b) Personal uses of advertising and (c) Societal effects of advertising. In this study, the Zaltman Metaphor Elicitation Technique was employed to trace out the deeper meaning of advertising to US consumers. The findings of the metaphor analysis has suggested that advertising has positive value, in that it relates information (hostess, teacher, counsellor, enabler and magician), it provides entertainment (performer) and stimulates growth in the economy (engine). However, the negative values of advertising are shown by the metaphor- omnipresent being, nosy neighbour, conman, seducer and evil therapist.

Zhang and Wang (2005) has conducted a survey to identify consumers' general perception on advertising values and attitudes between the Internet-based advertising and traditional advertising for both brand building and directional advertising purposes. The study was based on Ducoff's (1995) model which identifies entertainment, in-formativeness and irritation, and later extended by including credibility and consumer demographics on the models by Brackett and Carr (2001) for predicting consumers' value and attitude towards advertising. In addition, the study had used extended model of advertising value and attitudes which includes interactivity as one of the constructs in the model since it is believed that it is another antecedent to advertising value and attitude. The study has employed structured equation model to examine traditional and internet-based media advertising and revealed that there are no significant differences between five independent variables (in-formativeness, entertainment, irritation, credibility & interactivity) , and between entertainment, credibility,

interactivity, value and attitude. Furthermore, the respondents consider traditional advertising more entertaining, more informative, more credible and less irritating than the Internet-based advertising.

Chowdhury *et al.* (2006) conducted an empirical study to examine the effects of some important constructs on consumer attitude towards mobile advertising. They developed a research framework where four independent variables entertainment, in-formativeness, credibility and irritation were considered and their direct influence on attitude towards mobile advertising was tested. In this study, structural equation modelling was employed to estimate the relationship of the constructs which further examine their simultaneous effects. The study has revealed that among the variables, credibility was found to be the most significant factors affecting respondents attitude towards mobile advertising and it is the only variable which has shown direct positive and significant influence on consumers attitude towards mobile advertising. Furthermore, it was observed that the respondents held negative attitude with regards to entertainment and in-formativeness about the mobile advertising while surprisingly, they are neutral in irritation that is they are not annoyed to receive SMS advertising.

Tan and Chia (2007) performed an empirical study to investigate the relationship between the general attitude towards advertising and attitude towards advertising in a specific media such as television and print media. The study was carried out with a structural model consisting of six independent variables and three dependent variables. The independent variables used for the study were based on Pollay and Mittal (1993) and these variables include product information, social image, hedonic pleasure, good for the economy, falsity/no sense and materialism. On the other hand, the three dependent variables such as attitudes towards advertising in general, attitudes towards television advertising and attitudes towards print

advertising were considered in the study. Structural equation model was applied in the study and it was revealed that advertising media remains as a separate construct in consumer's mind and that television advertising and advertising in general are mutually supporting. Furthermore, one's attitude towards television advertising may directly reflect one's attitude towards advertising in general while one's attitude towards print advertising does not have reflection on it. At the same time, the negative attitudes towards the advertising as a whole could possibly lead to the negative attitudes towards television advertising. In addition, the positive and negative impact of television advertising on print advertising shows that a person's attitude towards print advertising is affected by a person's attitude towards advertising in general.

Khattak and Khan (2009) developed a research model to examine the consequences and impact of television advertising on the general attitude of female college students in Pakistan. In this model, the consequences and impacts of television advertising are taken as independent variables while the attitude of female students is taken as dependent variable. Moreover, the independent variable that is the consequences and impact of television advertising includes ethical consequences (deception, puffery, and sexual appeals), economic consequences, social consequences (needless products, clutter, materialisms, and undesirable values) and advertising regulation (harmful products, existing regulations, proliferations). The study had revealed that majority of the respondents believe that television advertising is unethical due to its deceptive nature as well as more exposure of sexual appeal. In view of the economic consequence, majority of the respondents believe that television advertising is essential for economic growth. Besides, the study also shows that the respondents have negative feelings about the social consequences of television advertising that is television advertising is viewed as a source which persuades people to buy undesired needs, puzzles the people by creating clutter effect, promote materialism which encourages obscene value

among the youth. Despite the negative feelings about television advertising, the general attitude of female college students towards television advertising found to be positive.

Ling *et al.* (2010) proposed four key determinants of consumer's attitude toward advertising in their study and these determinants include credibility, informative, hedonic pleasure and good for economy. The study has revealed that all the independent variables-Credibility, informativeness, hedonic/pleasure and good for economy have p-value which is less than the Alpha value of 0.05, thus all these independent variables are positively related to consumers' attitude towards advertising. Furthermore, the highest value of un-standardized Beta coefficient 0.417 shows the strongest relationship which is in between informative and consumers' attitude toward advertising followed by credibility (0.360) and good for economy (0.266) in the 2<sup>nd</sup> and 3<sup>rd</sup> rank respectively while hedonic/pleasure creates the weakest relationship (0.260) in the consumers' attitude towards advertising.

Ashaduzzaman and Asif-Ur-Rahman (2011) attempted to describe the attitude and behavior of women consumers in order to know the impact of television advertising on their decision making process during shopping. They found that television advertising plays an important role in changing the consumer behavior of women since they believe that the advertising promises will provide them satisfaction. Especially among students and housewives, television advertising is a good source of motivation for buying as well as selecting brands of products because they are exposed frequently to television program comparing to other women. Furthermore, the study has also revealed that women are likely influenced by television commercials and they even feel disappointed when they were unable to buy the desired products which were exposed in television commercials since they are a strong believer of all the promises made through advertising message. The author concluded the

study with the effects created by more frequency of television advertisement on the higher demand of the products among women.

Azeem and Haq (2012) conducted a study on perception towards internet advertising based on a conceptual model of ATOA model in a cross cultural context. The conceptual model suggests that belief factors influence ATOA, which in turn influence the consumers' behavioral responses. As culture influence the belief factors, ATOA and consumer responses, cultural background was included in the conceptual model. In the study, different belief factors such as entertainment, information, credibility, and economy and value corruptions were identified and it was shown that all five belief factors were statistically significant predictors of ATOA. Furthermore, it was observed that value corruptions negatively influenced ATOA while all the other factors such as entertainment, information, credibility and economy positively influenced the ATOA. In other words, the study revealed that consumers were expected to have more positive attitudes towards online advertising when they believe that online advertising is valuable for the economy, entertaining, credible, pro-value and informative.

Eze and Lee (2012) emphasized consumers' attitudes towards advertising by following a conceptual framework which was designed with six independent variables- consumer manipulation, product information, hedonic/pleasure, economic condition, social integration materialism and one dependent variable- attitude towards advertising. The study has revealed the two independent variables consumer manipulation and social integration does not have positive effects on consumers' attitude towards advertising while all the other independent variables- product information, hedonic/pleasure, economic conditions and materials have positive influence on attitudes towards advertising. In addition, hedonic/pleasure is important in designing advertising campaign for businesses because believe in hedonic/pleasure tends

to create a positive attitude towards advertising. Moreover, it is believed that the more positive perception that the consumers have on a specific economic condition, the higher the chances that they will have positive attitudes towards advertising.

Javadi *et al.* (2012) conducted a study to examine customers' attitude towards mobile advertising and the factors that affect their attitudes. The study shows that the customers see the originality, interactivity and entertainment levels of mobile advertising as positive in comparison to traditional forms of advertising. To perceive advertising positively, message content of the advertisement was found to be the most important factor which also creates positive attitudes in the customers.

Liu and Jang (2013) focus on the role of company factors and consumer factors which affect the consumer's perceived advertising value and attitude towards mobile advertising. They had conducted a study based on the existing models (consisting of three factors- Informativeness, entertainment and credibility) and a framework consisting of company factors, which have three other sub factors- prior permission, incentive and form of advertisement, and that of consumer factors with two sub factors- involvement and experience. Thus, the study observed that the perceived advertising value and all the factors in the existing model affect their attitude towards mobile advertising as always. Furthermore, all company factors and consumer factors were found to have an effect on consumer's perceived advertising value as well as they moderate the impact of perceived credibility on attitude towards mobile advertising. Moreover, it was observed that the consumer's attitude towards advertising was affected by their evaluation of advertising on the basis of informativeness and entertainment.

Amir *et al.* (2013) acknowledge that advertisement has a strong motivational and affective interface with the youth which affects their consumption pattern and style. The result of this

study shows that 55.78 % of the youth watched television advertisement and out of this, 61 % of the youth were watching television advertisement on daily basis. Furthermore, 67.35 % of the youth were of the opinion that advertising moderately affect their lifestyle.

Gulla and Purohit (2013) analyse children's attitude towards television advertisement and how their parents buying behavior are influenced. They had developed seven constructs- information, entertainment, credibility, liking, children's' attitude, pester power and buying behavior in the conceptual framework on which the model proposed that four constructs- information, entertainment, credibility and liking are directly associated with children's attitude which is further related with pester power and finally assumed to creates the buying behavior of parents. Confirmatory factor analysis, structural equation modelling and path model were employed for analysing the data and it was observed that entertainment, informativeness, credibility and liking are the four important factors influencing children's attitudes which further influences buying behavior of parents and this was proved by the path coefficient showing significant strong relationships for all the factors with the buying behavior of parents. Furthermore, the children's attitude was found to have significant relationship with the focal constructs, pester power which was also found to have significant relationship with the buying behavior of parents. They had drawn conclusions that as much as 70 % of the overall buying behavior of parents gets influenced by pester power.

Chithra and Kothai (2014) have analysed different factors relating to consumers attitudes towards television advertising in their study. The study has revealed that consumer sees advertising as a great source of information, as they believe that it informs them about the existing brand, updating the new product as well as it helps them in following latest fashion trend. Despite the goodwill, there are some negative values when the advertising is repeated frequently. Excessive advertising was found to be somewhat irritating and it even makes the



consumer confuse about the product. In addition, it was also found that the consumers consider television advertising as a medium which helps them in their effective purchase decision.

Verma and Saranya R (2014) discussed the role of gender influencing the attitude towards online advertising and found that online advertisements were preferred by 62% of the respondents over traditional advertisement by 38% of the respondents. Similarly, women respondents preferred online advertising more than their male counterpart who can be revealed by 65.97% of women respondents and 58.45% male respondents. Moreover, majority of the respondents preferred video animation, price as the most important content, animated advertisement as ads format and smaller size of ads in an online advertisement. However, the general attitude towards online advertisement was positive for both genders of youth and the statistical analysis had revealed that gender does not influence the attitude towards online advertisement.

### **1.3.3 Studies on advertising and buying behavior**

Engel *et al.* (1986) define consumer behavior as that act of individuals which directly involved in obtaining, using and disposing of economic goods and services which have included the decision processes that precede and determine these acts.

Loudon and Bitta (1994) proposed that the consumer decision process could be divided into five stages: problem recognition; information search; evaluation of alternatives; choice and outcome (Swenson, 1990; Maio, 2000). Consumers do not always go through all the stages, most of the consumer may be influence by the different ads, which they watch on the television or different posters in the market (Loudon &Bitta, 1994; Tellis, 1987; Hansen &Gronholdt, 1987).

Verma and Kapoor (2004) have worked on the possible effects of advertising on children's consumer behavior from early childhood to early adolescents and the role of parent-child interaction. The study has observed that parents appreciated the increasing role of children above eight years in the family purchase decision. Moreover, both the children and parents agreed that children purchase request was strongly impacted by the television advertisement. In addition, parents perceived that children purchase request being influenced by television advertisement tend to decrease with an increasing age of the children.

Ali *et al.* (2010) had applied Analytic Hierarchy Process (AHP) technique to explore the interactions of one factor to another factor which had influenced the consumer buying behavior. Factors such as price, family structure, Country of origin, age, culture and advertising were considered in the investigation. The study was conducted based on personal interview and focus groups where a matrix was drawn out from the responses. The application of AHP had revealed that factors such as family structure, country of origin, age, culture and advertising were connected with the buying behavior while a single factor price is connected with the product. Moreover, family structure was found to be the most influential factors in buying behavior followed by country of origin, culture, age and advertisement respectively.

Bashir and Malik (2010) had revealed in their study that advertisement persuades the consumer to purchase the product at least once in a lifetime and moreover consumers considered advertisement as a reliable source of knowledge as compared to the others such as friends, neighbours, reference group opinion. They also conclude that advertisement appeal and its effectiveness are positively related.

Abideen & Saleem (2011) opined that people purchased those brands with which they are emotionally attached to it. Their study was based on a model consisting of four independent

factors- pleasure, dominance, arousal and brand recall for emotional response and environmental response with two independent factors- information rates and sensory stimulus. In their study they had investigated relationship between independent variables which are environmental response and emotional response with attitudinal and behavioral aspect of consumer buying behavior, by tapping the responses of 200 respondents using telecommunication services. They have conclude that consumer purchase products by emotional response rather than environmental response and these attachments are created through advertisement as audio, video and text form, which appeals him or her.

Fah *et al.* (2011) developed a research framework consisting of independent variable such as advertising appeals, spending tendency, perceived social status and materialism while the dependent variable consist of the consumer perfume purchasing behavior Pearson moment correlation was applied to test the relationship between these independent and dependent variables and it was observed that there was a relationship between the advertising appeals, spending tendency, perceived social status and materialism with the perfume purchasing behavior. Furthermore, the study had revealed that consumer purchase behavior were influenced by the advertising appeals (humour, romantics, informative, refreshment, logics, enjoyable, pride, great taste) which indicates that the higher level of advertising appeals leads to the higher consumer purchasing behavior and drawn a conclusion with the importance of advertising appeals as messages that affects the purchasing behavior.

Singh and Kaur (2011) acknowledge that children are consistent enough to evaluate the advertisement and the impact created by advertisements upon various groups of children varied depending upon knowledge of the existing brands, parental supervision and mode of delivery of advertisements. However, the parents consider advertisement as a good source of information and knowledge for their children and they believed that advertisement plays a

significant role in introducing new product in the family since the children felt disappointed if they were not allowed to buy the products which were displayed in the advertisements.

Zeb *et al.* (2011) attempted to describe the influence of brands on female clothes buying behavior by using five dynamic factors of brand influence such as brand status, brand attitude, willingness to pay premium, self-concept and reference groups. A quantitative research was conducted upon 400 respondents in the four cities of Pakistan (100 each) and four major brands of clothes were considered for the study. Factor Analysis has identified that brand status; brand attitude and self concept have significant impact upon the consumer involvement in fashion clothes. Moreover, regression and correlation coefficient showed the significant relationship between dependent and independent variables.

Banerjee and Saha (2012) examined the impulse buying behavior in retail stores. Their study identified that price and discounts offered along with any sale or clearance sign were the most effective stimuli which influence the consumers to make an unplanned purchase. Moreover, they proposed that 'sight' was the most important sensory abilities which influence the buying behavior of consumers.

Ravikumar (2012) in his study states that consumer behavior reflects the totality of consumers decisions with respect to acquisition, consumption and disposition of goods, services, time and idea by (human) decision making units (over time). It also includes whether, why, when, where, how, how much and how often and how long consumer will use or dispose of an offering. Consumer purchasing behavior covers "all activities and decisions which relate to choosing products, purchasing and post- purchasing use".

Ravikumar (2012) further states that attitudes are mental states used by individuals to structure the way they perceive their environment and guide the way they respond it. As it is known from theory of Reasoned Action and theory of planned behavior, attitudes have a considerable impact on behavior. A major influencing factor on attitude toward an

advertisement is the general attitude toward the advertising medium and moreover consumer attitudes consist of three components i.e., cognition, affect and conation.

Kumar and Raju (2013) conducted a study on the role of advertising in consumer decision making. Their study had examined that Ads will be able to change the opinion of the customers about the product since customers are likely to watch more of the ads which affect their opinion. Moreover, advertisement will easily convince the customer for product because they are the strong means of communication to convey the intended message to the target group of customers.

Lawan and Zanna (2013) evaluate the socio-cultural influence on the consumer buying behavior by considering cultural factors, economic factors and personal factors. Taking into account consumer buying process, the study found that socio-cultural factors have significant influences at each stage (need recognition, pre purchase/ information search, evaluation, purchase and post purchase) of consumer clothes buying decision process. Tobit Regression Analysis shows a highly significant influences of cultural factors ( $T=14.83$ ,  $p<0.000$ ), economic ( $T=11.89$ ,  $p<0.000$ ), and personal ( $T=16.12$ ,  $p<0.000$ ) factors on clothes buying decision process. Furthermore, the study has shown that for cultural factors, societal norms have the highest influence in fashion buying decision which clearly shows that Nigerian are belonging in the community where the people are sharing a common buying behavior. Besides, Income and basic needs have the highest influence among economic factors, and in case of personal factors, age is the factors which highly influenced the fashion clothes buying behavior.

Desai (2014) felt that advertisement is the most important factors for buying cosmetics as revealed by its attainment of top ranked among the given seven factors influencing choices of brands for cosmetics. Moreover, 23 % of the respondents voted commercial media as a source which provides information about the products, 36% of respondents believed that

television have impact on their brand selection while 24 % voted for newspaper and 17% for internet.

Afzal and Khan (2015) developed a research model in which two independent variables aligned on the left side the online advertisement and conventional advertisement have a direct relationship with consumer buying behavior which act as a dependent variable and formed an indirect relationship with two variables advertising characteristics and attitudes acting as mediators in this research. The online advertising includes pictures and multimedia parameters while conventional advertising includes several parameters such as TV ads, Magazines, newspaper and billboards. The researcher examined the impact of online advertisement and conventional advertisement on consumer buying behavior by developing structured equation model. Findings of the study has revealed that the two independent variables does not have direct relationship with consumer buying behavior but there is a significant indirect relationship between both the advertising medium and consumer buying behavior due to the existence of mediators such as advertising characteristics and attitudes. Moreover, among the three dimensions of attitudes (loyalty, previous buying experience and word of mouth), it was revealed that loyalty and previous buying experiences are the factors which significantly influenced consumer buying behavior. Similarly, among the advertisement characteristics, quality, design and content of advertisements are significant factors influencing consumer buying behavior.

#### **1.3.4 Studies on two-wheelers**

A study (Reddy, 2006) on consumer behavior towards two-wheelers market had revealed that the awareness of Hero Honda brand motor bike has been highly influenced by advertisement i.e., 45 respondents followed by family members i.e., 10 respondents. Again in his study, Reddy had observed that the highest users of the three leading two-wheeler brands are the students. He further stated that in case of Hero Honda, 30% is used by employees and 50%

by students, 15% of employees used Yamaha while students constitute 40% usage rate and moreover in case of TVS, 40% is used by employees and 50% by students. So altogether, his studies revealed that majority of two-wheeler consumers are the youth especially school going students and for this purpose, college youth are selected as a sample. Saravanan *et al.* (2009) attempted to explore the consumer behavior of two-wheelers users with regards to their showroom services and has drawn a conclusion that students and employees are more satisfied with the showroom services. Moreover, it was found that the ages of the consumer have a significant impact upon the models of two-wheelers they owned.

Kathivarana *et al.* (2010) explored consumer evaluation of brand image, product attributes and quality perception in the competitive two-wheeler markets of India. Several product attributes- fuel efficiency, style and design, brand image, price, power and pick up, durability, maintenance cost, resale values, add on features and environment friendly were considered in the study and it was observed that all these attribute together help in creating the brand image in the market. The researcher has employed factor analysis for identifications of the key factor preferred by the consumers. From the statistical analysis, it was found that the ten attributes comes under three components creating the product image and indicate product perceived quality perception. Also, it was observed that there is a strong relationship between the brand image and each of the attributes used in the study.

Furthermore, the researchers have brought out the key demand drivers for the growth of Indian two-wheelers industry as follows:

- a. Inadequate public transportation system, especially in rural and semi-urban areas
- b. Increased availability of cheap consumer financing in the past 3-4 years
- c. Increasing availability of fuel efficient and low maintaining models
- d. Increasing urbanization which creates a need for personal transportation
- e. Changes in the demographic profile

- f. Differences between two-wheelers and passenger car prices, which makes two wheelers the entry level vehicle
- g. Steady increase in per capita income over the past five years and
- h. Increasing number of models with different features to satisfy diverse consumer needs.

Chadha (2011) did a study on consumer buying behavior towards bikes. It can be inferred from the study that friends (59%) and relatives (23%) were the main sources of information followed by advertisement (13%). Moreover, Garrett Ranking Method was applied in the study to find out the most important factors influencing the purchase of Bikes and the results shows a highest rank for fuel efficiency followed by brand name, safety, price and so on.

Gugloth and Shekhara (2012) acknowledge that the growing middle class population, prosperous rural India and paucity of reliable public transport system are the main reasons behind the popularity of two-wheelers in India. They had stressed out the Indian two-wheelers purchase trend as follows:

- a. Growing working population
- b. Increased access to credit and lower interest loans
- c. Increased consumer embrace of financial products
- d. Upward migration of household income levels
- e. Fast paced urbanization to rise from 28% to 40% by 2020.

Laldinlana (2012) conducted a study on consumer behavior towards two-wheelers from 203 two-wheeler owners in rural and urban Mizoram. The researcher observed that Pulsar manufactured by Bajaj and Karizma by Hero Honda were the most owned bike in Mizoram for the year 2012. Besides, the study showed that 34.98% of the respondents believed Promotion to be the most important factor for buying two-wheelers which was followed by durability, after sales service, appearance and word of mouth respectively in descending



order. Moreover, the researcher found differences between rural and urban respondents in terms of their choices of factors for buying two-wheeler. For rural respondents, 26.03% felt price as the most important factors as compared to 3.85% of urban respondents which was due to their lower purchasing capacity as compared to their urban counterparts. Similarly, 20.55% of rural respondents were influenced by promotion as compared to 43.68% of their urban counterparts and this variance in responses may be due to the influence of advertisement and difference in media exposure between rural and urban respondents.

Mahrotra and Sharma (2012) performed an empirical study on buying behavior of two-wheelers users and for that data was collected especially from those male bikers who drive Hero Motorcorp, Bajaj and TVS brands of two-wheelers. The study has revealed that there are many factors which affect the consumer buying behavior out of which mileage and engine power are the most important factors which affects the buying behavior. Besides, demographic factors such as age, education and occupation are the key factors in influencing their buying behavior.

Devaki and Balakrishnan (2013) did a study on customer preference towards Hero two-wheelers after the termination of Hero Honda. They had identified that majority of the Hero Honda users gave more importance to price followed accordingly by mileage, stylish look and brand image. Furthermore, the majority of the respondents were professional people aged between 31-40 years who preferred middle range bikes like Splendor and Passion. In addition, the study has tested that age group has no significant influence while occupational status has significant influence over the selection of the current model of bike.

Murugan and Shanty (2014) stated that women two-wheelers purchases were driven by different factors such as preference, attitude, decision making and satisfaction. Furthermore, they examined that woman preferences were strongly affected by a variable such as product performance whereas their attitudes were constructed by promotional schemes and utilitarian

benefits, decision makings were based on personal factors and product characteristics while product aspects and value added benefits provides satisfaction for the women two-wheelers consumers in India. The researcher had investigated the extent of perception of women consumers towards the purchase decision of two-wheelers in Metropolitan cities of India namely Chennai, Mumbai, Delhi and Kolkata and it was found that the perception of women consumers of two-wheelers in four regions differs widely with respect to the above variables. Cluster analysis was employed to study four different regions while the significant difference among women consumers in these four regions was identified through one way Anova and the Principal Component Method was used to identify several factors.

Gupta and Shaikh (2014) found that advertising campaign of two-wheeler has significant impact upon the consumer buying behavior. It was stated that advertising was beneficial for both the manufacturer in terms of publicity and the consumer in terms of information and awareness. The researcher also observed that frequent television advertisement is effective for increasing the brand loyalty of the consumers. Likewise, audio-visual advertisement is found to be more effective than print media and celebrity endorsement was highly appreciated.

Kumar and Babu (2014) highlighted the impact of advertisement on purchasing behavior of two-wheelers by women and pointed out its effective medium of advertising. 54.07% of the respondents feel that services is highly important in influencing their purchasing decision and majority 85.19% of the respondents believe that advertising plays a major role in buying two wheelers. Furthermore, majority of the respondents feel that advertising frequency influences their mind favourably and impact of celebrity endorsement in the ads of their brand is normal. The researcher has drawn a conclusion that there is a significant relationship between age of the respondents and the brand of two-wheeler they own. Similarly, income of the respondents and mode of purchase are significantly related.

#### **1.4 Research gap**

Analysis of available literature on the subject reveals that studies that were observed in area of two-wheelers were found to focus more on consumer behavior but very few dealt with the role or effects of advertising on consumer behavior particularly in Aizawl. Further, the literature studied effects of advertising on consumer behaviour were not in two-wheeler segment. Whereas, the rate at which advertising affects the consumers' buying behavior in various other industries fosters an urgent need to understand the attitude towards advertising and effectiveness of advertisements on consumer buying behavior in two-wheeler segment particularly in Aizawl. This study is an effort to fill the research gap by gaining some new insights into the effects of advertising on college youths' buying behavior and to come up with suggestions, as and when required.

#### **1.5 Significance and scope of the study**

The two-wheelers population in Mizoram had experienced a tremendous growth from the period of 2012-2013 and 2013-2014. As per the Statistical Handbook (2014), the number of two-wheelers on road for the period of 2013-2014 was 80,729 including the private owned two-wheelers (79,737) and government owned two-wheelers (992) which shows 12.74 % growth from the previous year 70,449 including private owned two-wheelers (69,509) and government owned two-wheelers (940). The reasons for growth of two-wheelers population in Mizoram remain unanswered questions which encourages researchers to analyze the market as well as the consumer behavior. However, two-wheelers companies were found to encourage their products in the market through advertising by using different forms of media. Thus, to answer the research questions, it can be assumed that advertising is influencing more purchases of two-wheelers and that is why we need to study the effects of advertising on buying behavior.

On the other hand, the study on effects of advertising on buying behavior shall help the advertiser gain a comprehensive knowledge of their target audiences and then know the factors which influence their buying behavior through which a better strategy may be formulated. The findings shall also help in finding out the parameters of media in communicating commercials to the society as it is an imperative mode of disseminating information to different social and economic groups. Furthermore, the study shall help the advertisers/companies in choosing the most effective media amongst different media for promoting their products.

The purpose of the study is to highlight the effects of advertising in buying behavior of college youth in respect of two-wheelers. The study focuses on various related issues like the advertising characteristics such as design, quality, content and duration; AIDA (attention, interest, desire and action) model of advertising communications and attitude towards advertising that influences the college youth buying behavior. Advertising in different media such as television, newspaper, internet, brochures, billboards, magazines and radio has been taken into consideration for the study.

### **1.6 Statement of the problem**

Advertising has been criticized for embellishing the benefits of the products advertised and obscures their limitations and drawbacks. It has been blamed for manipulating people to buy things which they do not want. Some critics have raised serious doubts about the useful role of advertising and blamed it as a wasteful activity that creates a false impression on the minds of the consumers. On the contrary, others agreed that advertising plays an important role in communicating the existences of the product to people who do need such information. They believed that the gains and usefulness of advertising vary widely from one product to another, market situation, competition, and the economic milieu. However, with the change in the

economic, social, cultural, political and business environment of the country, the attitude of the people towards advertising has also changed. It is being used not only for economic and business gains but also for political, social, cultural, religious and governmental motives and objectives. The advertiser, the agency, the media and the consumer perceives advertising according to their desires, expectations and opportunities. The parameters for judging advertising have witnessed a quick change and the quality and performance of advertising agencies have also improved. This has influenced significantly the psychology, sociology and economics of the advertiser, the agency and the media. The goals of advertising have been altered, customized, adjusted and re-defined over the years in India.

Consequently, advertising and two-wheelers goes hand in hand as the advertising plays an important role in creating brand awareness as well as building market shares for two-wheelers companies. In the context of Mizoram, the two-wheelers population was found to achieve a growth rate of 12.74 % from the period of 2012-2013 (79,737) and 2013-2014 (80,729) (Statistical Handbook, 2014). At the same time, thirty seven road accidents on two-wheelers were reported in 2013-2014 as against eighteen for the period of 2012-2013. The highest number of road accidents was found in Aizawl with twenty three accidents in 2013-2014 as against seven in 2012-2013. Even though the number of accidents increased, the number of purchases of two-wheelers has also increased. Growth of two-wheelers in Mizoram may be influenced by the advertising campaigns conducted by different companies. Latest models were offered through advertising campaign which contains dangerous stunts performed by professionals with the aim of influencing the youth to make the buying decision. Therefore, the study intends to examine how precisely advertising affects college youths' buying behavior in respect of two-wheelers in Aizawl. It takes into account the different advertising media, effects of advertising characteristics on buying behavior,

effectiveness of advertising and brand preferences of two-wheelers, attitudes of college youth towards advertising for buying two-wheelers.

### **1.7 Objectives of the study**

The specific objectives of the study are:

- a. To analyse the college youths' preferences for advertising media available in Aizawl;
- b. To study the effects of advertising characteristics on college youths' buying behavior in respect of two-wheelers.
- c. To identify the factors influencing the purchase of two-wheelers among selected college youth;
- d. To determine the effectiveness of advertising on college youths' buying behavior and brand preferences in respect of two-wheelers;
- e. To study the attitudes of college youth towards advertising for buying two-wheelers.

### **1.8 Hypotheses of the study**

To achieve the above objectives, the following hypotheses are framed to be tested:

Hypothesis 1: Advertising characteristics has positive effects on college youths' buying behavior in respect of two-wheelers.

Hypothesis 2: Effectiveness of advertising (AIDA) has positive effects on college youths' buying behavior.

Hypothesis 3: College youths' exposure to advertising on two-wheelers has positive effects on their brand preferences.

Hypothesis 4: Attitudes toward advertising has positive effects on college youths' buying behavior.

## **1.9 Research Design**

- a.** Population of the study: The students of all the selected five colleges in Aizawl which represents the college youth from different zones of the city that is north, south, east, west and central zones, who owns as well as drives a two-wheelers for going to college were selected as the population of the study.
- b.** Sample of the study: 50 college youth who owns as well as drives two-wheelers from each of the selected college (total 250) were included in the sample of the study.
- c.** Sampling design: To get the desired sample stratified random sampling was used under which study area was first divided into five zones North, South, East, West and Central. A college representing each zone of the city i.e., North, South, East, West and Central were selected randomly. In this way, Aizawl North College from North Aizawl, Govt. Aizawl College from South Aizawl, Pachhunga University College from East Aizawl, Govt. Aizawl West College from West Aizawl and Hrangbana College representing Central Aizawl were selected. Further, 50 youths from each college were selected based on simple random sampling, giving a sample size of 250.
- d.** Data collection: Data were collected from primary sources as well as secondary sources. The study used customer survey as a tool of collecting primary data. A comprehensive questionnaire was designed and administered to the college youths and they were mostly contacted at the college based on their convenience. Data were collected during February-June 2014. In addition to primary data, the secondary data are gathered from books, journals, reports, governmental organizations, magazines, websites and business houses.

## **1.10 Analysis of data**

The data were analyzed by using appropriate statistical tools. Results and conclusions were drawn on the basis of analysis of data. For analyzing the data, the statistical tools employed in

the study includes simple techniques such as frequencies, percentages and averages as well as advanced statistical tools such as factor analysis, correlation, regression and Henry Garrett ranking method which were briefly explain below:

**a. Factor analysis**

Factor analysis is a statistical mechanism used for the reduction of a set of observable variables in terms of a small number of latent factors. The basic purpose of this analysis is to structure factors of variables which are independent of each other. Principal component analysis was employed for extracting the factors. The inter-operability of factors can be improved through rotation of the matrices. Orthogonal rotation varimax was run considering all the factors to be independent from all other factors. To ensure the suitability of data for factor analysis, both the KMO (Kaiser-Meyer-Olkin) measure of sampling adequacy and Bartlett's Test of Sphericity were employed. The KMO test of sampling adequacy compares the magnitude of the observed correlation coefficients to the magnitude of the partial correlation coefficients. The KMO measure the sampling adequacy of the data and its statistics varies between 0 and 1. A value close to 1 indicates the patterns of correlation are relatively compact and hence the data is appropriate for factor analysis and good for testing. Bartlett's Test of Sphericity was also conducted to check the overall significance of matrices.

**b. Coefficient of correlation**

Pearson correlation coefficient was used in the study to determine degree of relationships between two or more variables. The correlation between two variables is represented by the letter  $r$  whose values should vary in between -1 and +1. When the value falls in +1 range in the scale, it is a perfectly positive relationship while -1 shows a perfectly negative relationship and 0 shows no relation. In a perfectly positive correlation, the increase in one variable causes corresponding increase in the other variable while perfectly negative



correlation indicates the decrease in one variable causes the corresponding decrease in the other variable. Karl Pearson's correlation coefficient also known as simple correlation is one the most popular method for determining the extent of relationship between two variables. It is based on the following assumptions:

Karl Pearson's Correlation coefficient is given by

$$r = \frac{\sum(x_i - \bar{x})(y_i - \bar{y})}{n \cdot \sigma_x \sigma_y}$$

where,

$x_i$  =  $i$ th value of x variable

$\bar{x}$  = mean of x

$y_i$  =  $i$ th value of y

$\bar{y}$  = mean of Y

$n$  = Number of pairs of observations of x and y

$\sigma_x$  = standard deviation of x

$\sigma_y$  = standard deviation of y

### c. Regression analysis

Regression was used in the study to determine the cause and effect relationship between two variables which indicates that the change in the value of an independent variable also causes a change in the value of the dependent variable. It is presented in the form of an algebraic equation whereby the value of one variable (dependent) is predicted or estimated based on the value of the other variable (independent).

Simple regression is presented by,  $Y = a + bX$ .

While multiple regressions is represented by the equation,  $Y = a + b_1X_1 + b_2X_2 + \dots + b_nX_n$

Where Y = dependent variable, X = independent variable,  $X_1$  to  $X_n$  = independent variables, a = constant and  $b_1$  to  $b_n$  = regression coefficients of  $X_1$  to  $X_n$ .

#### **d. Henry Garrett's ranking method**

To find out the most preferred media and two-wheelers brands among the college youth, Henry Garrett's ranking technique is employed. In this study the respondents were asked to rate the advertising media from their perception to find out which media is rated as 'Rank 1, Rank 2 up to Rank 7' by the respondents. Likewise, the respondents rated the two-wheelers brand as 'Rank 1, Rank 2 up to Rank 10'. The ranking is calculated as percentage score and the scale value is obtained by employing Scale Conversion Table given by Henry Garrett. The percentage score is calculated as follows;

$$\text{Percent Position} = \frac{100 (R_{ij} - 0.5)}{N_j}$$

Where,  $R_{ij}$  = Rank given for the  $i$ th variable by the  $j$ th respondents

$N_j$  = Number of variable ranked by the  $j$ th respondents.

#### **1.11 Limitations of the study**

The present study has some limitations which are given as follows:

- a. The study is limited to five colleges in Aizawl which were selected on the basis of stratified random sampling method in order to represent the five different zones of Aizawl. So the findings of the study may not be generalized for all the other colleges because of college students' variations.
- b. The study was confined to college youth in Aizawl who falls within an age group of 17-25 years thus; the results revealed from the study may not be compatible for different age groups, other than the youth, of two-wheelers owners.
- c. The respondents were contacted at their colleges during their free time or short break, so chances of biasness are there as they got a limited time to fill up the questionnaire.

## **1.12 Chapter outline**

### **Chapter 1: Introduction**

This chapter deals with the introduction of advertising, two-wheelers and buying behavior, definition of keywords, literature review, research gap, statement of the problem, significance and scope of the study, objective, hypotheses, research design, analysis of data, limitations of the study and chapter outline of the thesis.

### **Chapter 2: Socio-economic profile of the respondents**

The second chapter focuses on the socio-economic profile of the respondents where the profile of the state Mizoram and the profile of the respondents were specifically analyzed. It brings out the geography, climate, culture, economy, administration, physiography, infrastructure, education, media and communication of the state. It also analyzes respondent's college, educational semester, streams, gender, age, religion, parental occupation, family income, siblings as well as the product information.

### **Chapter 3: Advertising and buying behavior**

This chapter identifies the relationship between advertising and buying behavior. Advertising was studied on the basis of its history, extends in India, agencies, council, media and characteristics while buying behavior was analyzed on the basis of buyers' characteristics, buyers' decision process and buying roles. The important factors for buying two-wheelers were also discussed.

### **Chapter 4: Effectiveness of two-wheelers advertising**

The fourth chapter determines the effectiveness of two-wheelers advertising on buying behavior as well as college youths' brand preferences in respect of two-wheelers. The

effectiveness of advertising on buying behavior was studied by adopting AIDA (attention, interest, desire & action) communication model of advertising while the effectiveness of advertising on college youths' brand preferences in respect of two-wheelers was analyzed by using Henry Garrett ranking method.

### **Chapter 5: Attitudes of college youth towards advertising**

The attitudes of college youth towards advertising was analyzed in this chapter. The attitude was studied on the basis of four determinants such as product information, credibility, hedonic/pleasure and good for economy. Furthermore, the relationship between attitude towards advertising and buying behavior of college youth was also discussed at the latter part of the chapter.

### **Chapter 6: Summary of findings and suggestions**

An effort is made to provide the summary of findings based on the logical conclusions drawn from the previous chapters. Suggestions were made for different groups on the basis of the findings and moreover, scope for further research was also highlighted in this chapter.

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## **2.1 Introduction**

In this chapter, efforts were made to look into details the profile of the study area as well as the profile of the respondents. The initial part of the chapter provides an overview of Mizoram which includes the information related to its geography, demography, climate, culture, economy, administration, physiography, infrastructure, education and finally media and communication. In the latter part, the demographic profile of the respondents is discussed.

## **2.2 Profile of the Study Area: Mizoram**

### **2.2.1 Geography of the state**

Mizoram which is known as the land of the Blue Mountain is located in the southernmost part of the North Eastern India. Before it became the 23<sup>rd</sup> state of the Indian Union in 20<sup>th</sup> February 1987, it was one of the districts of Assam till 1973 when it became a Union Territory. Mizoram, the fifth smallest state of India with 21,087  $km^2$  (8,142 sq.m) shares international boundaries with Myanmar for 404 km and Bangladesh for 318 km in the southern part and shares domestic boundaries with Assam for 123 km, Manipur for 95 km and Tripura for 66 km in the northern part. It is located at a longitude of 92°15E to 93°29 E° and latitude of 21 ° 58 N to 24°35 N°.

Most of the villages and towns are located on the hillside which shows that the state landscape is mostly covered by rolling hills, rivers, valleys and lakes. There are 21 major hill ranges or peaks of different height which covers the length and breadth of the state. The hills are steep and are usually crossed by a river and sparkling waterfall flowing in the middle towards the northern or southern part of the state. The average height of the hills in the west is about 1000meters which is replaced by 1300 meters in the east while the highest peak in

the state Phawngpui (Blue Mountain) located in the south-eastern part measured as much as 2,210 meters high.

*Map 2.1: Location of Mizoram in India*



The geographical area of the state is covered by forest (75.17 %), not available for cultivation (4.32%), barren and un-cultivable land (0.39%), other uncultivated land (4.05%), fallow land (9.87%) and net sown area (6.16%). According to Geological Survey of India, Mizoram terrain is an immature topography and it lies in the highest risk area of earthquake and its relative activity (seismic zone v) along with the other north eastern states (India Meteorological Department).

### **2.2.2 Demography of the state**

The population of Mizoram stood at 1097206 which account only 0.09% of the India's population 121019342 as per Census, 2011. Out of the total population 1097206, 555,339 are

male and 541,867 are female respectively. The population rate has achieved an increase from figure of 8.89 Lakh in 2001 census. Even though the population stood at a very low percentage the state has achieved the 3<sup>rd</sup> highest decadal growth rate among the states of the North East India for the period of 2001-2011 which was 23.48% while the country's decadal growth rate was 17.64%. The population density of Mizoram is 52 persons per sq.km as against 382 persons per Sq.km. The population is scattered over 8 districts, 26 blocks and 817 villages. Among the eight districts, Aizawl district has the highest population density with 112 persons per Sq.km while Mamit district has the lowest population density with 29 persons per Sq.km. The demographic profile of Mizoram in terms of number of districts, number of populations, population density and number of percentage were presented in Table 2.1.

**Table 2.1: District- wise population of Mizoram**

Sl No	District	2001 Census	Population Density Per km <sup>2</sup>	Population %age	2011 Census	Population Density Per km <sup>2</sup>	Population %age
1	Mamit	62785	21	7.07	86364	29	7.87
2	Kolasib	65960	48	7.42	83955	61	7.65
3	Aizawl	325676	91	36.65	400309	112	36.48
4	Champhai	108,392	34	12.20	125,745	39	11.46
5	Serchhip	53,861	38	6.06	64,937	46	5.92
6	Lunglei	137223	30	15.44	161428	36	14.71
7	Lawngtlai	73,620	29	9.86	117894	46	10.74
8	Saiha	61,056	44	5.30	56,574	40	5.16
	<b>Total</b>	888573	-	100.00	1097206	-	100.00

**Source:** *Census, 2011*

The sex ratio of the state, as per Census 2011, is recorded as 976 which shows an improvement from 935 in 2001 census. In terms of district wise, Aizawl has the highest sex ratio at 1009 while Mamit shows the lowest with 927 females per 1000 males. The state has emerged as the third highest literate state in India (91.33%) with male literacy rate 93.35% and female literacy rate 86.72 %. Serchhip district recorded the highest literacy rate of 97.91 while Lawngtlai district recorded the lowest at 65.88% among the eight districts of Mizoram.

According to Census 2011, Mizoram has the highest concentration of protected tribal people in all states of India which are classified as scheduled tribe. As many as 1036115 population (95% of total population) belongs to scheduled tribe caste and this demographic classification has been given to Mizoram tribe since 1950's. A privileged conduct in terms of reservation and extra resources on government jobs and educations were provided to hasten their integration with the mainstream society.

Mizoram population consist of several ethnic tribes which are collectively known as the 'Mizos' (hillmen) who are linked together either by cutural or linguistic activities. Different tribes and sub-tribes existed among the Mizos and these tribes usually suffix their descriptive given names. Apart from the Mizos tribe, other ethnic groups such as Nepali Gorkhas were settled in Mizoram since the British Colonial period. For communication, the official languange Mizo as well as English, being important for education, administration, formalities and governance, are widely used. The Mizos have a good faith in religion and majority of the people (87%) follows Christianity through different denominations predominantly Presbyterian.

**Table 2.2: Gender-wise Distribution of Population**

<b>Census Year</b>	<b>District</b>	<b>Male</b>	<b>Female</b>	<b>Persons</b>
2011	Mamit	44828	41536	86364
	Kolasib	42918	41037	83955
	Aizawl	199270	201039	400309
	Champhai	63388	62357	125745
	Serchhip	32851	32086	64937
	Lunglei	82891	78537	161428
	Lawngtlai	60599	57295	117894
	Saiha	28594	27980	56574
Mizoram,2011		555339	541867	1097206

**Source:** *Mizoram Economic Survey (2014-2015)*

### **2.2.3 Climate of the state**

The climate of Mizoram is very pleasant comparing to other parts of the country. The tropic of cancer passed through the heart so it has a moderate climate throughout the year which is generally cool in summer and not too cold in winter. Winter in Mizoram is a rain-free climate with a clear wonderful blue skies and smog were formed between the hills which gives a hilarious view of wide stretches of a vast lake of cloud, the temperature varies usually from 11°C to 21°C. But during summer, the temperature varies from 20 to 29 ° C. Heavy storms were expected during the month of March and April just before or during summer in most part of the state. The entire area is directly influenced by moonsoon. The heavy rainfall usually covered the area during the month of June to August. The average rainfall in Mizoram is 254 cm and particularly, Aizawl district has an average rainfall of 208 cm while Lunglei has an average rainfall of 350 cm. The climate of Mizoram has its modest best during the Autumn season i.e. September to October when the temperature varies between 19 to 24°C.

### **2.2.4 Culture of the state**

The social life of Mizo have undergone a marvelous change over the past 100 years which can be traced back since the arrival of Christianity in the late 1890's. Christianity has brought a lot of changes interms of development in education, social life and the well being of the society as well as the village. The patriarchal Mizo society strictly follows the code of ethics 'Tlawmgaihna', an untranslatable term that emphasizes on every individual to be hospitable, kind, generous ,unselfish and helpful to others irrespective of their caste and belief. Tlawmgaihna is a compelling moral force which finds expression in self-sacrificing, self-denying and doing what an occasion demands unselfishly and without concern for inconvenience caused, for the services of others. The cultural values and customs among the state youth are carried out by the Young Mizo Association (YMA) which is designed to acts



as a main body in preserving cultural values within every village of the state, irrespective of their remote location. The entire social life and thought process of the Mizos have been transformed and guided by Christian church organization ever since the arrival of Christianity, in which the people were captivated to their new-found belief with so much dedication and submission. The Mizo society is closed-knit with no favouritism and no class variation on grounds of sex. The village exists like a big family in which 90% are engaging in cultivation. In birth of the child, marriage in the village and death of the person in the village or community, feast arranged by members of the village are an important occasion with which the whole society is concerned.

Ever since Christianity hold a place in the nucleus of their life and creates indelible effects on the state culture, the Mizos celebrate different Christian festivals such as Christmas Day, New Year Day, Good Friday and Easter Sunday every year. In addition, Chapchar Kut (celebration after clearing of Jungles for Jhum Cultivation) is the biggest traditional festival that the celebration is keep going now and then. Pawlkut (celebration after the harvest when the granary is full in December) and Mimkut (festival dedicated to the parted soul after the maize harvest in September) were includes in the biggest festival which have been somehow replaced by the new festival such as Anthurium Festival and Thalfavang Kut that are mostly celebrated during autumn.

### **2.2.5 Economy of the state**

Mizoram being sharing international boundaries with Bangladesh and Myanmar it is an important port state for South East Asian import to India as well as export from India. In order to strengthen the international trade with other countries, the state has developed the Kolodyne river in the southern part. The state is connected with a a total length of 4,300 kilometres of road of which 927 kilometres are high quality national highways and 700

kilometres of state highways. Furthermore, nearly 7000 companies were registered within the state in the year 2007. Of all the existing companies and industries, Agriculture contributes the highest numbers of employment for the people which is followed by handloom and horticulture industries.

In terms of Gross State Domestic Product, services sector, industry sector, agriculture & allied sector were the three major contributors for the growth of GSDP. The remarkable contributions made by service sector (58% of the total GDP) indicates that this sector drives the economy of the state. The Gross State Domestic Product (GSDP) of the state has been continuously growing over the years with a remarkable rate. Gross State Domestic Product (GSDP) at factor cost at constant (2004-2005) prices is expected to attain an amount of 560779 Lakhs in 2013-2014 against the provisional estimates of 520289 Lakhs for the year 2012-2013 which shows 8% growth over the previous years. The average growth rate of GSDP at constant (2004-2005) prices during the financial years 2004-2005 to 2013-2014 stands at 9%.

**Table 2.3: GSDP at Factor Cost by Economic Activity: Mizoram  
(At constant 2004-2005 prices): Rs in Lakhs**

SI No	Industry	2010-2011	2011-2012	2012-2013 (Provisional Estimates)	2013-2014 (Projected Estimates)
1	Agriculture, Forestry & Fishing	104474	101221	101257	101332
2	Mining & Quarrying	1287	1694	1133	758
3	Manufacturing	5381	7170	8242	9741
4	Electricity, Gas & Water Supply	15632	14585	16564	18812
5	Construction	59567	60342	59618	58903
6	Trade, Hotels, Transport & Communication	56556	54847	58874	63253
7	Financing, Insurance, Real Estate & Business Service	77222	85029	91018	97598
8	Community, Social & Personal Service	177813	160318	183583	210382
	GSDP at Factor Cost	497932	485206	520289	560779

**Source:** *Economic Survey 2014-2015*

For the financial Year 2013-2014, 20.05% increase in GSDP at factor cost at current price is projected that is 1029698 Lakhs over the previous years (2012-2013) figure of Rs 836292 Lakhs.

**Table 2.4: GSDP at Factor Cost by Economic Activity: Mizoram  
(At Current Prices): Rs in Lakhs**

Sl No	Industry	2010-2011	2011-2012	2012-2013 (Provisional Estimates)	2013-2014 (Projected Estimates)
1	Agriculture, Forestry & Fishing	128206	137955	151960	167424
2	Mining & Quarrying	1796	2331	1653	1172
3	Manufacturing	6946	7727	8642	10035
4	Electricity, Gas & Water Supply	21038	21972	26253	31368
5	Construction	80651	96516	147574	225642
6	Trade, Hotels, Transport & Communication	71224	77323	91327	108001
7	Financing, Insurance, Real Estate & Business Service	108803	128423	147172	169105
8	Community, Social & Personal Service	220124	216728	261711	316951
	GSDP at Factor Cost	638788	688975	836292	1029698

**Source:** Mizoram Economic Survey (2014-2015)

Table 2.5 indicates that the per capita income of Mizoram for the year 2012-2013 was estimated at Rs 63413 as against the previous years's estimate of Rs 53624 while the projected estimate for the year 2013-2014 is 76120.

**Table 2.5: Per Capita Income**

Year	Per Capita Income (in Rs)
2008-2009	38582
2009-2010	42715
2010-2011	50956
2011-2012	53624
2012-2013(P)	63413
2013-2014(Pr)	76120

P= Provisional Estimate, Pr = Projected Estimate

**Source:** Mizoram Economic Survey 2014-2015

### **2.2.6 Administration of the state**

The political history of Mizoram dates back to 1950s. By that time, it belongs to Assam as one of the districts and was known as Lushai Hills District which was later changed into Mizo district in 1954 by the Act of Parliament. It is around this time, the people had demanded the status of the state and revolt against government. After the revolution continued for three decades, finally Mizoram attained the status of state on 20<sup>th</sup> February, 1987. Like all other states of India, Mizoram is governed by the chief Minister and councils of Minister who were responsible to an elected legislature and the Governor of Mizoram is the head of the state. The Mizoram Legislative Assembly has 40 seats and election was held for every five years. The ethnic tribe in the southern part of the state namely the Lais, Chakmas and Maras have a separate Autonomous District Council. The administration of the state is divided into eight districts namely Mamit, Kolasib, Aizawl, Champhai, Serchhip, Lunglei, Lawngtlai and Saiha. Each district is governed by the District Commissioner who acts as the incharge of administration.

#### **2.2.6.1 Mamit District**

Mamit District spread over an area of 3026Km<sup>2</sup> occupied by a total population of 86,364. The population density accounts for 29 person per Km<sup>2</sup> which is the least among the eight districts. The district covers 4 Rural Development (RD) Blocks and 3 Legislative Assembly constituencies with the headquarters located in Mamit town.

#### **2.2.6.2 Kolasib District**

Kolasib District is located in the extreme north of the state and its headquarters is located in Kolasib town. It covers the geographical area of 1382Km<sup>2</sup>. The total population of the

district is 83,054 with a population density of 61 persons per  $Km^2$ . The district has two Rural Development Blocks and three Legislative Assembly Constituencies.

#### **2.2.6.3 Aizawl District**

Aizawl district has its headquarters located in Aizawl which is also the capital of the State. It covers an area of  $3577Km^2$ . It is considered as the most populous district of Mizoram with a total population of 400,309 and 112 persons per  $Km^2$  population density. The district covers five Rural Development blocks and fourteen Legislative Assembly constituencies.

#### **2.2.6.4 Champhai District**

Champhai District has its headquarters located in Champhai town. It covers the geographical area of  $3186 Km^2$  and the total population stands at 125,745 with a population density of 39 per  $Km^2$ . The district comprises of four Rural Development block and five Legislative Assembly constituencies which inhabited eighty eight villages.

#### **2.2.6.5 Serchhip District**

Serchhip district has its headquarters located in Serchhip town. It covers the geographical area of  $1422 Km^2$  with a total population of 64,875 and population density of 46 per  $Km^2$ . The district has three sub-divisions and three Legislative Assembly constituencies.

#### **2.2.6.6 Lawngtlai District**

Lawngtlai district has its headquarters located in the town of Lawngtlai. It covers the geographical area of  $2557 Km^2$  with a total population of 117,444 and population density of 46  $Km^2$ . The district comprised of two Autonomous District Council namely Chakma and Lai Autonomous District Council, four Rural Development Blocks, three Legislative Assembly constituencies and one hundred and fifty eight villages.

### 2.2.6.7 Saiha District

Saiha district has its headquarters located in the town of Saiha. It covers geographical area of 1400 Km<sup>2</sup> with a total population of 56,366 and population density of 40 per Km<sup>2</sup>. The district comprised of Mara Autonomous District Council, three Rural Development Blocks and three Legislative Assembly constituencies.

**Table 2.6: Districts of Mizoram showing Sub division and RD Blocks**

Sl. No	District	Headquarters	Area(Sq Km)	Population	No. of sub- div	No. RD block
1	Aizawl	Aizawl	3576	398604	3	5
2	Lunglei	Lunglei	4536	166864	3	3
3	Champhai	Champhai	3185	130372	3	1
4	Saiha	Saiha	1399	76513	2	2
5	Kolasib	Kolasib	1382	81859	3	4
6	Lawngtlai	Lawngtlai	2557	98766	3	3
7	Serchhip	Serchhip	1421	67009	3	2
8	Mamit	Mamit	3025	78840	3	2

**Source:** *Mizoram Economic Survey (2014-2015)*

### 2.2.7 Physiography of the state

Mizoram is a hilly state with rivers and lakes in between. There are twenty one major hills ranges or peaks ,which are of different heights, scattered across the state. Phawngpui also known as The Blue Mountain is the highest peak of Mizoram. The average height of the hill in the west side of the state usually measured 1000 metres and rising upto 1,300 metres to the east. But in some areas, there are ranges which measured upto 2000 metres high.

The state has been blessed with a numbers of rivers and lakes flowing accross the mountains. Despite many rivers and lake drain the hill, the most significant rivers in mizoram are Tlawng, Tut, Tuivawl,Tuirial that lope through the northern parts of the state and eventually joint the Barak River in Cachar District.The Chhimtuipui River also known as Kolodyne is the longest river in the state and is a major stream in the southern part of the state. Like the

rivers, many lakes were also scattered in every parts of the state but the most important lake are Palak Dil which is the largest lake within the state and situated in Saiha district, Tam Dil (also known as lake of Mustard Plant ) which is an important tourist attraction and holiday resort and situated nearby Aizawl (85km), Rung Dil and Reng Dil.

### **2.2.8 Infrastructure of the state**

Infrastructure facilities of Mizoram is not satisfactory although the basic indicators of development have revealed the tiny improvement in this field. The critical indicators such as energy , transport, postal and telecommunications are discussed below:

#### **2.2.8.1 Energy infrastructure**

The energy infrastructure of Mizoram can be described by means of the installed diesel 0.50 MW,hydel 29.35 MW, thermal 22.92MW with power generation 0.0018MU from diesel, 55.321MU from thermal and 424.971MU which has been imported from outside the state. The state is experiencing deficient supply of power resources. Nevertheless, the landscape of Mizoram hydroelectric resources is idyllic for power projects , besides the hydroelectric power prospective was assessed to be about 4500MW in the year 2012. Half of the potential hydroelectric power of Mizoram is sufficient to supply the citizen for 24/7 on top of earning income from India's national grid. Therefore, the state has anticipated projects to catch the attention of private investments on Build, Own, Operate and Transfer (BOOT) basis by way of financial assistance in rehabilitating its citizens were they to be affected by the project.

#### **2.2.8.2 Transport infrastructure**

The main key to achieve infrastructure development in Mizoram is improvement of road network in view of the fact that road transport and helicopter service are the only mode of transport within the state. As per the Mizoram state road statistics 2014, the total length of all

types of roads in Mizoram as on 2014 is 7548.029 km and 1,37,225 registered vehicles were available for the same year. Pawan Has provides helicopter services within the states which connects the Aizawl with Lunglei, Lawngtlai, Saiha, Khawzawl, Champhai, Chawngte, Serchhip, Kolasib and Hnahthial. Besides, Airport, Railways and Waterways were used as the main mode of outland transport.

### **2.2.8.3 Postal and Telecommunication infrastructure**

Postal services were provided within the state with a total number of 389 Post Offices comprising of 1 Head Post Office, 38 Sub-post Offices and 350 Branch Post Offices for the year 2014. Simultaneously, telecommunication services were supplied through more than a few service provider specifically BSNL, Airtel, Aircel, Reliance, Vodafone and Idea. As on 31<sup>st</sup> March, 2014, there are 8,85,364 telephone connections in the state. Airtel has the majority of subscribers with 3,50,570 connections followed by Aircel with 1,79,228 connections.

### **2.2.9 Education of the state**

A formal system of Education has been implemented in Mizoram for quite a long time. The educational system ranges from elementary to university education and training to technical courses. The motive in the rear high literacy rate of the state that is 91.58% is considered due to the flourishing implementations of the formal education system. By the year 2012, as many as 3894 schools are operated across the state that may be owned privately, partially or fully governed by the Government. Of the existing schools, 42% are publicly owned and managed by Central/State governments, 28% are private without government subsidies, 21% are private with government subsidies, and the rest are primary and middle schools that are government financed run by three Autonomous District Councils of Mizoram. The ministry of Education looks after the universities, colleges and other educational institutions of the state.



Within Mizoram University, there are 28 under-graduates department including 2 professional institutions affiliated. A numbers of under-graduates colleges which are affiliated under Mizoram University are shown below:

- i. Pachhunga University college, College Veng, Aizawl
- ii. Govt. Lunglei College, Lunglei
- iii. Govt. Champhai College, Champhai
- iv. Govt. Serchhip College, Serchhip
- v. Govt. Aizawl College, Sikulpuikawn, Aizawl
- vi. Institute of Advanced Studies in Education, Republic Field Veng, Aizawl
- vii. Govt. Saiha College, Saiha
- viii. Govt. Kolasib College, Kolasib
- ix. Govt Hnahthial College, Hnahthial
- x. Govt. Hrangbana College, Chanmari, Aizawl
- xi. Govt. Lawngtlai College, Lawngtlai
- xii. Govt. Zirtiri Residential Science College, Aizawl Venglai, Aizawl
- xiii. Govt. Mamit College, Mamit
- xiv. Govt. J Buana College, Lunglei
- xv. Govt Mizoram Law College, Tuikual C, Aizawl
- xvi. Govt Saitual College, Saitual
- xvii. Govt Khawzawl College, Khawzawl
- xviii. Govt Zawlnuam College, Zawlnawm
- xix. Govt. Aizawl North College, Ramhlun, Aizawl
- xx. Govt. Aizawl West College, Dawrpui Venthar, Aizawl
- xxi. Govt. T Romana College, Republic Veng Aizawl
- xxii. Govt J Thankima College, Bawngkawn, Aizawl

- xxiii. Govt Kamalanagar College, Chawngte, Lawngtlai
- xxiv. Govt. Johnson College, Khatla, Aizawl
- xxv. Regional Institute of Paramedical and Nursing Sciences(RIPANS),  
Zemabawk, Aizawl
- xxvi. National Institute of Electronic and Information Technoloy (NIELIT),  
Zuangtui, Aizawl
- xxvii. Mizoram College of Nursing, Civil Hospital, Aizawl
- xxviii. Higher and Technical Institute of Mizoram, Lunglei.

### **2.2.10 Media and communication of the state**

Media in the state is growing at a fast pace. With the introduction of smartphones and better data network such as 3G and 4G, the whole community accessed internet for every kind of purpose such as educational, professional, office works, social networking, etc. Broadband access is available through different service provider BSNL, Airtel, Vodafone, Netsurf, etc and moreover, there are quite a lot of websites in confined dialect. For Broadcast media, Doordarshan and All India Radio broadcast programmes which are attached to native culture and local news. Besides, Private television cable channels for instance LPS and Zonet are renowned in Aizawl as well as in different parts of the state. For Print Media, local newspaper including Vanglaini, The Zozam Times, The Evening Post, etc are good supply of Information which guarantee print Journalism remains an admired news medium in Mizoram.

### **2.3. Profile of the respondents**

This section intends to discuss the profile of the respondents on the basis of college, educational semester, stream, gender, age, parental occupation, religion, total family income and number of siblings.

### **2.3.1 Colleges of the respondents**

As the present study covered the college youth of the entire area of Aizawl, the city was classified into five strata for the study. As many as twenty eight undergraduates' colleges affiliated under Mizoram University are scattered around the state, out of which fourteen colleges belongs to Aizawl district. The top five colleges in Aizawl which were taken out from different zones of the city to represent the entire district were discussed below:

#### **a. Pachhunga University College**

Pachhunga University College, the oldest and the first college in the state of Mizoram as well as a constituent college of Mizoram University was established in the 1958 by an Act of Parliament of India. Representing the eastern side of Aizawl, the college is situated in the locality of College Veng. Initially, the college was inaugurated as Aijal College by the then Deputy Commissioner of Lushai Hills District under the Govt. of Assam, Lawrence Singh Ingty on the 11th Independence day of the country on 15<sup>th</sup> August, 1958. By the year 1962, the college was renamed Pachhunga Memorial College (PMC) after a generous entrepreneur Mr. Pachhunga, who has an impressive contribution for the college since its commencement. Furthermore, the name was amending once more into Pachhunga Memorial Government College (PMGC) when the Assam government acknowledged provincialization on 1<sup>st</sup> of July, 1965. By the year 1972 when the Union territory was formed in Mizoram, the management of the college was handed over to the government of Mizoram yet again taken up by the North Eastern Hill University (NEHU) on 19<sup>th</sup> April 1979 and the name ultimately become Pachhunga University College. In due course of time, the authority was once again handed over to Mizoram University since its inception on 2<sup>nd</sup> July, 2002. Presently, it is the only college in Mizoram which offers undergraduates courses in 21 subject areas of Arts, Science and commerce. The college has achieved the award namely, the Indira Priyadarshini Vriksha

Mitra (IPVM) from the Ministry of Environment and Forest in 1995 due to its original and innovative input in the field of a forestation and wasteland management ; Best College Award from Zoram Research Foundation in 2004 and 2006. Furthermore, Pachhunga University College was awarded Grade B with CGPA of 2.78 by National Assessment and Accreditation Council (NAAC).

#### **b. Govt. Aizawl College**

Govt. Aizawl College, the second oldest college in Aizawl, was established in the year 1975 by a group of philanthropic citizens on the 13<sup>th</sup> January 1975. Originally, it was recognized as Aizawl College which later on changed into Govt. Aizawl College on 1<sup>st</sup> January 1989 following its capture by the state government. Previously, the college was affiliated to North Eastern Hill University (NEHU) and was signed over to Mizoram University on 2<sup>nd</sup> July, 2002. Representing the south zone of Aizawl, the college is located in the heart of the city that is Sikulpuikawn. It is accredited B grade by National Assessment and Accreditation Council (NAAC). The college has 445 students currently pursuing undergraduate courses in two disciplines namely Arts and Commerce.

#### **c. Govt. Hrangbana College**

Govt. Hrangbana College was established in the year 1980, November 6<sup>th</sup>. Initially, the college was recognized by government as a private college, and later on upgraded into Deficit Grand-in-Aid with effect from 1<sup>st</sup> September, 1985. By 1<sup>st</sup> April 2003, the college was once again upgraded to Government College provided the name Govt. Hrangbana College. Representing the central zone of Aizawl, the college is located in the central part of the city that is Chanmari. The college is named after Mr Hrangbana, a late philanthropist and outstanding businessman of Aizawl, who had donated an amount of Rs 1 Lakh to establish the college. Originally, the college was affiliated to North Eastern Hill University (NEHU)

until the establishment of Mizoram University in 2002. Presently, it is accredited A grade by National Assessment and Accreditation Council (NAAC). The college has 850 students currently pursuing undergraduate courses in two different disciplines namely Arts and Commerce.

#### **d. Govt. Aizawl West College**

Govt. Aizawl West College was established in the year 1990, on May 2<sup>nd</sup> with the objectives to instruct college education in academic ambiance for admirable students. Initially, the college was recognized as private college and later on upgraded into Deficit Grand-in-Aid with effect from 1<sup>st</sup> October, 1995. The college was once again upgraded into Government College with effect from 11<sup>th</sup> October, 2007. Govt. Aizawl West College is located in the western side of Aizawl situated in a locality of Dawrpui Vengthar and the name itself expresses the location of the college. It was affiliated under North Eastern Hill University (NEHU) as a Pre-University College (PUC) on 9<sup>th</sup> March, 1992 which later on affiliated as degree course on 9<sup>th</sup> March, 1994. Finally it has been permanently affiliated under Mizoram University since 22<sup>nd</sup> March, 2005. It was accredited C+ grade by National Assessment and Accreditation Council (NAAC) on 3<sup>rd</sup> March, 2004 and again attained C grade on 8<sup>th</sup> January, 2011. The college has 819 students currently pursuing undergraduate course in Arts discipline.

#### **e. Govt. Aizawl North College**

Govt. Aizawl North College was established in the year 1988 with government recognition for pre university level and attained the same for degree level in 1990. It was established with an objective of providing higher education to all the deserving youth without discrimination. It is located in the northern city of Aizawl situated in a locality of Ramhlun North. The college obtained provisional affiliation for pre university level on 4<sup>th</sup> October, 1989 and

degree level on 17<sup>th</sup> February, 1993 from North Eastern Hill University (NEHU). Finally, it is affiliated under Mizoram University from 1<sup>st</sup> July, 2006. Moreover, the College received UGC Recognition under 2(f) and 12(b) on 27th September 2007 and accomplished B+ grade from National Assessment and Accreditation Council (NAAC) in the year 2009.

### **2.3.2 Educational semester of the respondents**

Education is considered as one of the major factors that affect an individual behavior, motives and cognition. It enhances his desire, reinforces his knowledge and open up new opportunity for him. High Educational level is necessary to expand the individual's knowledge about the development related to materials, production methods and the product.

The respondents were generally classified on the basis of their level of qualifications. The undergraduate colleges which are managed by the Higher and Technical Department, Govt. of Mizoram and affiliated to Mizoram University which were operated on semester-wise basis. The semesters were consecutively running on even and odd numbers. Each year when the fresh students joined the colleges for the 1<sup>st</sup> semester, the other odd 3<sup>rd</sup> and 5<sup>th</sup> semester are pursued by all the other students. Consequently, the even 2<sup>nd</sup>, 4<sup>th</sup> and 6<sup>th</sup> semester are pursued on the next year by the students based on their level of qualification respectively. Table 2.7 shows the distribution of the respondents in all the 6 semesters along with their respective colleges. As shown in Table 3.8, out of the 250 respondents, 50 respondents each belongs to each of the selected five colleges constituting 20% %age of the total respondents. It is further observed that the questionnaire has been collected from the same number of respondents in all the selected colleges.

**Table 2.7: Educational semester of the respondents**

College	Semester						TOTAL
	1 <sup>st</sup>	2 <sup>nd</sup>	3 <sup>rd</sup>	4 <sup>th</sup>	5 <sup>th</sup>	6 <sup>th</sup>	
Pachhunga University College	0	18	0	12	2	18	50
Govt. Aizawl College	3	19	0	17	0	11	50
Govt. Hrangbana College	0	16	0	14	1	19	50
Govt. Aizawl West College	3	14	1	18	3	11	50
Govt. Aizawl North College	3	12	3	19	3	10	50
<b>Total</b>	9 (3.6)	79 (31.6)	4 (1.6)	80 (32)	9 (3.6)	69 (27.6)	250 (100)

**Source:** *Field Survey*

**Note:** *Percentage is shown in parentheses*

The Table 2.7 reveals that out of the total 250 respondents, 9 respondents (3.6%) belongs to 1<sup>st</sup> semester, 79 respondents (31.6%) from 2<sup>nd</sup> semester, 4 respondents (1.6%) from 3<sup>rd</sup> semester, the majority 80 respondents (32 %) from 4<sup>th</sup> semester, 9 respondents (3.6) from 5<sup>th</sup> semester and 69 respondents from the final that is 6<sup>th</sup> semester. It is observed that the highest number of respondents that is 80 students are pursuing 4<sup>th</sup> semester which is followed by 79 students in 2<sup>nd</sup> semester and 68 students in 6<sup>th</sup> semester respectively.

### 2.3.3 Subject disciplines of the respondents

The undergraduate courses in Mizoram are offered for three major disciplines namely Arts, Science and Commerce. The student intake capacity is usually higher in Arts disciplines for all the colleges due to the fact that nearly all of the colleges were offering this course and more numbers of students in Aizawl were pursuing their studies in this subject. In the meantime, lesser numbers of students were chosen in Science and Commerce disciplines since specific knowledge and hard work are requites for these subjects and besides, the existence of only few colleges offering these courses might be a further reason.

**Table 2.8: Subject disciplines of the respondents**

College	Disciplines			Total
	Science	Arts	Commerce	
Pachhunga University College	17	18	16	50
Govt. Aizawl College	0	41	9	50
Govt. Hrangbana College	0	42	8	50
Govt. Aizawl West College	0	43	6	50
Govt. Aizawl North College	0	50	0	50
<b>Total</b>	17 (6.8)	194 (77.6)	39 (15.6)	250 (100)

**Source:** Field Survey

**Note:** Percentage is shown in parentheses

As shown in the above Table 2.8, the majority respondents 77.6% belongs to Arts disciplines while lesser percentile 15.6 % and 6.8 % are distributed in Commerce and Science disciplines respectively. It is observed that respondents from science discipline were found only in Pachhunga University College since it is the only college above all other colleges offering the particular subject. Besides all the respondents from Aizawl North College were pursuing Arts disciplines due to the fact that the college is generally confined to the specific discipline.

#### **2.3.4 Gender and age group of the respondents**

Human behavior differs according to demographic characteristics such as age and gender. Specifically, age plays a significant role in defining a person behavior as well as the factor that influence his behavior. People of different age have different needs and wants which make them buy different products over their lifetime (Flynn and Giraldez, 1995). Kamalveni *et al.* (2008) has explicate that the age of consumers as compared to income significantly influenced their brand loyalty. The significance of the factors which influence their buying behavior and their types vary according to age. Marotra & Sharma (2012) observed that the buying behavior of two-wheelers varied on the basis of age group that is the youth falls in an



age group of 20 focus on mileage and power engine, an age group of 20 to 30 focus on power engine while the age group of 30 to 40 and 40 to 50 focuses only on the mileage for buying two-wheelers. Gender as well has an effect on buying behavior. Based on situations, conditions and time, the buying behavior for women and men are obviously different. The purchase motives for men seem to be more rational while in women, the motives appear to be more compulsive. Furthermore, the perceptions and attitudes towards a product are different for both the gender. Attitude change is often difficult for men while women can easily possess change due to the fact that they are adaptable for new things. Specifically, the Indian women buying behavior is greatly influenced by advertisement, discount offers and new scheme on the commodity (Surinder, 2011). Furthermore, the loyalty of women is driven by ingredients, innovative features, manufactures reputation and medically tested products (Sakthivel and Sundari, 2011). The gender and age group of the respondents are presented below:

**Table 2.9: Gender and age group of the Respondents**

College	Gender		Age Group(years)			Total
	Male	Female	15-19	20-24	25-29	
Pachhunga University College	43	7	13	36	1	50
Govt. Aizawl College	37	13	14	35	1	50
Govt. Hrangbana College	40	10	9	39	2	50
Govt. Aizawl West College	40	10	5	43	2	50
Govt. Aizawl North College	34	16	12	37	1	50
<b>Total</b>	194 (77.6)	56 (22.4)	53 (21.2)	190 (76)	7 (2.8)	250 (100)

**Source:** Field Survey

**Note:** Percentage is shown in parentheses

From the above Table 2.9, it was observed that the total respondents' gender is distributed with an unequal proportion of male (77.6%) and female (22.4%). The number of male respondents is highest in Pachhunga University College with 43 respondents (86%) while the number of female respondents is highest in Govt. Aizawl North College with 16 respondents

(32%). Likewise, it was also observed that out of the 250 respondents, 53 respondents (21.2%) from all the selected colleges belongs to the age group of 15-19 years, the major number of respondents 190 (76%) belongs to the age group of 20-24 years and only 7 respondents (2.8%) belongs to the age group of 25-29 years.

### **2.3.5 Religion of the respondents**

Christianity, the main religion of Mizoram, plays an important role in determining the socio-cultural life of the people of the state. The Mizos are the strong followers of Christianity and the popularity of this religion can be understood from the fact that more than 80% of the total population is following Christianity by faith. Besides, the existence of as much as 3,153 churches in 2014 across the state through different denominations revealed that Christianity holds a place in the nucleus of the life of the people. Of all denominations in the state, the largest denominations are Presbyterian Church, Baptist Church of Mizoram, United Pentecostal Church (North East India), Salvation Army, United Pentecostal Church (Mizoram), Evangelical Church of Maraland, Seventh Day Adventist, Lairam Isua Krista Baptist Kohhran and Roman Catholic. Apart from Christianity, there are also some minority religions such as Buddhism, Judaism, Hinduism and Islam followers in the state. Except Judaism, these minority religions in Mizoram are usually followed by outsiders who settled for job duties.

### **2.3.6 Parental occupation of the respondents**

The occupation of a person has considerable impact on his buying behavior and the products they consumed. Occupation rather than income is a determinant of one's social class, lifestyle and buying behavior (Kumar, 2003). Today people are very concerned about their image and status in the society which is a direct outcome of their material prosperity. Therefore an attempt was made to study the occupation of the respondent's parents in view of the fact that

all the respondents are students as well as unemployed, which ensure that they are totally dependent on their parents.

Of the total 250 respondents, 64 % of the respondents parents are engaged in government service, 16.2 % are in business, 7.2% are in private service and 6% are self-employed as well as other occupation. Even though majority of the population, more than 60% of the total population in Mizoram depends on the agriculture sector, it is interesting to note that majority 64% of the respondents were supported by their parents who earns a living by government service. The lowest percentile 6% is observed for both self-employed and other occupations. The respondents under these categories mostly include farmers involved in agriculture and allied sector as well as daily wage earners.

**Table 2.10: Parental occupation of the respondents**

College	Occupation					Total
	Govt. Service	Private Service	Self Employed	Business	Others	
Pachhunga University College	34	1	5	8	2	50
Govt. Aizawl College	31	5	0	10	4	50
Govt. Hrangbana College	37	4	4	4	1	50
Govt. Aizawl West College	33	1	2	9	5	50
Govt. Aizawl North College	25	7	4	11	3	50
<b>Total</b>	160 (64.0)	18 (7.2)	15 (6.0)	42 (16.2)	15 (6.0)	250 (100)

**Source:** *Field Survey*

**Note:** *Percentage is shown in parentheses*

### **2.3.7 Family income of the respondents**

Income is considered to be one of the major factors that determine the individual buying behavior patterns. It can be said that the purchasing power of a family is under the strong influence and control of the level of income which shows that the higher the level of income, the increase in the level of purchasing power. Thus, a desire to make the buying decision

alone cannot be realized until and unless they are backed by the purchasing power. The purchasing power and the purchasing desire should set out together hand in hand since they are the two important factors of consuming process. Therefore the study attempted to realize the average annual income of the respondents. The ranges of annual income in the present study are shown in the Table 2.11 below:

**Table 2.11: Family income of the respondents**

College	Total Family Income					Total
	1-3 Lakh	3-5 Lakh	5-8 Lakh	8-10 Lakh	Above 10Lakh	
Pachhunga University College	24	17	4	3	2	50
Govt. Aizawl College	39	9	0	1	1	50
Govt. Hrangbana College	38	7	3	0	2	50
Govt. Aizawl West College	38	7	4	1	0	50
Govt. Aizawl North College	38	8	1	3	0	50
<b>Total</b>	177 (70.8)	48 (19.1)	12 (4.8)	8 (3.2)	5 (2.0)	250 (100)

**Source:** Field Survey

**Note:** Percentage is shown in parenthesis

The above Table 2.11 indicated that about 70.8% of the respondents are belonging to a family with an average annual income of 1-3 Lakh while 19.1% belongs to a family with 3-5 Lakh average annual income. Further, 4.8 % belongs to a family with 5-8 Lakh average annual income whereas 3.2% belongs to a family with 8-10 Lakh average annual income and the least percentage (2%) belongs to a family with above 10 Lakh average annual incomes. In the present study, it is found that Govt. Aizawl College has the highest concentration of respondents in 1-3 Lakh range of income while Pachhunga University College got the highest score of respondents in all the other income ranges.

### 2.3.8 Siblings of the respondents

According to Market researchers, family is one of the major determiners of an individual buying behavior. The lifestyle of a family influences its financial obligations thus; the family

lifestyle determines its living standard which, in turn, determines its consumption pattern and this pattern determines the family's financial obligation (Al-Jeraisy, 2008). Each and every members of the family were playing an important role in the purchasing process. Al-Jeraisy (2008) has stressed out five roles in the purchase process such as taking the purchase initiatives, influencing the purchase decision, taking the purchase decision, actual buying and product consumption. Even though all the family members were involved in the purchasing process, it is highlight that the parent's role is usually higher in all the roles while the children's role in family buying behavior seems to be found at the stages of creating the need for the product and use it extensively. Since, Children of a family involved in the purchasing process, an attempt was made to explore the numbers of siblings of the respondents as shown in Table 2.12.

It can be observed that majority (39.2 %) of the respondents are having two siblings while 20% are having three siblings and 16.4% are having only one sibling which revealed that the respondents belongs to a family which have two children inclusive of them.

**Table 2.12: Number of siblings of the Respondents**

<b>Respondent's Siblings</b>	<b>Number of Respondents</b>	<b>Percentage</b>
1	41	16.4
2	98	39.2
3	50	20.0
4	38	15.2
5	12	4.8
6	7	2.8
7	1	0.4
8	1	0.4
9	2	0.8
Total	250	100

**Source:** *Field Survey*

### **2.3.9 Product information: Two-wheelers**

The expanding Indian market, the growing size of the middle class and the rise in aspirations of the youth along with opening up of the Indian economy have collectively influenced the

steady growth of two-wheelers market in India (Chadha, 2011). Among the Mizos, two-wheelers have always been a trend as it is considered not only for utility purpose but as a fashion statement for the youth. Under the Transport Department of Mizoram, 79,737 privately owned and 992 Government-owned two wheelers were registered till the year 2014 (statistical handbook, 2014). A numbers of companies have entered the market offering different models through their respective authorized dealers such as Khaia & sons For Hero Motocorp, Hauva Honda for Honda Motorcycle and Scooter India, Tlau TVS for TVS Company, Thansanga & Sons for Yamaha, Zamliana two-wheelers for Mahindra two-wheelers, Lawma Enfield for Royal Enfield, Standard Motor works for Bajaj Automobiles and KTM, Highland for Hyosung and CK Cars for Vespa. The youth are following the new trends, new products and they are highly influenced by the advertising industry. Different ads for several two-wheelers brands can be seen from modes ranging from print media to broadcast media. Since, the two-wheelers market of Aizawl is flourished with quite a lot of brand through their respective dealers and agent. It has been observed that different brands of two-wheelers are possessed by the college youth of Aizawl with the purpose of going to the college. The companies of two-wheelers, the models and the cubic capacity are discussed in the following Table 2.13.

Table 2.13 revealed that Yamaha is the most popular brand with 31.2 % ownership among the college youth which is followed by Mahindra 30.4%, Hero 12.8%, TVS 7.2%, Honda 4.8%, Piaggio 4%, Royal Enfield 2.4%, KTM 1.2% and finally the least number of ownership %age is achieve by Hyosung with 0.4%. In terms of model, Yamaha FZ is the most preferred bike of the college youth among the highest number 39 of the respondents which is followed by Mahindra Flyte & Rodeo, Yamaha R15 and Hero Karizma. In terms of cubic capacity of the two-wheelers, Royal Enfield Bullet has the highest (350 CC) among the existing model.

**Table 2.13: Details of the product information**

Company	Model	CC	No of Respondents	Total	Percentage	Rank
Hero	CBZ	150	1	32	12.8	3 <sup>rd</sup>
	Glamour	124.7	1			
	Hunk	150	2			
	Karizma	223	23			
	Pleasure	100	5			
Mahindra	Rodeo	125	34	76	30.4	2 <sup>nd</sup>
	Flyte	125	37			
Bajaj	Pulsar		13	14	5.6	5 <sup>th</sup>
	Kristal	95	1			
TVS	Apache	180	13	18	7.2	4 <sup>th</sup>
	Flame	125	1			
	Pep	87.8	1			
	Streak	87.8	1			
	Wego	110	2			
Piaggio	Vespa	125	10	10	4	7 <sup>th</sup>
Yamaha	Frazer	153	1	78	31.2	1 <sup>st</sup>
	FZ	153	39			
	R15	150	33			
	Ray	113	5			
Royal Enfield	Bullet	350	6	6	2.4	8 <sup>th</sup>
Honda	CBR	250	4	12	4.8	6 <sup>th</sup>
	Dio	110	6			
	Twister	150	2			
Hyosung	Hyosung	250	1	1	0.4	10 <sup>th</sup>
KTM	Duke	200	3	3	1.2	9 <sup>th</sup>
TOTAL				250	100	

**Source:** Field Survey

It can be observed from the Table 2.14 that the age group of respondents has an influence on buying and consuming the two-wheelers. Of 250 respondents, 76% of the respondents are in the age group of 20-24 years, 21.2% are in 15-19 years and the least percentile 2.8 % belongs to the age group of 25-29 years. Thus, two-wheelers are preferred and enjoy between the age group of 20-24 years. In brand wise, as much as 60 respondents from 20-24 age groups own Yamaha brand of two-wheelers which is followed by 52 respondents who owns Mahindra brand of two-wheelers.

**Table 2.14: Brand possession by different age group of respondents**

Brand	Age of respondents			Total
	15-19	20-24	25-29	
Hero	6	30	1	37
Mahindra	18	52	3	73
Bajaj	5	9	1	15
TVS	3	14	1	18
Vespa	4	6	0	10
Yamaha	15	60	1	76
Royal Enfield	1	5	0	6
Honda	1	10	0	11
Hyosung	0	1	0	1
KTM	0	3	0	3
Total	53 (21.2)	190 (76)	7 (2.8)	250 (100)

**Source:** *Field Survey*

**Note:** *Percentage is shown in Parentheses*

From the following Table 2.15, it is observed that 80.4% of the respondents are driving brand new two-wheelers while 19.6% are driving second-hand two-wheelers for going to the college. It is further observed that as much as 48.4% respondents own black coloured two-wheelers while the other 24% are having red colour. Besides, the two-wheelers can be classified on the basis of their type such as bike, Scooter and Mopeds and the study has observed that 58.8% of respondents own bike, 39.2% respondents own scooter and 1.6% of respondents own mopeds. Since the respondents are college going students, they are totally dependent on their parent as presented in the above table that 73.6 % of the respondents are driving the two-wheelers purchased by their parents. Finally, it is interesting to note that the years of two-wheelers purchase are within the ranges between 1999- 2014.



**Table 2.15: Product information**

Product Information		Number of Respondents	%age
Status of Two-wheelers	Brand-new	201	80.4
	Second-hand	49	19.6
	<b>TOTAL</b>	<b>250</b>	<b>100</b>
Colour of Two-wheelers	Red	60	24.0
	Black	121	48.4
	Blue	21	8.4
	White	34	13.6
	Yellow	6	2.4
	Silver	7	2.8
	Missing Value	1	0.4
	<b>TOTAL</b>	<b>250</b>	<b>100</b>
Type of Two-wheelers	Bikes	147	58.8
	Scooter	98	39.2
	Mopeds	4	1.6
	Missing Value	1	.4
	<b>TOTAL</b>	<b>250</b>	<b>100</b>
Purchaser	Self	51	20.4
	Parents	184	73.6
	Others	15	6.0
	<b>TOTAL</b>	<b>250</b>	<b>100.0</b>
Yearof Purchase	1999	1	.4
	2005	2	.8
	2008	3	1.2
	2009	10	4.0
	2010	18	7.2
	2011	45	18.0
	2012	53	21.2
	2013	91	36.4
2014	27	10.8	
	<b>TOTAL</b>	<b>250</b>	<b>100.0</b>

Source: Field Survey

## 2.4 Conclusion

It is evident that Mizoram has been blessed with a beautiful geographical outline with a pleasant climate. The state is located in the southernmost outpost of North Eastern India having international boundaries with Bangladesh and Myanmar. The total population of the state stands at 10,97,206 with a high literacy rate of 91.58, which is the 3<sup>rd</sup> highest within the country in census 2011. The Mizo society is closed-knit with no discrimination and no class

variation on grounds of sex. The cultural values and customs among the state youth are carried out by the Young Mizo Association (YMA) which is designed to act as a main body in preserving cultural values within every village of the state, irrespective of their remote location. The entire social life and thought process of the Mizos have been transformed and guided by Christian church organization ever since the arrival of Christianity, of which the people were captivated to their new-found belief with so much dedication and submission.

Among the Mizos, two-wheelers have always been a trend as it is considered not only for utility purpose but as a fashion statement for the youth. The two-wheelers market of Aizawl is flourished with quite a lot of brand through their respective dealers and agents such as Hero, Mahindra, Bajaj, TVS, Piaggio, Yamaha, Royal Enfield, Honda, Hyosung, and KTM. It has been observed that different brands of two-wheelers are possessed by the college youth of Aizawl for the purpose of going to the college. It is interesting to note that out of the total 250 respondents who owned two-wheelers, 77.2% are male while 22.4% are female. Majority of the respondents 76% belongs to the Age group of 20-24 years and moreover 70.8% belongs to a family with an annual income of 1-3 Lakh. Brand-wise ownership of two-wheelers can be presented by 31.2 %, the highest, for Yamaha followed by Mahindra (28.4 %).

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### **3.1 Introduction**

This chapter presents the advertising and its effects on the buying behavior of college youth. The initial part of the chapter describes about the advertising in India along with its history, agencies, media and characteristics while the latter part focused on the buying behavior and its characteristics, types of buying decision, buying decision process, buying roles and important factors for buying two-wheelers. The relationship between the two variables, advertising and buying behavior, were analysed and interpreted at the end of the chapter.

### **3.2 Advertising**

Advertising is multidimensional. It is a form of mass communication, a powerful marketing tool, a component of the economic system, a means of financing the mass media, a social institution, an art form, an instrument of business management, a field of employment and profession and above all, advertising is a big business (Chunnawala and Sethia, 2011). When a firm or a marketer has developed a product to meet the market demand, there is a need to create contact with the target market that will ultimately sells the product. Furthermore, this has to be a mass contact with the same message which desired to reach maximum number of people in order to obtain maximum exposure. Thus the greatest way to arrive at this mass market is mass communication in which advertising is one of the means of mass communication along with publicity, public relation and sales promotion. Today, definitions of advertising are plenteous. Basically, an advertisement is known as an announcement to the public of a product, service or idea through a medium to which the public has access. Dunn *et al.* (1978) defined advertising from its functional perspective as a paid, non-personal communication through various media by business firms, non-profit organization, and individuals who are in some way identified in the advertising message and who hope to inform or persuade members of a particular audience. Subsequently Arens (1996) is of the

opinion that advertising is a communication process, a marketing process, an economic and social process, a public relations process or information and persuasion process.

Conversely, the American Marketing Association defines advertising as “any paid form of non-personal presentation of ideas, goods and services by an identified sponsor”. This definition reveals that advertising may be in any form of presentation such as a sign, symbol, an illustration, an ad message in a magazine or newspaper, a commercial on the radio or in television or in the web, a circular dispatch through the mail or a pamphlet handed out at a street corner; a sketched or a message on the billboard or a poster or banner on the net. Moreover, it excludes any form of personal selling and they are employed to communicate information about the products and services as well as communicate ideas for action. As the advertising is openly and directly paid for as against publicity, the sponsor which is identified by his company’s name or brand name or both has control over the form, content and scheduling of advertisement.

An advertising objective is a specific communication function to be realized with a specific target audience during a specific period of time (Kotler *et al.*, 2011). It can be classified primarily based on its aim/purpose such as informative advertising, persuasive advertising, reminder advertising. Informative advertising is used to build primary demand when introducing a new product category in the market. The second category persuasive advertising is also known as comparative advertising since its aim is to compare its brand with one or more other brand and persuade the target audience by showing their superiority over their competitive brands. In order to sustain customer relationships and keep consumers thinking about their products, reminder advertising is adopted which is usually meant to advertise mature products.

### **3.2.1 Advertising history**

Advertising history dates back to ancient Greece and Rome where criers and signs were used to convey information for advertising goods and services well before the development of printing. These signs consist of illustration of symbols for the advertised product which were also used even during the middle ages. Later, the expansion in advertising were realized in the year 1450s after the progress of printing techniques and its industry , thus the signs were surrogated by written words or messages. Even though the invention of printing revolutionized the advertising, the rapid growth in the printing techniques was carried out by newspaper medium which was begun to develop during 17<sup>th</sup> century in various parts of the world. At these times, newspaper covered the European market carrying the advertisements which were dissimilar from those of illustration and signs at the location of the mercantile enterprise. Books, marriage offers, new beverages and ads for travels were the earliest ads appearing in the newspaper. After the advertising is successfully placed, it became the source of revenue for the newspapers and leads to the existence of space selling. Competitive advertising began to evolve in the late 18<sup>th</sup> century in England when various ads attempted to persuade its readers about the supremacy of its products over the rival firms' products.

The great expansion for advertising was marked during the 19<sup>th</sup> century. In 1841, the manufacturers used the magazines ads to get to the mass market. The industrial revolution in England during the mid1700s and 1800s resulted in mass production which necessitated mass consumption ultimately adding the value of advertising. The first advertising agencies were set up in London and USA and later on towards the end of 19<sup>th</sup> century; creative ads were developed when painting came to be used in advertising (1887).

Subsequently after World War I, radio rapidly emerged as a powerful medium of advertising since its commencement in 1920 resulting in large scale advertisement of automobiles and packaged foods which eventually directed the development of advertising agency business.

However, depression of the 1930s followed by the war years had an undesirable impact on the enlargement of advertising. To resolve this matter, research groups were established by the ad agencies to learn the consumer attitudes and preferences in order to add credibility and improve its effectiveness. Later in 1941, television broadcasting was introduced and became increasingly popular after the World War II and is considered to be a significant advertising medium during the next 5 to 7 years while radio ads is declining at the same time. From this time onwards, advertising has achieved higher and higher peak not only in the United States and Western Europe but also in developing countries as well. The flourishing growth of advertising was established by the inception of the computers, satellite television and internet in the 1990s by then comparative advertising starts appearing on the scene.

### **3.2.2 Advertising in India**

Indian advertising was initiated by Dattaram & Company in 1905 from Gurgaon, an area in Mumbai (Chunnawala and Sethia, 2011). It has come a long way in today fast growing tech savvy world in the 21<sup>st</sup> century with a journey that had experienced the launch of independent advertising, entrance of Multinational companies and commencement of India's exclusive advertising school, Mudra Institute of Communication, Ahmedabad (MICA). The journey of Indian advertising in Post-Independence India was classified into four key phases by an Anthropologist, William Mazzarella. The first phase began after the Indian independence from Great Britain (1947) and lasted till the early 1960s. The Indian advertising during this period was a realistic presentation unified with overall lack of ingenuity as it was still operated as the colony of British Empire. The second phase (1960s- 1980s) was known as an Indian professional identity independent of Great Britain as it stressed to overcome the issues of the first phase. The third phase that begun in the early 1980s focused on creating the competent marketing channels other than creativity and innovative advertising that would have an extensive contact all over the country. Subsequently, the fourth phase (1980s –

present) is portrayed by high level of creativity and effective marketing mechanisms. Today the Indian advertising has evolved from small scale to full fledge industry with expected growth rate of 15.5% year on year to Rs 57,485 in 2016 (GroupM Estimate) which is hold up by positive industry sentiment and a strong GDP growth of 7 % and above.

**Table 3.1: Total Advertising expenditure in India**

Year	In Rupees (Crore)	Year on Year Growth (% age)
2006	18,946	21.2
2007	21,608	14.0
2008	23,356	8.1
2009	24,177	3.5
2010	29,609	22.5
2011	33,388	12.8
2012	35,074	5.1
2013	38,598	10.0
2014	43,491	12.7
2015	49,759	14.4
2016 (Estimate)	57,485	15.5

**Source:** *www.medianama.com*

Indian advertising industry is expected to be the second fastest growing advertising market in Asia after China. Of this, Television advertising is projected to contribute the highest advertising spend with a shares Rs 27,074 Crore, 47.1% of the total followed by newspaper with a share of 17,099 Crore, 29.9% of total. Digital advertising spend is projected to be the third highest category in advertising spending with a share of Rs 7,300 Crore, 12.7% of the total projected advertising spending. Conversely, of all the segments magazine advertisement is expected to decline by 14.8% for the third consecutive year and contributes 1% of the total advertising spend.

### **3.2.3 Advertising Agencies Association of India**

The Advertising Agencies Association of India (AAAI) which was established in July 1953 is a national organization of advertising agencies. It addressed various issues relating to advertising business and has assisted bodies like Advertising Standards Council of India (ASCI) and Indian Broadcasting Foundation (IBF). The AAAI covers all areas of vital



importance to the advertising agencies including government and public relations, Doordarshan and All India Radio (AIR), Indian Newspaper Society (INS), professional practices, client disputes, statutes and law, training and development, member communication and public service. AAI works to accomplish the following objectives:

- a. To benefit Indian consumers and to protect their interest by helping to ensure that advertising is honest and in good taste.
- b. To benefit Indian advertisers by promoting their sales, increasing their sales, profitability and productivity to stimulate business and industrial activity.
- c. To benefit media by establishing sound business practices between advertisers and advertising agencies and each of the various media.
- d. To benefit the nation by harnessing advertising for the good of the country, its institutions, its citizens; to cooperate with the government in promoting its social objectives and in nation building.
- e. To question advertising that is wasteful and extravagant; to make it possible for the small entrepreneur to grow through advertising and to compete with the biggest; to encourage market and media research; to serve the society by meeting its social responsibilities.
- f. To encourage the interest of young individuals in the business of communication, to assist in educating and training programmes and to provide information of benefits to members.
- g. To establish a common platform in building and sustaining the prestige of the advertising profession and to serve as a spokesman against unwanted attacks or restriction on advertising.

- h. To offer effective cooperation and liaison with government officials and bodies for the purpose of broadening their understanding the role of advertisers, advertising and advertising agencies.
- i. To cooperate with government bodies in discussion of such matters as taxes, radio and television advertising, legislation, political campaign advertising, controls on pharmaceutical, tobacco or liquor advertising and other subjects of similar complexity and sensitivity.

#### **3.2.4 Advertising Standards Council of India (ASCI)**

Advertising Standards Council of India is a non-profit organization which was established in Mumbai in the year 1985 in order to ensure ethical code of advertising in India. It has four clarifications of members such as advertisers, agencies, media such as newspaper, TV, Outdoors, etc and others professional or ancillary services connected with advertising business or practice. It propose a regulating code which is inspired by the code of Advertising Standards Authority (ASA), UK in which it seeks to realize the recognition of fair advertising practices in the best interest of the ultimate consumer. ASCI operate with the following guidelines:

- a. To ensure the truthfulness and honesty of representations and claims made by advertisements and to safeguard against misleading advertising.
- b. To ensure that advertisements are not offensive to generally accepted standards of public decency.
- c. To safeguard against indiscriminate use of advertising for promotion of products which are regarded as hazardous to society of individuals to a degree or of a type that is unacceptable to society at large.

- d. To ensure that advertisements observe fairness in competition so that the consumers need to be informed on choices in the market place and the canons of generally accepted competitive behavior in business are both served.

ASCI is a registered as not for profit company under section 25 of the Indian Companies Act, 1956 to promote self-regulation in advertising. It is a voluntary self-regulating council which observed funds through membership subscription, based on the annual turnover of the company which varies from Rs 2000 to Rs.75, 000 per annum, payable every year. At present, there were 313 members registered within the council and each member can propose a representative to the general body. However, the code of ASCI is valid to all advertisers, agencies and media.

### **3.2.5 Advertising media**

The advertising media refers to the vehicles through which advertising messages are delivered to their intended audiences (Kotler *et al.*, 2011). It refers to the vehicle such as newspaper, magazines, television, radio, billboards and internet which are employed by the advertiser to communicate commercial messages to their target audiences and the media selection depends on the degrees on advertising revenue to cover the cost the operation. The functions of media are three folds i.e. they are used as entertainment, source of information and business function as a medium of advertising. The media are mainly classified into four main categories- Print media, electronic media, out-of home media and digital media. This study had focused on selected print media such as newspaper, magazines and brochure, electronic media -television and radio, out of home media -billboards while digital media will include internet. The following Table 2 clearly depicts the performances of advertising media in India.

**Table 3.2: Media-wise advertising expenditure in India 2016**

Media	In Rupees (Crore)	Share by Segment (Percentage)
Print	17,674	30.74
Radio	2,195	3.81
Television	27,074	47.1
Cinema	510	0.88
Digital	7,300	12.7
Out of home	2,732	4.75

Source: [www.medianama.com](http://www.medianama.com)

### 3.2.5.1 Television advertising

The rapid development of technology and electronic media has brought out the fact that television is the major and leading communication media for advertising which has the potential impact unmatched by any other media. Comparing with other medium, television is more effective medium due its combine features of audio and video appealing both the ear and the eye. It provides product with instant validity and prominence and offers the greatest possibility for creative advertising (Kavitha, 2006). It presents the product with a demonstration of its uses, quality with a creative and eye catching commercials. Television and advertising presents lethal combinations as they did not only change emotions, but sent out substantial message exerting a far-reaching persuasion on the daily lives of the people (Kotwal *et al.*, 2008). This can be confirmed by a number of studies that shows a favourable response towards television advertising and Corlis (1999) argued that television advertisement reactions are stronger that those of print media. Similarly, advertising through television appeals to both the literate as well as illiterate and this is one of the reasons that the advertisers found it to be effective over the print media (Ciochetto, 2004). The performance of television advertising is quite satisfactory for over the years which is revealed by the fact that within 2016, it will accounts for the majority of the total Indian advertising expenditure at 47.1 % with Rs 27,074 crore even though it is expected to grow at marginally lower pace of 17.6% compared with 18.98% in 2015.

Advantages of television advertising:

- a. It offers sight, sound, colour, motion and special effects which can help to generate interest, awareness and excitement.
- b. It has a lasting impact with catchy slogans, celebrity endorsers with a songs and dance sequence
- c. It covers large audiences including both literates as well as illiterates and making them understands about the product by seeing and hearing.

Disadvantages of television advertising:

- a. It involves a high cost to prepare as well as telecast.
- b. The impact on TV advertising is also declining since all the manufacturers tried to persuade their target audiences through television advertising which results in making the audiences frustrated.

### **3.2.5.2 Radio advertising**

Radio advertising is the means of advertising via the medium of radio. It is also one of the effective advertising media since it provides short break during the transmission of channel which is known as the air time filled with advertisement of products and services. The advertiser needed to purchase the air time in exchange of airing radio commercials. Within this year 2016, Indian radio advertising expenditure is projected to be Rs 2,195 Crore (GroupM website).

Advantages of radio advertising:

- a. It covers large audiences and is effective as people hear it on regular basis.
- b. Ad production is fairly simple and is relatively cost efficient.
- c. It allows target selection and is broadcasted in local language.

Disadvantages of radio advertising:

- a. It is less effective than television, since it lacks visual impact.

- b. It often does not have listeners' full attention.
- c. There can be some other conflicts that distort the communication.

### **3.2.5.3 Newspaper advertising**

Advertising in newspaper is one of the oldest forms of advertisement in the world. At present in India, there were 25,000 publication registered under the Registrar of Newspaper. Publication advertising uses the newspaper to deliver the advertising message to Crore of people. There are of several types: daily, weekly, retail advertising bulletin, morning evening, special interest, etc which are published in English, Hindi and other regional languages. They are also classified as on the basis of geographical extent such as national, regional and local. Newspaper advertising is a classified advertising which allows the companies or private individual to purchase a space in publication for advertising a product or services at a relatively low cost. Advertisement effectiveness in newspaper varies from reader to reader, advertisement to advertisement and from publication to publication.

Advantages of newspaper advertising:

- a. It is one of the most preferred medium for local advertisers due to its wide circulation that reach diverse audiences with a timely message.
- b. Readers are actively involved and looked for advertisement in the newspaper.
- c. Newspapers are published on daily basis and the cost of its advertising is quite lower compared to other medium and hence the same message can be repeated frequently to remind the readers every day.

Disadvantages of newspaper advertising:

- a. The life span of newspaper is very short i.e. 24 hours. People read it soon after received and then are kept in some corner of the house.
- b. Newspaper advertising cannot reach illiterate audience.

- c. People pay casual attention to newspaper since they are interested in reading news.

#### **3.2.5.4 Magazine advertising**

Magazine is the second oldest form of advertising that has been pioneered after the inception of newspaper. They are publication which comes out regularly on a weekly, fortnightly, monthly, bimonthly, quarterly or even yearly basis but not on daily basis. The magazine appeals to particular kinds of people in all the regions/communities. We have come across of different magazines such as Reader's Digest, India Today, Competition Success review which are generally known as information providers. Special interest magazines such as Overdrive, Bike India, XHBP, Top gear, Business Standard Motoring, Motoring world, etc. are available for the consumers interested in automobile.

Advantages of magazine advertising:

- a. Magazines have longer life span than newspaper may be a week, a forth night, a month or even longer.
- b. Magazines have a specific target readership which makes it easier for the advertiser to reach their target audiences.

Disadvantages of magazine advertising:

- a. Magazine advertising is expensive than that of newspaper.
- b. It reaches a smaller number of audiences than the newspaper advertising.

#### **3.2.5.5 Internet advertising**

Advertisers have long used traditional media such as newspaper, radio, television, etc and many have started using internet advertising to support their brands since consumers are now going online to access information (Nagar, 2009). A variety of advertising forms exist on the Internet, such as buttons, banner ads, popup ads, paid text links, sponsorships, target sites, superstitials, e-mail ads, and so forth (Zeff and Aronson 1999). The internet has created a

new communication environment for advertising campaign and has become a significant advertising medium since it provides facilities that cannot be offered by other traditional media. Besides providing information about the products and services through various links in the advertisement, *internet* also provides facilities in which consumers can orders online and download some products through their computers and mobile phone. Thus, it became a significant means of interaction between the buyers and sellers which provides the consumers flexibility to do things themselves with ease, speed and at their own convenience (Nagar, 2009).

Advantages of internet advertising:

- a. Users can access the advertisements at their own convenience and requirement.
- b. It can reach global audiences at their doorsteps.

Disadvantages of internet advertising:

- a. Computers or any mobile device is required to access the internet.
- b. It may not be accessible by general public especially the illiterate who does not have knowledge about the computers and its operation.

### **3.2.5.6 Billboards advertising**

Billboards are large outdoor advertising structure located in public places and high traffic areas such as alongside busy road to attract the passing pedestrians and motorist. Billboards are classified into bulletins and posters depending upon their size. Standard size billboards are generally known as bulletins. They afford greatest visibility due to their size and are located primarily on major highways, expressways and command high density consumer exposure. The smaller formats of billboards known as posters are located usually in primary and secondary arterial roads focusing exposure to pedestrians.



Advantages of billboards advertising:

- a. Billboards are highly visible and fairly permanent depending on the duration posted.
- b. They are best for advertising of products with one main message or slogan.

Disadvantages of billboards advertising:

- a. Billboards advertising are very expensive
- b. People forget to notice the advertisement after a while.

### **3.2.5.7 Brochure advertising**

A brochure is an advertising piece of paper document that can be folded into template, pamphlet or leaflet which is used to introduce a company or organization and inform about the products and services to the target audience. Specifically in two-wheelers market, a brochure contains technical specification about the products such as engine, power, gear, mileage, etc, with an attractive advertising slogan and the clear pictures of the specific two-wheeler.

Advantages of brochure advertising:

- a. It can deliver more information than the posters and is suitable for providing instructional information.
- b. It does not require to be expensively produced.

Disadvantages of brochure advertising:

- a. It is limited to specific distributions.
- b. It requires visual and written literacy.

### **3.2.5.8 Cross tabulation of advertising media with gender and age of the respondents**

The following Table 3.3 indicates that male and female respondents belonging to different age group have different preferences for advertising media. The highest %age of respondents i.e. 76% belongs to the age group of 20-24 years while 21.2 % belongs to 15-19 years and

2.8% belongs to 25-29 years. Majority 62.8 % of the respondents preferred television for advertising media which is followed by 20.4% for newspaper. On gender wise, 61.3 % of the male respondents preferred television and similarly 67.9 % of female respondents preferred television for advertising media.

**Table 3.3: Advertising Media, Gender and Age of Respondents**

Gender	Advertising Media	Age of Respondents			Total	%
		15-19	20-24	25-29		
Male	Billboards	1	1	2	4	2.1
	Television	20	96	3	119	61.3
	Radio	0	1	0	1	0.5
	Newspaper	9	37	2	48	19.2
	Magazines	0	4	0	4	2.1
	Internet	5	12	0	17	6.8
	Others	0	1	0	1	0.5
	Total	35	152	7	194	77.6
Female	Billboards	1	0	0	1	0.5
	Television	13	25	0	38	67.9
	Radio	1	1	0	2	3.6
	Newspaper	2	1	0	3	1.2
	Magazines	0	1	0	1	0.4
	Internet	1	10	0	11	4.4
	Total	18	38	0	56	22.4
Total	Billboards	2	1	2	5	2
	Television	33	121	3	157	62.8
	Radio	1	2	0	3	1.2
	Newspaper	11	38	2	51	20.4
	Magazines	0	5	0	5	2
	Internet	6	22	0	28	11.2
	Others	0	1	0	1	0.4
	Total	53	190	7	250	100
%		21.2	76.0	2.8	100.0	

Source: Field Survey

### 3.2.5.8 Cross tabulation of advertising media with parental occupation and family income

Table 3.4 revealed that majority of the respondents' parents were working on government service while 16.8 % were on their business, 7.2% were under private service and 6% each were self-employed and working on some other activities.

**Table 3.4: Advertising media, Parental Occupation and Family Income**

Total family income (Rs.)	Advertising Media	Parental occupation					Total	%
		Govt. service	Private service	Business	Self-employed	Others		
1-Lakh	Billboard	2	0	0	1	0	3	1.2
	Television	64	6	19	7	10	106	42.4
	Radio	2	0	0	0	1	3	1.2
	Newspaper	26	4	6	2	1	39	15.6
	Magazines	3	0	2	0	0	5	2
	Internet	11	3	5	1	0	20	8
	Others	0	0	1	0	0	1	0.4
	Total	108	13	33	11	12	177	70.8
3-5 Lakh	Billboards	1	0	0	0	0	1	0.4
	Television	27	2	4	1	1	35	14
	Newspaper	3	0	0	2	1	6	2.4
	Internet	5	0	1	0	0	6	2.4
	Total	36	2	5	3	2	48	19.2
5-8 Lakh	Television	2	1	2	0	1	6	2.4
	Newspaper	5	0	0	0	0	5	2
	Internet	0	0	1	0	0	1	0.4
	Total	7	1	3	0	1	12	4.8
8-10 Lakh	Television	6	1	1	0	0	8	3.2
	Total	6	1	1	0	0	8	3.2
above 10 Lakh	Billboards	1	0	0	0	0	1	0.4
	Television	1	0	0	1	0	2	0.8
	Newspaper	0	1	0	0	0	1	0.4
	Internet	1	0	0	0	0	1	0.4
	Total	3	1	0	1	0	5	2
Total	Billboards	4	0	0	1	0	5	2
	Television	100	10	26	9	12	157	62.8
	Radio	2	0	0	0	1	3	1.2
	Newspaper	34	5	6	4	2	51	20.4
	Magazines	3	0	2	0	0	5	2
	Internet	17	3	7	1	0	28	11.2
	Others	0	0	1	0	0	1	0.4
	Total	160	18	42	15	15	250	100
%		64	7.2	16.8	6	6	100	

Source: Field Survey

Moreover, it is interesting to note that 70.8 % of the respondents were belonging to families which have an annual income of 1 Lakh. However, television remains the most preferred media for the entire income group and occupations.

### 3.2.5.9 Cross tabulation of advertising media with college and streams of the respondents

**Table 3.5: Advertising media, colleges and stream of the respondents**

College	Stream	Advertising Media							Total	%
		B	TV	R	N	M	I	O		
PUC	Science	0	10	0	6	0	0	0	16	32
	Arts	1	13	0	1	0	3	0	18	36
	Commerce	0	10	0	0	2	4	0	16	32
	<b>Total</b>	<b>1</b>	<b>33</b>	<b>0</b>	<b>7</b>	<b>2</b>	<b>7</b>	<b>0</b>	<b>50</b>	100
GAC	Science	0	0	0	0	0	0	0	0	0
	Arts	0	20	0	11	0	10	0	41	82
	Commerce	0	5	0	3	0	0	1	9	18
	<b>Total</b>	<b>0</b>	<b>25</b>	<b>0</b>	<b>14</b>	<b>0</b>	<b>10</b>	<b>1</b>	<b>50</b>	100
HBC	Science	0	0	0	0	0	0	0	0	0
	Arts	2	20	0	10	2	8	0	42	84
	Commerce	1	5	0	2	0	0	0	8	16
	<b>Total</b>	<b>3</b>	<b>25</b>	<b>0</b>	<b>12</b>	<b>2</b>	<b>8</b>	<b>0</b>	<b>50</b>	100
GAWC	Science	0	0	0	0	0	0	0	0	0
	Arts	0	41	1	7	1	0	0	43	86
	Commerce	0	0	0	0	0	0	0	0	0
	<b>Total</b>	<b>0</b>	<b>41</b>	<b>1</b>	<b>7</b>	<b>1</b>	<b>0</b>	<b>0</b>	<b>50</b>	50
GANC	Science	0	0	0	0	0	0	0	0	0
	Arts	1	33	2	11	0	3	0	50	100
	Commerce	0	0	0	0	0	0	0	0	0
	<b>Total</b>	<b>1</b>	<b>33</b>	<b>2</b>	<b>11</b>	<b>0</b>	<b>3</b>	<b>0</b>	<b>50</b>	100
TOTAL	Science	0	16	0	6	0	0	0	22	8.8
	Arts	4	121	3	39	3	24	0	194	77.6
	Commerce	1	20	0	6	2	4	1	33	13.2
	<b>Total</b>	<b>5</b>	<b>157</b>	<b>3</b>	<b>51</b>	<b>5</b>	<b>28</b>	<b>1</b>	<b>250</b>	100

**Source:** Field Survey

Note: (B: Billboard, TV: Television, R: Radio, N: Newspaper, M: Magazine, I: Internet, O: Others)

The above Table 3.5 indicates that students pursuing science subjects were presented only in Pachhunga University College which accounts for 8.8% of the respondents while majority

77.6% of the respondents are pursuing arts subject in their respected colleges from the selected five colleges and 13.2 % of the respondents were pursuing commerce subject. Furthermore, television gets the most preferred advertising media from all the colleges and subject streams.

### 3.2.5.8 Respondents' ranking of the advertising media

The different advertising media were ranked by the students on the basis of their preferences from scale 1 to 7 where 1 stands for the highest score and 7 stand for the least score. Henry Garrett Ranking method was used to analyze the data as follows

$$\text{Percent Position} = \frac{100 (R_{ij} - 0.5)}{N_j}$$

Where,  $R_{ij}$  = Rank given for the  $i$ th variable by the  $j$ th respondents

$N_j$  = Number of variable ranked by the  $j$ th respondents.

**Table 3.6: Henry Garrett ranking for respondents preferences on advertising media**

Advertising Media	Total Score	Average Score	Rank
Internet	14051	57.23	3
Television	17305	70.44	1
Newspaper	14743	59.91	2
Magazine	13161	53.47	4
Billboard	10338	41.68	5
Radio	8536	34.70	6
Brochure	8121	33.01	7

**Source:** Field Survey

Table 3.6 indicates that 'television' was ranked first with total score of 17305 and average score of 70.44. The newspaper occupied the second rank with a total score of 14743 and average score 59.91. The internet scored the third rank with a total score of 14051 and average score of 57.23. The magazine scored the fourth rank with a total score of 13161 and average score of 53.47. The billboard scored the fifth rank with a total score of 10338 and average score of 41.68. Radio scored the sixth rank with a total score of 8536 and average

score of 34.70. Finally, brochures scored the seventh rank with a total score of 8121 and average score 33.01.

**Table3.7: Ranking given by male respondents for advertising media**

Advertising Media	Total	Average Score	Rank
Internet	10935	56.95	3
Television	13468	70.14	1
Newspaper	11722	61.05	2
Magazine	9255	48.20	4
Billboard	7920	41.25	5
Radio	6788	35.35	6
Brochure	6213	32.35	7

**Source:** *Field survey*

Table 3.7 indicates that the ranking given by male respondents for advertising media is not different with the previous ranking done by all the respondents i.e. television scored the first rank with a total score of 13468 and average score of 70.14, newspaper scored the second rank with a total score of 11722 and average score of 61.05, Internet scored the third rank with a total score of 10935 and average score of 56.95 and so on.

**Table 3.8: Ranking given by female Respondents for Advertising Media**

Advertising Media	Total	Average Score	Rank
Internet	3259	58.19	2
Television	3980	71.07	1
Newspaper	3137	56.01	3
Magazine	2999	53.55	4
Billboard	2511	44.83	5
Radio	1818	32.46	6
Brochure	1497	26.73	7

**Source:** *Field Survey*

Table 3.8 indicates that female preferences for advertising media are slightly different from male preferences. No doubt television scored the first rank with a total score of 3980 and average score of 71.07. The differences from the male ranking was shown by the second rank which was obtained by the internet media with a total score of 3259 and average score

58.91 replacing the newspaper from the overall ranking. Similarly, the newspaper scored the third rank with a total score of 3137 and average score 56.01.

### 3.2.5.9 Media exposure

The respondents' exposure to media was analyzed with the media exposure- daily, occasionally, sometimes and weekly.

**Table 3.9: Exposure to media**

Media Exposure	Number of times to encounter the advertisements of two-wheelers				Total	%
	0-2 Times	3-5 Times	6-8 Times	8 Times & Above		
Daily	45	61	35	20	161	<b>64.4</b>
Occasionally	8	19	7	8	42	<b>16.8</b>
Sometime	12	9	5	2	28	<b>11.2</b>
Weekly	4	8	2	5	19	<b>7.6</b>
Total	69	97	49	35	250	<b>100</b>
%	<b>25.76</b>	<b>38.8</b>	<b>19.6</b>	<b>14</b>	<b>100</b>	

Source: Field Survey

Table 3.9 indicates that 64.4 % of the respondents had exposure to media on daily basis where 61 respondents among them encountered the advertisement of two-wheelers 3-5 times, 16.8 % of the respondents were exposed to media occasionally where 19 respondents have seen the advertisements of two-wheelers 3-5 times , 11.2 % were exposed to media for sometime where 12 respondents among them had encountered the advertisement for 0-2 times and 7.6 % were exposed to media on weekly basis where 9 respondents among them had encountered the advertisements for 3-5 times.

### 3.3.5.10 Number of times to encounter the advertisement.

The respondents were asked to give answers on how many times they encountered the advertisement, by giving four options such as 0-2 times, 3-5 times, 6-8 times and 8 times and above, before the purchase of two-wheelers.

**Table 3.10: Number of times to encounter the advertisements of the two-wheelers**

Advertising Media	Number of times to encounter the advertisements of two-wheelers				Total
	0-2 Times	3-5 Times	6-8 Times	8 Times and Above	
Billboards	2	2	1	0	5
Television	42	59	32	24	157
Radio	1	2	0	0	3
Newspaper	13	18	12	8	51
Magazines	2	2	0	1	5
Internet	9	14	3	2	28
Others	0	0	1	0	1
Total	69	97	49	35	250
%	27.6	38.8	19.6	0.14	

**Source:** *Field Survey*

Table 3.10 shows that 38.8 % of the respondents encountered the advertisements of two-wheelers 3-5 times , 27.6 % for 0-2 times, 19.6 % for 6-8 times and 0.14 % for 8 times and above. Moreover, television is mostly encountered among the media by the respondents and 59 respondents constitute the highest television encountered for 3-5 times.

### 3.2.6 Advertising characteristics

By investing in advertising, the marketers encourage the consumers to choose their brand (Clark *et al.*, 2009). For a consumer to choose a brand over the alternative brands, the advertising characteristics play an important role in attracting the target audience by directing them to make the buying decision. Advertising can be differentiated on the basis of its characteristics such as size, format, content, design and type (Manchanda *et al.*, 2002) which are found to have extensive influence on the effectiveness of advertising. Similarly, Ashraf Bany Mohammed and Mohammed Alkubise (2012) revealed that the advertising characteristics like design, content, qualities and duration of advertising are considered important for marketers to ensure its effect on their target customers. The significance of these characteristics was also supported by different researchers. For instance, the design and



content of advertising have an impact upon the Click Through Rate on online advertising and hence the unique design and content increases the customers interest towards the advertising (Franch *et al.*, 2013). The quality of advertising is also another important characteristic as well; neglecting the quality of advertising may result in decline in its quality or effectiveness due to the passage of time which is specifically known as ‘wearout’ (Naik *et al.*, 1998). Thus, four items such as design, quality, content and duration that were adopted from Mohammed and Alkubise (2012) were used to measure the advertising characteristics.

**Table 3.11: Mean, standard deviation and reliability values for Advertising characteristics**

Sl No	Statements	Mean	Standard Deviation	Cronbach's Alpha
1	The <b>design</b> of two-wheelers advertisement persuades me to watch the advertisement	3.61	1.28	0.63
2	I find the <b>content</b> of two-wheelers advertisements very helpful and persuasive	3.57	1.20	
3	The <b>qualities</b> of two-wheelers advertisements influenced me to watch the advertisement	3.50	1.12	
4	The <b>duration</b> of two-wheelers advertisements are satisfactory enough to arouse my desire to own the product	3.34	1.27	

**Source:** *Field survey*

Table 3.11 depicts the items for advertising characteristics and their mean, standard deviation and their reliability using Cronbach’s Alpha. The purpose of the reliability measure is to test the internal consistency of the items within the variable. The variables yield a reliability of 0.63 which is still considered acceptable marking that Cronbach (1951) stated that a value higher than 0.5 was acceptable level for good internal consistency even though Nunnally (1978) state that the values for Cronbach’s Alpha of 0.7 or higher is satisfactory.

To evaluate the advertising characteristics, mean score of the college youth shows highest level of agreement to the statement that ‘*the design of two-wheelers advertisement persuades me to watch the advertisement*’ (3.61); followed by the statement that ‘*I find the content of*

*two-wheelers advertisements very helpful and persuasive*' (3.57), *'the qualities of two-wheelers advertisements influenced me to watch the advertisement'* (3.50) and *'the duration of two-wheelers advertisements are satisfactory enough to arouse my desire to own the product'*(3.34) indicating that the design, content, qualities and durations of two-wheelers advertisements were an important advertising characteristics that attracts the college youth towards the product advertised.

### **3.3 Buying behavior**

The success of any organization depends upon the level of understanding their consumers. A careful analysis of consumer behavior offers the advertiser with deeper insight of his target consumers and provides them a valuable source of information for strategic advertising decision in creating advertising message, appeal and defining the target market as well as predicting the future trends. Consumer behavior is a psychology process during which consumers know their needs, find the ways for estimation, implement the purchasing decisions, analysis and planning the data and implement the program (Perner, 2008). However, Loudon and Bitta, 1994 defines consumer behavior as "the decision process and physical activity individuals engage in when evaluating, acquiring, using, or disposing of goods and services." It can also be understood as "those acts of individuals directly involved in obtaining, using, and disposing of economic goods and services, including the decision processes that precede and determine these acts" (Engel *et al.*, 1986). Wilkie (1994) suggested that it is "the mental, emotional, and physical activities that people engage in when selecting, purchasing, using, and disposing of products and services so as to satisfy needs and desires" while Robertson and Kassarian (1991) view it as "the scientific study of consumer actions in the marketplace".

Generally, consumer buying behavior refers to the buying behavior of the ultimate consumer. The aim of consumer buying behavior is to determine how clients behave in certain manner

but in diverse situations (Ayanwale *et al.*, 2005) and is based on the concept and idea that consumer simply decided to purchase a product or service at the spot (Adelaar *et al.*, 2003). Furthermore, buying behavior particularly is the decision processes and acts of people involved in buying and using products. Specifically, it is a study of how individuals create decision to spend their accessible resources (time, money and effort) on consumption related items (what they buy, why they buy, when they buy, where they buy, how often they buy and use a product or service). Once buying behavior is developed, the consumer face huge trouble in controlling buying even after its unfavourable effects are recognized (O'Guinn and Faber, 1989). Thus, the terminology for 'actual buying behavior' is that consumer in real sense purchase the product or services (Adelaar *et al.*, 2003).

Specifically, Indian consumer market is inhabited by younger population where 65% of the population is below 35 years and 54% below 24 years. A younger population and the increasing disposable income levels, along with higher aspirations and a feel-good factor, has enormously affected the consumer spend (Upadhyay and Joshi, 2014). Today's market is flourished with a range of products which transform the consumers to be brand conscious and directed them to look for product with design and quality. Knowing the customers and understanding their behavior is not at all simple. Thus, consumer behavior analysis is considerate for advertiser to realize the behavior of consumer in buying in different situations. Hence, Ayanwale *et al.*, 2005 consider that the objective of consumer buying behavior is to determine the factor that influence consumer to act in a particular way but in different situation.

**Table 3.12: Mean, standard deviation, reliability value for college youths' buying behavior**

Sl No	Statements	Mean	Standard Deviation	Cronbach's Alpha
1	I like to buy two-wheelers which impress other people.	3.31	1.19	0.51
2	I buy two-wheelers because they gave me prestige.	3.45	1.11	
3	I want to buy two-wheelers which make me feel like the person I want to be.	3.53	1.20	
4	Buying two-wheelers arouses my emotions and feelings.	3.28	1.16	
5	Compared to things I could do, buying two-wheelers is really enjoyable.	3.47	1.14	

**Source:** *Field survey*

Table 3.12 shows the items for buying behavior and their mean, standard deviation and reliability. The internal consistency of items was shown by Cronbach's Alpha with a value of 0.50 which is still considered acceptable marking that Cronbach (1951) stated that a value higher than 0.5 was acceptable level for good internal consistency.

To evaluate the respondents 'buying behavior' towards the product advertised, mean score of the college youth shows highest level of agreement to the statement that '*I want to buy two-wheelers which make me feel like the person I want to be*' (3.53); followed by the statement that '*compared to things I could do, buying two-wheelers is really enjoyable*' (3.47), '*I buy two-wheelers because they gave me prestige*' (3.45), '*I like to buy two-wheelers which impress other people*' (3.31) and '*buying two-wheelers arouses my emotions and feelings*' (3.28) indicating that impression, prestige, personality, emotions, feelings and enjoyment were an important variables for the buying behavior of the college youth.

### **3.3.1 Characteristics affecting consumer behavior**

The objective of consumer buying behavior is to resolve the factor that persuade consumer to act in a particular way but in different situation (Ayanwale *et al.*, 2005). According to, Proctor *et al.*, (1982), the major aim of consumer behavior analysis is to clarify why

consumers act in particular ways under certain situation. It tries to establish the factors that influence consumer behavior, especially the economic, social and psychological aspects that can indicate the most favoured marketing mix that management should select. These factors may not be often controllable by the marketers but it must be taken into account for understanding the target consumers. Thus, the factors are classified into four main categories such as cultural, social, personal and psychological which are briefly described below.

- a. **Cultural factors:** Culture is the set of basic values, perceptions, wants, and behaviors learned by a member or society from a family and other important institution (Kotler *et al.*, 2011). It is the basic determinants of a person want. Culture is shared within a society and its influences on buying behavior may vary from country to country. Each culture contains smaller **subculture** consisting of a group of people with shared value system based on common life practice and circumstances. Nationalities, religions, racial groups and geographic regions are included within a subculture. Under the subculture, the society may be once classified on the basis of relatively permanent and ordered division known as the **social class** whose members shared values, interest and behaviors. The divisions of social classes have been characterized by a combination of several factors including income, occupation, education and other variables.
- b. **Social factors:** Groups, family, roles and status of the consumers are the social factors which plays a significant role in determining the consumers' behavior. **Reference groups** are the social, economic or professional groups which create direct or indirect influences on the individual's attitudes or behavior. These groups influence the individual by creating pressures on their product or brand choice and ensure the exposure of an individual on new behavior and lifestyles. Moreover, the members of the **family** play a significant role in influencing the buying

behavior of the consumer. Each family member performed a specific role such as initiator, influencer, gatekeeper, decider, buyer and user. A **role** consists of activities to be performed by the individuals. It walks together with a **status** given to it by the society.

- c. **Personal factors:** Age and life cycle stage, occupation, economic situation, lifestyle, personality and self concept falls under the personal factors influencing the consumer buying behavior. Consumer tastes and preference for a product or service changes along with the changes in the **age and life cycle** stages. The life cycle stages may include singles, married couples with children, childless couples, etc. At the same time, an individual's **occupation** also determines their buying behavior since different products or services are required by different profession. For income sensitive products, the **economic situation** of an individual is required for the marketers thus the trends in personal income, savings and interest rates are significant indicators of the individual's economic situation. A person's lifestyle, personality and self-concept may also have impact upon the consumer behavior. **Lifestyle** may be understood as a person's pattern of living as expressed in his or her activities, interest and opinions. **Personality** is the unique psychological characteristics that lead to relatively consistent and lasting responses to one's own environment which is usually describe in terms of traits such as dominance, confidence, defensive, autonomy, adaptability and aggressiveness.
- d. **Psychological factors:** Motivation, perception, learning, beliefs and attitudes are the psychological factors which influenced the individual's buying decision. **Motivation** is the driving force which makes the person to act, to move, to obtain a specific goal or objectives. A motivated person is ready to act and the way a person act or behave is influenced by his own perception. **Perception** is the

process by which people select, organize, and interpreted information to create a meaningful pictures of the world. People learn from their activities and **learning** describes the difference in an individual characters acquired through experience. A drive, stimuli, cues, responses and reinforcement plays an equal role in making the process of learning successful. Moreover, beliefs and attitudes of consumers are attained through activities and learning. A **belief** is a descriptive thought that a person holds about something while **attitudes** describe a person's consistently favourable or unfavourable evaluations, feelings and tendencies toward an object or idea.

### **3.3.2 Buying decision behavior**

Buying behavior differs greatly on the basis of buyer involvement for a particular product or service. The buyer behavior can be classified into four main types based on the degree of buyer's involvement and differences among brands.

- a. **Complex buying behavior:** Consumer embarks on complex buying behavior when they are highly involved in a purchase and observed significant difference among the brands. Usually consumers are highly involved in a purchase when the product is expensive, purchased infrequently, risky and highly self expressive. It involves the participation of the buyers for analyzing the significant differences among the brands.
- b. **Dissonance reducing buying behavior:** It is a consumer buying behavior which is portrayed by the high involvement but perceived little difference among the brands. It requires the high involvement of buyer due to the fact that the product is expensive, risky and purchased infrequently, where the buyer has to shop around to check for the available brands and responds based on the offered price or purchase convenience.

- c. **Habitual Buying Behavior:** Sometimes the consumer has little involvement in the purchase when few significant differences are perceived among the brands. The low involvement of the buyer is created by the frequent purchased with low cost which became a habit for the buyer.
- d. **Variety seeking buying behavior:** Consumer goes through variety seeking behavior when it requires low involvement in the purchase but perceives significant differences among the brands. In this case, consumers often switch the brands due to dissatisfaction, out of boredoms or to try something different.

### 3.3.3 The buying process

Consumer behavior can be defined as “the decision-making process and physical activity involved in acquiring, evaluating, using and disposing of goods and services” (Khan, 2006). From this definition we can recognized that the consumer behavior is not just created by the buying of goods and services, but by the process that have been initiated mentally and physically before the acquisition of commodities. The buying process starts long before the actual purchase and continues long after (Kotler and Armstrong, 2011). Consequently, Kotler and Armstrong (2011) had stated the five stages involved in the buying process, comparable with the one proposed by Solomon *et al.* (2010). Loudon and Bitta (1994) projected that the consumer decision process could be divided into five stages: problem recognition; information search; evaluation of alternatives; choice and outcome (Swenson, 1990; Maio, 2000;). Hence, the consumers are believed to go through all the stages in facing new and complex purchasing situation while some stage might be skipped or reverse for routine purchase situation. The five stages are briefly described below:

#### a. Problem recognition

The buying process starts with the problem recognition, the stage in which the buyer recognizes a problem or need. The consumer began to feel a problem in the form of need or



desire which may be activated by internal stimuli usually a person's normal needs, or external stimuli which is a person's needs created by external environment. This is the stage in which the marketers should find out the problem or needs of their target consumers.

**b. Information search**

The second stage of the buying process is information search, in which the consumer is aroused to search for more information. The quantity of attempt a consumer puts into searching depends upon the strength of the consumers' drive, the amount of information obtained and the ease of obtaining more information, the values of additional information and the satisfaction earned by the information seeker. The sources of information can be personal sources (family, friends, etc), commercial sources (advertising, sales personnel, etc), public sources (mass media) and experiential sources (handling, examining, using the product).

**c. Evaluation of alternatives**

Evaluation of alternatives is the process in which consumer processes information to evaluate alternative brands in the choice set. It engage those behavior taken by the consumer to compare alternatives cautiously either by using certain criteria or its solution to market related problem. The consumer adopted several evaluation processes but not a single evaluation process in all buying situations.

**d. Purchase decision**

It is a stage in which the buyer decided about the brand, the vendor, quantity, timing and payment method for purchasing a commodity. In the previous stage, the consumers compare the brands and make the purchase intention while the consumers will be buying the most preferred brand in the purchase decision stage. Unfortunately, the intention and purchase decision can be interrupted two factors such as attitudes of others and unexpected situational factors. Thus, preference and intention may not always result in the actual buying decision.

#### e. Post purchase behavior

The acquisition of product does not end the buying process. Accordingly it was followed by the post purchase behavior of consumers, which allow them to take further action based on their satisfaction or dissatisfaction with the purchase. The satisfaction or dissatisfaction of a buyer after his purchase will depend upon the relationship between his expectation and the product's perceived performance. Thus, the smaller the gap between expectation and perceived performance, the greater will be the consumer's satisfaction.

#### 3.3.4 Buying roles

In order to make strategic decisions, the marketers needed to identify the target buyers of the particular services who make the final buying decision. Based on their buying roles, the consumers are classified as follows:

- a. **Initiator:** The person who is the first to identify the need or want of a product or services and who suggest the idea of purchasing a product or service to fulfil those needs.
- b. **Influencer:** The person who has influence the buyer to make the final decision and whose views or advice is agreed weightage during the final buying decision. It does not be necessary that he should be the consumers.
- c. **Gatekeepers:** The person who manages the flow of information about a product or services within the family.
- d. **Decider:** The individual who takes the final decision of what to buy, where to buy and how to buy it.
- e. **Buyer:** The individual who actually buy the product after making payments or transaction.
- f. **User:** The individual who actually consumes or used the purchase product or services.

### 3.3.5 Important factors for buying two-wheelers

Existing literatures has revealed that two wheelers purchase has been influenced by many factors. For instances, Kathiravana *et al.* (2010) employed fuel efficiency, style and design, brand image, price, power and pick up, durability, maintenance cost, resale value, add on features, environmental firefly as the buying factors for two-wheelers. Laldinliana (2012) proposed factors such as price, appearance, promotion, word of mouth, after sale services and durability as the buying factors for two-wheelers. In the same way, Glucoth and Sekhara (2012) suggest mileage, quality, design, price, offer/gifts and service as factors influencing the two-wheelers purchasing decision. Thus, some factors are extracted from the previous studies while some are self-developed.

**Table 3.13: Item statistics**

Sl No	Statements	Mean	Std. Deviation	Cronbach's Alpha
1	I make the buying decision based on the <b>price</b> of two wheelers advertised.	3.53	.917	0.69
2	I choose the <b>colour</b> of my two wheelers from the advertisement I have seen from different media.	3.36	1.057	
3	Ads done by my favourite <b>celebrity</b> endorsed me to buy this particular brand of two wheelers.	2.76	1.005	
4	I prefer to buy two wheelers whose brand is popular among the youths in Aizawl.	3.29	1.057	
5	I buy two wheelers based on advertisement made on <b>mileage</b> .	3.10	.868	
6	I make the buying decision based on the <b>power CC</b> of two wheelers advertised.	3.57	.975	
7	Ads that clearly depict the <b>body design</b> of two wheelers persuade me to own the same one.	3.69	.849	
8	<b>Brand image</b> which is built by ads influence me to go for this particular brand of two-wheelers.	3.50	.885	
9	<b>Road shows</b> performed by a particular brand of two-wheelers gave me a desire to own the same one.	3.17	.985	
10	<b>Sales promotional</b> program such as racing, sponsorship of various programs makes me think that the brand is a famous one.	3.64	.817	

Source: *Field Survey*

Table 3.13 shows the different factors for buying two-wheelers along with their mean, standard deviation and reliability. The reliability of the variables was measured using Cronbach's Alpha. The purpose of the reliability measure is to test the internal consistency of the items within the variable. The variables yield a reliability of 0.69 which is still considered acceptable marking that Cronbach (1951) stated that a value higher than 0.5 was acceptable level for good internal consistency even though Nunnally (1978) state that the values for Cronbach's Alpha of 0.7 or higher is satisfactory.

### **Factor analysis**

The factor analysis is a statistical mechanism used for the reduction of a set of observable variables in terms of a small number of latent factors. It is a tool which decides the minimum number of observable common factors by studying the covariance among a set of observed variables (Malhotra, 2011). The basic purpose of this analysis is to structure factors of variables which are independent of each other. Principal component analysis was employed for extracting the factors. The inter-operability of factors can be improved through rotation of the matrices. Orthogonal rotation varimax was run considering all the factors to be independent from all other factors. To ensure the suitability of data for factor analysis, both the KMO (Kaiser-Meyer-Olkin) measure of sampling adequacy and Bartlett's Test of Sphericity were employed. The KMO test of sampling adequacy compares the magnitude of the observed correlation coefficients to the magnitude of the partial correlation coefficients. The KMO measure the sampling adequacy of the data and its statistics varies between 0 and 1. A value close to 1 indicates the patterns of correlation are relatively compact and hence the data is appropriate for factor analysis and good for testing.

**Table 3.14: KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.724
Bartlett's Test of Sphericity	Approx. Chi-Square	328.025
	Df	45
	Sig.	0.000

**Source:** *Field survey*

The value of KMO was found to be 0.724 which is greater than 0.5 marking the words of Cortina J. M (1993) that the value between 5 and 7 are mediocre and hence the sample is adequate and fit for testing. Also Bartlett's Test of Sphericity was conducted to check the overall significance of matrices and it was found to be highly significance 0.000 (Bartlett's sign <0.001) with an approximate chi square of 328.025. As a result, the data set was considered to be appropriate for running factor analysis.

**Table 3.15: Communalities**

	S1	S2	S3	S4	S5	S6	S7	S8	S9	S10
Initial	1	1	1	1	1	1	1	1	1	1
Extraction	0.62	0.54	0.62	0.61	0.33	0.38	0.56	0.61	0.41	0.44

**Extraction Method:** *Principal Component Analysis*

Table 3.15 explains the initial and extracted communalities. Principal component analysis works on the initial assumption that all variations are common i.e. the communalities are all 1 before the extraction. The common variance in the data is presented in the extraction row where the structure meaning 62 % of the variance associated with statement 1 is common or shared variance. Likewise for each of the variables, the amount of variance can be explained by the retained factors which are represented by the communalities after the extraction.

Subsequently, Table 3.16 summarize the total variance explained and lists the Eigen values associated with each factor before the extraction, after extraction and after rotation. If the Eigen value of a factor is less than 1 it is to be dropped from the study otherwise is to be retained (Paneerselvam, 2007). Using the Eigen value criteria, 3 factors are extracted whose Eigen value is above 1. The initial Eigen values comes out with three different columns where the first column gives the values for all the factors in decreasing order, the second

column explains %age of variance which is followed by cumulative variance in the third column i.e. factor 1 explains 27.029 % of variance. Then the second part of the table Extraction Sum of Squared Loadings shows that 3 factors with Eigen value greater than 1 are extracted indicating there are three useful factors which explain 51.646 % of the variance. Similarly, the Eigen values after rotation are displayed in the third part of the table Rotation Sum of Squared Loading. Rotation has the effect of optimizing the factor structure and it equalizes the relative importance of these three factors. Before rotation, factor 1 accounted considerably more variance (2.703) than after rotation (1.761) while the other factors 2 and 3 have increased Eigen values after the rotation (1.258 and 1.204 before rotation increased to 1.745 and 1.658 after rotation).

**Table 3.16: Total variance explained (Buying two-wheelers)**

Component	Initial Eigen values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.703	27.029	27.03	2.703	27.03	27.029	1.761	17.61	17.614
2	1.258	12.575	39.6	1.258	12.58	39.604	1.745	17.45	35.065
3	1.204	12.042	51.65	1.204	12.04	51.646	1.658	16.58	51.646
4	0.953	9.526	61.17						
5	0.795	7.949	69.12						
6	0.752	7.518	76.64						
7	0.711	7.107	83.75						
8	0.619	6.193	89.94						
9	0.572	5.72	95.66						
10	0.434	4.343	100						

**Extraction:** *Principal Extraction Method*

The following Table 3.17 displayed the component matrix before rotation. Loadings of each variable into each factor are displayed in the matrix with suppressing all loading less than 0.40 from the table to make the interpretations of factors easier.

**Table 3.17: Component Matrix**

	Component		
	1	2	3
S8	.658		
S6	.588		
S7	.567	.460	
S9	.530		
S4	.523	-.513	
S5	.488		
S3	.528	-.568	
S10		.519	
S1	.400		.683
S2	.503		.523

**Extraction Method:** *Principal Component Analysis.*  
*a. 3 components extracted*

The following Table 3.18 explains the rotated component matrix which is the final step in the analysis. Orthogonal rotation and oblique rotation are the two categories of rotation where the first method produced uncorrelated factors while the factors are correlated in the second category. But literature describes that varimax (orthogonal) produces a clear and simple structure in a single matrix which is easy to be interpreted (Costello and Osborne, 2005; Paneerselvam 2007). In this research varimax rotation was adopted. The rotated matrix using varimax rotation seemed to turn out enhanced solutions with a clearer factor structure (Field, 2009). Rotation solves the problem of variables with high loadings on more than one factor in the matrix which is observed in the previous component matrix. Accordingly all the factors loadings less than 0.40 are not displayed.

From the Table 3.18, it can be observed that the factor analysis of 10 statements suggest that three factors were chosen on the basis of Eigen value of more than 1. The first factor can be called popularity which is positively loaded with celebrity endorsement, popularity and road shows with explanation of variance. The second factor brand choice exhibit loadings for three variables such as body design, brand image and sales promotion. The third factor is known as product attributes which is exhibited by the factor loadings of price, colour, mileage and

power cc. Hence among the college youth, popularity has been considered to be the most important factors influencing their buying behavior for two-wheelers because the youth are following latest trends and used their ride as a fashion statement. Brand choice and product attributes are also found to have influences upon the college youth buying behavior for two-wheelers.

**Table 3.18: Rotated Component Matrix**

Statement	Component		
	Popularity	Brand Choice	Attributes
Ads done by my favourite celebrity endorsed me to buy this particular brand of two wheelers.	.769		
I prefer to buy two wheelers whose brand is popular among the youths in Aizawl.	.778		
Road shows performed by a particular brand gave me a desire to own the same one.	.591		
Ads that clearly depict the body design of two wheelers persuade me to own the same one.		.729	
Brand image which is built by ads influence me to go for this particular brand of two-wheelers.		.702	
Sales promotional programs such as racing, sponsorship of various programs make me think that the brand is a famous one.		.660	
I make the buying decision based on the price of two wheelers advertised.			.791
I choose the colour of my two wheelers from the advertisement I have seen from different modes.			.712
I buy two wheelers based on advertisement made on mileage.			.499
I make the buying decision based on the power CC of two wheelers advertised.			.454

**Extraction Method:** *Principal Component Analysis*

**Rotation Method:** *Varimax with Kaiser Normalization*

*Rotation converged in 5 iterations*



### **3.4 Effects of advertising characteristics on college youths' buying behavior**

Loads of advertisers and agencies believe that advertising generate “magic in the market place” (Russell & Lane, 1996). Firms are investing huge amount of money for advertising their products or services to influence the buying behavior of their target customer. Since, the basic aim of advertising is to encourage people to buy things and creates awareness (Bijmolt *et al.*, 1998), the advertisers are trying to analyzed the various factors which impact on the buying behavior to ensure the exposure of effective advertising towards their target customers. Bardi (2010) proposed that advertising helps to describe the features and characteristics of product or service in the visual form so that the customer can understand it easily. A good advertisement persuades the customer to make final purchase and keeps them motivated to do a certain action (Kenneth and Donald 2010). Thus, to reveal the relationship between advertising and buying behavior the following hypothesis has been formulated to be tested.

#### **Hypothesis**

$H_0$  : Advertising characteristics does not have positive effects on college youths' buying behavior in respect of two-wheelers.

$H_a$ : Advertising characteristics has positive effects on college youths' buying behavior in respect of two-wheelers.

To test the above hypothesis, correlation and regression analysis were employed to estimate the relationship between dependent and independent variables. In the regression analysis advertising characteristics was used as independent variable which was supposed to have an effect on the dependent variable college youth buying behavior. This analysis was done on the basis of collected responses from the respondents.

#### **3.4.1 Correlation analysis**

The most common measure of correlation analysis namely Pearson correlation was used to test the degree of association between the variables. It measures the relationship between the

independent variable viz. advertising characteristics and dependent variable i.e. buying behavior. The correlation analysis involves three main aspects: (i) Measuring the degree of association between the two variables, (ii) testing whether the relationship is significant and establishing the cause and effect relationship, if any (Krishnaswami and Ranganatham, 2011).

Karl Pearson's Correlation coefficient is given by

$$r = \frac{\sum(x_i - \bar{x})(y_i - \bar{y})}{n \cdot \sigma_x \sigma_y}$$

where,

$x_i$  = ith value of x variable

$\bar{x}$  = mean of x

$y_i$  = ith value of y

$\bar{y}$  = mean of Y

$n$  = Number of pairs of observations of x and y

$\sigma_x$  = standard deviation of x

$\sigma_y$  = standard deviation of y

The following Table 3.19 shows the correlation matrix of the variables. A two-tail test at 0.01 significance level indicates that there exist a positive correlation between the advertising characteristics and buying behavior ( $r = 0.780$ ). The study draws the inference that the more attractive the advertising characteristic is, the more positive effect it will create upon the buying behavior.

**Table 3.19: Correlation analysis**

		Advertising Characteristics	Buying Behavior
Advertising Characteristics	Pearson Correlation	1	.780**
	Sig. 2-tailed		.000
	N	250	250
Buying Behavior	Pearson Correlation	.780**	1
	Sig. 2-tailed	.000	
	N	250	250

\*\* . Correlation is significant at the 0.01 level (2-tailed).

Source: Field survey

### 3.4.2 Regression analysis

Regression analysis was used to find out the cause and effect relationship between advertising characteristics and college youth buying behavior. In the study, the effect of

advertising characteristic in college youth buying behavior was analyzed through regression analysis. The regression was run on one set of data by taking advertising characteristic as independent variable and buying behavior as the dependent variable.

**Table 3.20: Effects of advertising characteristics on college youths' buying behavior**

Variable	Buying Behavior		
	B	t-value	p-value
<i>Constant</i>	5.903	10.415	.000*
<i>Advertising characteristics</i>	.777	19.601	.000*
<i>R-square</i>	.608		
<i>Adjusted R-square</i>	.606		
<i>F-ratio</i>	384.193		
<i>Durbin Watson D Statistic</i>	2.643		

\*Significant at 5% level

**Source:** Field survey

Table 3.20 shows that the magnitude of R square came to be .606 indicating that 60.6 % of the variation in buying behavior could be explained by the advertising characteristic. The Durbin Watson D statistic (2.643) indicates that the residual do not suffers from serial autocorrelation as Field (2009) suggest that the value less than 1 or greater than 3 are normally undesired. The regression coefficient for the predictor variable advertising characteristic is .777. The coefficient value shows the change in the dependent variable with a unit change in a variable value i.e. there is an increase of .777 units in buying behavior of college youth for every unit increase in advertising characteristics. The positively significant regression coefficient of .777 with a p-value of .000 revealed that advertising characteristics has positive effects on college youths' buying behavior. Thus the null hypothesis is rejected and alternate hypothesis is accepted.

### 3.5 Conclusion

It is evident that the advertising and buying behavior of college youth are closely related. Niazi *et al.* (2012) observed the similar findings and revealed that advertising is an effective tool to motivate the customers and influence their buying behavior. The advertisers believed

that their advertising campaign will influenced consumer buying behavior and further leads the consumer towards the purchase decision. As evident in the analysis, popularity, brand choice and product attributes are the important factors which influence the consumer for buying two-wheelers. Furthermore, the investigation found television advertising as the most preferred among the advertising media available in Aizawl. College youths' buying behavior is found to be highly influenced by the advertising characteristics such as its design, content, quality and duration. They believed that these advertising characteristics are helpful, persuasive and satisfactory enough to arouse their desire to purchase the two-wheelers.

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 Advertising And Marketing Industry In India (<http://www.ibef.org/industry/advertising-marketing-india.aspx>)

## **4.1 Introduction**

The present chapter describes the effectiveness of two-wheeler advertising on college youth's buying behavior. The effectiveness of advertising was explained by using AIDA model which has include four stages namely Attention, Interest, Desire and Action. This model was based on the assumption that the customers passes successively through all the stages before making the final purchase. Besides, the effectiveness of advertising on college youth's brand preferences in respect of two-wheelers was discussed in the latter part of the chapter.

## **4.2 Effectiveness of advertising on college youths' buying behavior by using AIDA model**

Advertising is an important communication tool used by organizations to reach both their current and potential customers. As it plays an important role in today's competitive world, organizations allocate considerable part of their resources to advertising. Thus, it is important to know how effectively advertisement captures audience attention and engage viewers (De Ros, 2008). Advertising must be effective and must be able to achieve its objective. According to Doyle and Saunders (1990), effective advertising are advertising that helps the advertiser to reach its goals. In the past century, several models have been proposed for the effectiveness of advertising that have been called the effectiveness of the hierarchical models but most of all, the AIDA model has been preferred till date as this model comes with a lot of fans (Barry and Howard, 1990).

The AIDA model was proposed by E St. Elmo Lewis in 1899 (AID -Attention, Interest and Desire) and 1900 (AIDA- Attention, Interest, Desire and added the Action stage) as the first formal advertising model (Strong, 1925). Originally it was developed as a sales guide for salesman to be successful in moving a prospect to buy and later with adding up of the action stage, it was proposed to convince salesman to move buyer prospects through complete selling process. Thus, the AIDA model represents the stages a salesperson must take a



customer through the personal selling process. The model assumes that the buyer passes successively through attention, interest, desire and action. As stated by Smith and Swinyard (1892), the AIDA model is generated by the conditions that the advertising message must first gain the audience attention, followed by its interest in the advertising, and then create a desire for the product and finally leads to the action (purchase). The action stage, which is the last stage, involves receiving the prospective buyers' commitment to purchase and closing the sale. Thus, it is considered to be the most important stage by the marketer. The AIDA model is presented as below:

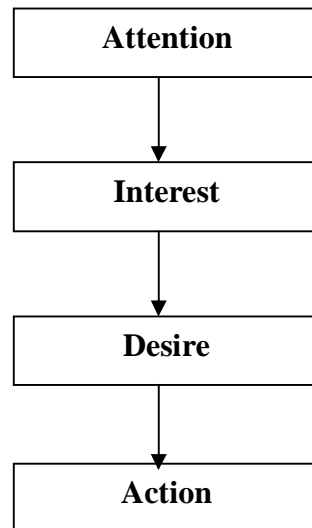


Fig 4.1: AIDA model of advertising communication

Table 4.1 presents the constructs with their measuring items and sources from which they are adopted. The measuring items from 'attention' were adopted from Chunnawala and Sethia (2011) with some modification in the items whereas the items for 'interest' were adopted from Gharibi *et al.* (2012) with some modification in the items. The items for 'desire' were also adopted from Kathiravana *et al.* (2012) with some modification in the items whereas the items for 'action' were adopted from Sweeney *et al.* (1999) as well as Bauer and Martin (2008).

**Table 4.1: Summary of the constructs and their sources**

Variables	Measuring Items	Sources
Attention	<p>A1: The layout of two-wheelers ads directs me to pay attention to the ads.</p> <p>A2: The design of two-wheelers ads are eye catching.</p> <p>A3: I read/watch two-wheelers ads because I find celebrities and perfect models in the ads.</p> <p>A4: The stunts performed in two-wheelers are very attractive to grab my attention.</p> <p>A5: The dramatization involves in two-wheelers ads grab my attention</p>	<p>Chunnawala/ Sethia (2011); Own derivation</p>
Interest	<p>I1: The products featured displayed in the ads generate my interest towards two-wheelers believable.</p> <p>I2: The promoted language and musical backgrounds of the two-wheelers ads are very interesting.</p> <p>I3: The price and offers displayed in the ads makes me interested in the two-wheelers.</p>	<p>Gharibi/Danesh&amp;Shahrodi (2012); Own derivation</p>
Desire	<p>D1: The easy transportation provided by two-wheelers depicted in the ads built my desire to own the product.</p> <p>D2: Availability of cheap consumer financing displayed through the ads create my desire to buy the two-wheelers.</p> <p>D3: The performance level displayed in the ads built my desire to buy the two-wheelers.</p> <p>D4: The promises made in the two-wheelers ads through advertising message create a desire to full fill my needs.</p>	<p>Kathiravana/ Panchanathama/ Anushan (2010); Own derivation</p>
Action	<p>A1: After watching the ads, I consider buying the two-wheelers.</p> <p>A2: After watching the ads, I am very likely to buy the two-wheelers.</p> <p>A3: After watching the ads, I intended to buy two-wheelers.</p> <p>A4: After watching the ads, the probability of my buying two-wheelers was high.</p> <p>A5: After watching the ads, I buy this two-wheeler.</p>	<p>Sweeney/ Soutar/Johnson (1999); Bauer/Martin (2008)</p>

**Table 4.2: Mean, standard deviation and reliability values**

Variables	Statements	Mean	Std. Deviation	Cronbach's Alpha
Attention	A1: The layout of two-wheelers ads directs me to pay attention to the ads.	3.61	0.918	0.81
	A2: The design of two-wheelers ads are eye catching.	3.43	1.35	
	A3: I read/watch two-wheelers ads because I find celebrities and perfect models in the ads.	3.57	1.20	
	A4: The stunts performed in two-wheelers are very attractive to grab my attention.	3.34	1.27	
	A5: The dramatization involves in two-wheelers grab my attention.	3.53	1.23	
Interest	I1: The products featured displayed in the ads generate my interest towards two-wheelers.	3.49	1.20	0.83
	I2: The promoted language and musical backgrounds of the two-wheelers ads are very interesting.	3.12	1.31	
	I3: The price and offers displayed in the ads makes me interested in the two-wheelers.	3.40	1.12	
Desire	D1: The easy transportation provided by two-wheelers depicted in the ads built my desire to own the product.	3.95	0.94	0.89
	D2: Availability of cheap consumer financing displayed through the ads create my desire to buy the two-wheelers.	3.32	1.34	
	D3: The performance level displayed in the ads built my desire to buy the two-wheelers.	3.57	1.12	
	D4: The promises made in the two-wheelers ads through advertising message create a desire to full fill my needs.	3.15	1.14	
Action	A1: After watching the ads, I consider buying the two-wheelers.	3.58	1.02	0.85
	A2: After watching the ads, I am very likely to buy the two-wheelers.	3.16	1.31	
	A3: After watching the ads, I intended to buy two-wheelers.	3.65	1.28	
	A4: After watching the ads, the probability of my buying two-wheelers was high.	3.10	1.22	
	A5: After watching the ads, I buy this two-wheeler.	3.29	1.16	

Table 4.2 presents the mean, standard deviation and reliability values for all the variables and their measuring items. Cronbach's Alpha was used to measure the reliability for all the variables so as to check the internal consistency of all the items within the variables. All the

variables yield a reliability of more than 0.8 supportive to the opinion of Nunnally (1978) that the values for Cronbach's Alpha of 0.7 or higher is satisfactory for good internal consistency. To evaluate, the first stage of AIDA model of advertising communication, 'attention' paid by the respondents on the product advertised, mean score of the college youth shows the highest level of agreement to the statement *'the layout of two-wheelers ads directs me to pay attention to the ads'* (3.61); followed by the statements *'I read/watch two-wheelers ads because I find celebrities and perfect models in the ads'*(3.57), *'the dramatization involves in two-wheelers ads grab my attention '* (3.53), *'the design of two-wheelers ads are eye catching'* (3.43) and *' the stunts performed in two-wheelers ads are very attractive to grab my attention'* ( 3.34) indicating that the layout of the ads, the presence of celebrity endorsers, the presence of dramatization, attractive design of ads and stunts performed within the ads were an important factors which attract the attention of the college youth towards two-wheelers advertisement.

To evaluate the respondents 'interest' towards the product advertised, mean score of the college youth shows highest level of agreement to the statement that *'the products featured displayed in the ads generate my interest towards two-wheelers'*(3.49), *'the price and offers displayed in the ads makes me interested in the two-wheelers'* (3.40) and *'the promoted language and musical backgrounds of the two-wheelers ads are very interesting'*(3.12) indicating that the products features, prices and offers displayed in the ads as well as the promoted languages and musical background used in the two-wheelers advertisements generated college youth interest towards product advertised.

To evaluate the respondents 'desire' towards the product advertised, mean score of the college youth shows highest level of agreement to the statement that *'the easy transportation provided by two-wheelers depicted in the ads built my desire to own the product'*(3.95); followed by the statement that *'the performance level displayed in the ads built my desire to*

*buy the two-wheelers'* (3.57), *'availability of cheap consumer financing displayed through the ads create my desire to buy the two-wheelers'*(3.32) and *'the promises made in the two-wheelers ads through advertising message create a desire to full fill my needs'*(3.15) indicating that the presence of easy transportation, performance level , availability of cheap consumer financing and the advertising promises were the basis of creating a desire in college youth.

To evaluate the respondents 'action' towards the product advertised, mean score of the college youth shows highest level of agreement to the statement that *'after watching the ads, I consider buying the two-wheelers'*(3.58); followed by a statement that *'after, watching the ads, I intended to buy two-wheelers'*(3.65), *'after, watching the ads, I buy this two-wheelers'* (3.29), *'after watching the ads, I am very likely to buy two-wheelers'* (3.16) and *'after, watching the ads, the probability of my buying two-wheelers was high'* (3.10) indicating that college youth exposure to advertising intended to create action towards the product advertised.

#### **4.2.1 Attention**

The first duty of advertising is to grab the viewers' attention. If this task cannot be fulfilled by the advertising, as much as people see it or hear it, it's useless (Mohammadian, 2006). At this stage, advertisers introduce their products, services and information about the usage of the products. For attracting the attention of people, there are many ways. Writing big titles, controversial or shocking content, particular graphic which are different and attractive can be ways to attract visits to our advertising messages (Barry and Harward, 1990). According to Amaldos (2010), once the advertising does not attract the attention of the customers at the first confrontation, it might never be able to draw the attention at other occasions. Thus, the layout, size, movement, celebrity, dramatizations, model selection, and illustration of the advertising contribute all to attention. Thus, the following hypothesis is formulated.

## Hypothesis 1

$H_0$ : College youths' attention does not have effects on their interest towards the two-wheeler advertised.

$H_a$ : College youths' attention has positive effects on their interest towards the two-wheeler advertised.

**Table 4.3: Effects of college youths' attention on their interest towards the two-wheeler advertised**

Variable	Interest		
	$\beta$	t-value	p-value
<i>Constant</i>	1.144	2.155	.032*
<i>Attention</i>	.506	17.047	.000*
<i>R-square</i>	.540		
<i>Adjusted R-square</i>	.538		
<i>F-ratio</i>	290.607		
<i>Durbin Watson D Statistic</i>	2.759		

\*Significant at 5% level

Source: Field survey

Table 4.3 shows that the magnitude of R square came to be .540 indicating that 54 % of the variation in interest could be explained by the attention. The Durbin Watson D statistic (2.759) indicates that the residual do not suffers from serial autocorrelation. The regression coefficient for the predictor variable attention is .506. The coefficient value shows the change in the dependent variable with a unit change in a variable value i.e. there is an increase of .506 units in college youth's interest for every unit increase in their attention. The positively significant regression coefficient of .506 with a p-value of .000 revealed that college youth's attention has a positive effect on their interest towards the two-wheeler advertised. Thus the null hypothesis is rejected and alternate hypothesis is accepted.

### 4.2.2 Interest

Once the customer attention is attracted, it has to be followed by building their interest towards the product or services. Advertising aims to create interest among the target audience

since interest is the main concern of the advertisers (Rowley, 1998; Broeckelman, 2010). Building interest is considered to be more difficult than attracting the attention, thus illustration and its integration to life are considerable. Since the advertisers needed to satisfy maximum numbers of people, it is imperative to search for a common denominator of interest. Thus, the following hypothesis is formulated:

**Hypothesis 2**

H<sub>0</sub>: College youths’ interest does not have effects on their desire towards the two-wheeler advertised.

H<sub>a</sub>: College youths’ interest has positive effects on their desire towards the two-wheeler advertised.

**Table 4.4: Effects of college youths’ interest on their desire towards the two-wheelers advertised**

Variable	Desire		
	$\beta$	t-value	p-value
<i>Constant</i>	5.341	8.661	.000*
<i>Interest</i>	.854	14.380	.014*
<i>R-square</i>	.455		
<i>Adjusted R-square</i>	.453		
<i>F-ratio</i>	206.798		
<i>Durbin Watson D Statistic</i>	2.039		

*\*Significant at 5% level*

**Source:** *Field survey*

Table 4.4 shows that the magnitude of R square came to be .455 indicating that 45.5 % of the variation in desire could be explained by the interest. The Durbin Watson D statistic (2.039) indicates that the residual do not suffers from serial autocorrelation. The regression coefficient for the predictor variable attention is .854. The coefficient value shows the change in the dependent variable with a unit change in a variable value i.e. there is an increase of .854 units in college youths’ desire for every unit increase in their interest. The positively significant regression coefficient of .854 with a p-value of .014 revealed that college youths’

interest has positive effects on their desire towards the two-wheeler advertised. Thus the null hypothesis is rejected and alternate hypothesis is accepted.

### 4.2.3 Desire

At this stage the viewer’s interest in the product needs to be converted into a strong desire for the product. According to Richardson (2013), creating a desire is the priority of the advertisers where they explain the features and benefits of their products that how much value you have here. Desire is the function of appeals used for the motivation of people (Chunnawala and Sethia, 2011). At this stage, advertisers try to give larger exposure of a product to the customers (Rowley, 1998) and convince them that it can fulfil their needs by providing evidence, testimonials, endorsement, facts and figures (Chunnawala and Sethia, 2011). Thus, the following hypothesis is developed.

### Hypothesis 3

H<sub>0</sub>: College youths’ desire does not have effects on their action towards the two-wheeler advertised.

H<sub>a</sub>: College youths’ desire has positive effects on their action towards the two-wheeler advertised.

**Table 4.5: Effects of college youths’ desire on their action towards the two-wheeler advertised.**

Variable	Action		
	$\beta$	t-value	p-value
Constant	2.411	4.175	.000*
Desire	.912	25.009	.034*
R-square	.716		
Adjusted R-square	.715		
F-ratio	625.447		
Durbin Watson D Statistic	1.037		

\*Significant at 5% level

Source: Field survey



Table 4.5 shows that the magnitude of R square came to be .716 indicating that 71.6 % of the variation in action could be explained by the desire. The Durbin Watson D statistic (1.037) indicates that the residual do not suffers from serial autocorrelation as it can vary between 1 and 4. The regression coefficient for the predictor variable desire is .912. The coefficient value shows the change in the dependent variable with a unit change in a variable value i.e. there is an increase of .912 units in college youth's action for every unit increase in their desire. The positively significant regression coefficient of .912 with a p-value of .034 revealed that college youths' desire has positive effects on their action towards the two-wheeler advertised. Thus the null hypothesis is rejected and alternate hypothesis is accepted.

#### **4.2.4 Action**

The last stage of the model is the action stage where the customers are expected to buy the product since buying of product is the logical end of aroused desire. At this stage, customers are ready to pay for the products to fulfil their intense desire for a particular products or service. The focus here is not only on actual buying but on positive effect on buying since advertising sometimes creates positive decision on buying but the customer is in a situation that can't buy, but will do when he or she can afford it (Liese and Levin, 1994). The advertiser must be able to offer the customer a guarantee that the decision was right and moreover, people should be able to used words to provide advertising content words when discussing about the products with others (Bendixen, 1993).

#### **4.2.5 Effectiveness of advertising on college youths' buying behavior**

Advertising is the effective source to persuade the mind of viewers and gives viewers exposure towards a particular product or service (Katke, 2007). In view of this, organizations are spending huge amount of budget for investment in the advertising that will further influence the buying behavior of customers as well as determines the factors that have direct or indirect effects on buying behavior like purchasing power (Ayanwale *et al.*, 2005).

Advertising is considered as an effective tool to motivate the customers and influence their buying behavior (Niazi *et al.*, 2012). Thus, it is imperative to know how effective the advertisement is on the buying behavior of customers. Researchers proposed that the effectiveness of advertising can be studied by using different hierarchy of effects model. In this study, AIDA model had been employed amongst all the other hierarchy of effects model to determine effectiveness of advertising on buying behavior. Gharibi *et al.* (2012) employed AIDA model in their research to explain the effectiveness of advertising and revealed that AIDA model have positive and significant relationship with advertising effectiveness in private insurance companies. Furthermore, Sanayei *et al.* (2013) had followed AIDA model to determine the effectiveness of television advertisement and its influence on attraction of savings deposit accounts of Ansar Bank. In addition, Rehman *et al.* (2014) and Meimanad & Ahmadi (2015) also employed this model to study the effectiveness of advertising on buying behavior of customers and come out with a significant result. Thus, the AIDA model is used in this study to represent the independent variable ‘effectiveness of advertising’ with ‘buying behavior’ as the dependent variable.

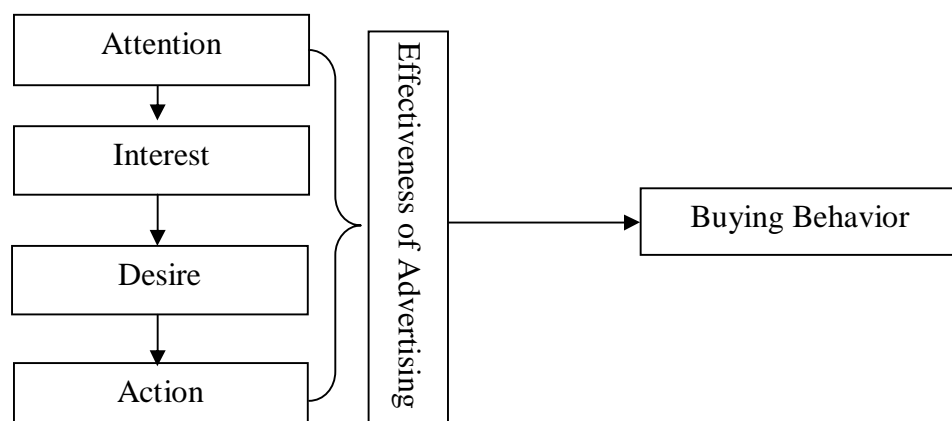


Figure 4.2: Effectiveness of advertising on buying behavior

As the AIDA model consist of four stages namely Attention, Interest, Desire and Action the following hypotheses are formulated to be tested:

#### **Hypothesis 4**

H<sub>0</sub>: College youths' attention does not have effects on their buying behavior towards the two-wheeler advertised.

H<sub>a</sub>: College youths' attention has positive effects on their buying behavior towards the two-wheeler advertised.

#### **Hypothesis 5**

H<sub>0</sub>: College youths' interest does not have effects on their buying behavior towards the two-wheeler advertised.

H<sub>a</sub>: College youths' interest has positive effects on their buying behavior towards the two-wheeler advertised.

#### **Hypothesis 6**

H<sub>0</sub>: College youths' desire does not have effects on their buying behavior towards the two-wheeler advertised.

H<sub>a</sub>: College youths' desire has positive effects on their buying behavior towards the two-wheeler advertised.

#### **Hypothesis 7**

H<sub>0</sub>: College youths' action does not have effects on their buying behavior towards the two-wheeler advertised.

H<sub>a</sub>: College youths' action has positive effects on their buying behavior towards the two-wheeler advertised.

Table 4.6 shows that the magnitude of R square came to be .493 indicating that 49.3 % of the variation on buying behavior could be explained by the AIDA. The Durbin Watson D statistic (2.900) indicates that the residual do not suffers from serial autocorrelation. The regression coefficient for the predictor variables attention, interest, desire and action came to be .201, .147, .433 and .645 respectively. The coefficient value shows the change in the dependent variable with a unit change in a variable value i.e. there is an increase of .201 units on buying

behavior of college youth for every unit increase in their attention, .147 units increase on buying behavior of college youth for every unit increase in their interest, .433 units increase on buying behavior of college youth for every unit increase in their desire, .645 units increase on buying behavior of college youth for every unit increase in their action.

**Table 4.6: Effects of college youths' AIDA on their buying behavior towards the two-wheeler advertised.**

Variable	Buying behavior		
	$\beta$	t-value	p-value
<i>Constant</i>	9.407	14.661	.000*
<i>Attention</i>	.201	2.376	.018*
<i>Interest</i>	.147	1.968	.050*
<i>Desire</i>	.433	9.345	.001*
<i>Action</i>	.645	10.164	.000*
<i>R-square</i>	.493		
<i>Adjusted R-square</i>	.484		
<i>F-ratio</i>	59.489		
<i>Durbin Watson D Statistic</i>	2.900		

\*Significant at 5% level

Source: Field survey

The positively significant regression coefficient of .201 with a p-value of .018 in case of attention revealed that college youths' attention has positive effects on their buying behavior towards the two-wheeler advertised. Thus in hypothesis 4, the null hypothesis is rejected and alternate hypothesis is accepted.

The positively significant regression coefficient of .147 with a p-value of .050 in case of interest revealed that college youths' interest has positive effects on their buying behavior towards the two-wheeler advertised. Thus in hypothesis 5, the null hypothesis is rejected and alternate hypothesis is accepted.

The positively significant regression coefficient of .433 with a p-value of .001 in case of desire revealed that college youths' desire has positive effects on their buying behavior

towards the two-wheeler advertised. Thus, in hypothesis 6, the null hypothesis is rejected and the alternate hypothesis is accepted.

The positively significant regression coefficient of .645 with p-value of .000 in case of action revealed that college youths' action has positive effects on their buying behavior towards the two-wheeler advertised. Thus, in hypothesis 7, the null hypothesis is rejected and alternate hypothesis is accepted.

Therefore, the multiple regression equation for the study is presented below:

$$\text{Buying Behavior} = 9.407 + 0.201 (\text{attention}) + .147 (\text{interest}) + .433 (\text{desire}) + .645 (\text{action}).$$

### Hypothesis 8

H<sub>0</sub>: Effectiveness of advertising does not have effects on college youths' buying behavior.

H<sub>a</sub>: Effectiveness of advertising has positive effects on college youths' buying behavior.

The effectiveness of advertising has been analyzed by compiling all the items from the AIDA model i.e. it includes 17 items. Cronbach's Alpha was used to measure the reliability for the variable so as to check the internal consistency of all the items within the variable and it was found to be .943 which shows a good internal consistency.

**Table 4.7: Regression analysis**

Constructs		No. of Items	$\alpha$	$R^2$	F	B	T	Sig
Effectiveness Of Advertising	Attention	5	.943	.294	103.211	.124	10.159	.000*
	Interest	3						
	Desire	4						
	Action	5						
	Total	17						

**Dependent Variable:** *Buying Behavior*

*\*Significant at 5% level*

**Source:** *Field survey*

Table 4.7 shows that the magnitude of R square came to be .294 indicating that 29.4 % of the variation on buying behavior could be explained by the effectiveness of advertising. The regression coefficient for the predictor variable effectiveness of advertising is .124. The

coefficient value shows the change in the dependent variable with a unit change in a variable value i.e. there is an increase of .124 units on buying behavior of college youth for every unit increase in effectiveness of advertising. The positively significant regression coefficient of .124 with a p-value of .000 revealed that effectiveness of advertising has positive effects on college youths' buying behavior towards the two-wheeler advertised. Thus, in hypothesis 8, the null hypothesis is rejected and the alternate hypothesis is accepted.

### **4.3 Effectiveness of advertising on college youths' brand preferences in respect of two-wheelers.**

In order to determine the effectiveness of advertising on brand preference of two-wheelers by college youth, the study was carried out in such a way that the college youth were asked to assign ranks 1-10 for different brands of two-wheelers on the basis of their preferences. Similarly, they were also asked to give ranks for different brands of two-wheelers on the basis of the number of times they were exposed to a specific brand advertisement i.e. 1 for the regular exposing two-wheelers brand advertisement and 10 for the least exposing two-wheelers brand advertisement. Thus, the relationship between these two different rankings was analyzed to determine the effectiveness of advertising on brand preference of two-wheelers by college youth.

#### **4.3.1 Different brands of two-wheelers available in Aizawl**

The Aizawl two-wheelers market is flourished with abundant supplies of different brands of two-wheelers. Among the Mizos, two-wheelers have always been a trend as it is considered not only for utility purpose but as a fashion statement for the youth. Under the Transport Department of Mizoram, 79,737 privately owned and 992 Government-owned two wheelers were registered till the year 2014(Statistical Handbook, 2014). The 10 different brands which were available in the Aizawl market during the data collection were briefly discussed below:

#### **a. Hero**

Hero was called to a brand that covers various products made by the Hero Motocorp Ltd, a company based in New Delhi, India. The company is a well known manufacturer of two-wheelers and its spare parts added with service. It is one of the top players in the segment and is growing up with best hand-picked motorcycles. The product portfolio of hero consist of Hero Karizma ZMR, Hero Karizma, Hero Xtreme Sports, Hero Xtreme, Hero Hunk, Hero Impulse, Hero Achiever, Hero Ignitor, Hero Glamour Porgrammed F1, Hero Glamour, Hero Super Splendor, Hero Passion XPRO, Hero Passion PRO, Hero Passion PRO TR, Hero SplendoriSmart, Hero Splendor PRO Classic, Hero Splendor PRO, Hero Splendor+, Hero HP Deluxe Eco, Hero HF Deluxe, Hero HF Dawn, Hero Duet, Hero Maestro Edge, Hero Maestro and Hero Pleasure. All of these different models of hero motorcycles were sold out in Aizawl through its authorized dealer-Khaia & Sons, which is located in an area of Vaivakawn.

#### **b. Mahindra**

Mahindra Two-wheelers Limited is a group venture owned by Mahindra & Mahindra (M&M) limited which manufactures scooters and motorcycles. To developed the scooter portfolio the company has partnered with Sanyang Industry Company (SIC) which is based in Taiwan and for research and product design, it has worked with Italy based Engines Engineering. The different models of scooters and motorcycles were offered in the Aizawl market through an authorized dealer-Zamliaana Two-wheelers located in Chanmari, Aizawl. The product portfolio consists of Mahindra Duro Dz, Mahindra Centuro, Mahindra Gusto, Mahindra Gusto 125, Mahindra Rodeo Uzo 125, Mahindra Flyte, Mahindra Kine, Mahindra Rodeo Rz, Mahindra Pantero and Mahindra Mojo.

#### **c. Bajaj Auto**

Bajaj Auto is the flagship company of the Bajaj Group which is listed amongst the top ten business houses in India. Being the world's fourth largest two-wheelers and three-wheelers

manufacturers, the Bajaj brand is famous across several countries in Latin America, Africa, Middle East, South and South East Asia. The brand has been offered in Aizawl market through its authorized dealer Standard Motor works providing different models of two-wheelers namely Bajaj Pulsar RS 200, Bajaj Pulsar AS 200, Bajaj Discover 150 F, Bajaj CT 100, Bajaj Avenger, Bajaj Platina, Bajaj V, Bajaj Pulsar 180, Bajaj Pulsar 220 F, Bajaj Pulsar 135 LS, Bajaj Discover 125, Bajaj AS 150, Bajaj Pulsar.

**d. TVS**

TVS is a specific brand for the products of TVS Motor Co. Ltd, which is a subsidiary of the prestigious TVS group. The company is engaged in production of scooters, mopeds, motorcycle, auto rickshaw, etc. TVS Motors has made its reputed position in Indian two-wheeler market for being the 4<sup>th</sup> biggest two-wheeler manufacturing company. As of now, the product portfolio of TVS two-wheelers consist of several models namely, Apache RTR 160, Apache RTR 180, Flame, Heavy Duty Super XL, Jive, Jupiter, Max 4R, Pheonix, Sooty Pep+, Scooty Streak, Star City Plus, Sport, Wego, Zest, Victor, Apache RTR 200 4V which are offered through its respective authorized dealer such as Tlau TVS for Aizawl market.

**e. Piaggio Vespa**

Vespa is a famous scooter brand of reputed Italian company Piaggio which started growing in the year 1946 from single scooter model to a complete scooter line. Vespa scooters made its first entry into India during the year 1960 when the Italian company Piaggio gave licensed to bajaj auto which was soon terminated in 1971 due to the privatization programme of Indira Gandhi. The second entry of Vespa in India was started in 1983 when the company started partnership with LML Motors which was ended again in 1999. Consequently, Vespa made its re-entry to Indian two-wheelers market during auto expo 2012 which was held at New Delhi. Without including the local partnership, Vespa has managed to make a place in the Indian market by offering different models such as Vespa LX 125, Vespa VXL 150, Vespa



Elegante, Vespa SXL 150, Vespa SXL 125, Vespa VLX 125 through its respective authorized dealers such as Ck Cars for Aizawl market.

**f. Yamaha**

India Yamaha Motor Pvt. Ltd is a subsidiary unit of Yamaha Motor Company Ltd which is a legendary company based in Japan. This subsidiary was established in partnership with Mitsui in the year 2008. At present, Yamaha is engaged in products including two-wheelers (scooters, and motorcycles), boats, pools, electric power bicycles and many more. The Yamaha two-wheelers offers different models ,namely Yamaha ray, Yamaha VMX, Yamaha YZF R15, Yamaha Frazer, Yamaha FZ-S, Yamaha FZ, Yamaha Cygnus Alpha, Yamaha YZF R3, Yamaha YZF R1, Yamaha Saluto, Yamaha Fascino and Yamaha MT-09, through its authorized dealer such as Thansanga & Sons Yamaha for Aizawl market.

**g. Royal Enfield**

Royal Enfield was the oldest and the most prestigious motorcycle brand across the world which was manufactured by Enfield Cycle Company, a company based in United Kingdom (UK) which engaged in manufacturing motorcycles, bicycles, stationery engines and lawnmowers. Starting from the year 1890, after the brand was licensed by the British Crown, Royal Enfield extends to different countries including India. The sale of Royal Enfield in India had started in 1949, followed by assembling process of bullet in 1956. Consequently, Enfield India started manufacturing complete motorcycle in 1962 and further obtained legal right to use Royal Enfield title in India during the year 1995. Enfield India has a production unit in Chennai and the Royal Enfield motorcycles were trusted by the Government of India, thus, they were assigned to produce motorcycles for army and police. Royal Enfield has introduced attractive models namely Royal Enfield Continental GT 535, Royal Enfield Bullet 350 UCE, Royal Enfield Classic 350 & 500, Royal Enfield Bullet Ectra Twinspark, Royal Enfield Bullet 500 ES, Royal Enfield Bullet 65, Royal Enfield Thunderbird 500 . These

models were offered in the Aizawl market through its authorized dealer known as Lawma Enfield.

#### **h. Honda**

Honda is a reputed motorcycle brand of Honda Motorcycles and Scooter India (HMSI) which is the third largest two-wheelers company in India. The company had started its production from the year 2002 and as of now, the company is progressively climbing the steps with its impressive numbers. HMSI has introduced successive models of two-wheelers ranging from scooters to motorcycles namely Honda Activa & Activa 125, Honda Aviator, Honda CB Shine, Honda CB 1000R, Honda CBR 1000 RR Fire blade, Honda CBR 150R & 250R & 650, Honda Dio, Honda Dream Neo, Honda Dream Yuga, Honda VT 1300 CX, Honda VFR 1200 F, Honda CD 110 Dream, Honda CB Unicorn 160, Honda Livo, Honda Hornet 160R, Honda CB Shine SP and Honda Navi. These models were offered through its authorized dealer such as Hauva Honda for Aizawl market.

#### **i. Hyosung**

Hyosung is the superbike brand of the Hyosung Motors which is a subsidiary of the Hyosung Group of Industries. The Hyosung superbike is launched in Indian market by Garware Motors in the month of April, 2011. In recent times, the company units have been sold to DSK Motors which started a manufacturing plant in Lonand, India. Hyosung motorcycles have introduced six bike models in India including Hyosung GV250, Hyosung GT, Hyosung GD, Hyosung RT, Hyosung ST7 and Hyosung GV650 and these models were offered in the Aizawl market through its authorized dealer known as Highland Hyosung.

#### **j. KTM**

KTM is a renowned motorcycle company based in Austria. The company, known as KTM Sports motorcycle AG, was founded in the year 1992 and had achieved tremendous growth over the past years by making its existence in every corner of the world including India.

KTM is cooperating with the Indian Bajaj Group since 2007 to jointly developed street motorcycles in the entry level segment 125-390 cc, which are produced in India and sold under the brand KTM by both companies within their home countries. The current product portfolio of KTM in Indian market includes KTM Duke 200, KTM 390 Duke ABS, KTM RC 200 and KTM RC 390 an were introduced in Aizawl market through its authorized dealer known as Standard Motor works.

#### **4.3.2 College youths' brand preference of two-wheelers**

The different brands of two-wheelers were ranked by the students on the basis of their preferences from scale 1 to 10 where 1 stands for the highest score and 10 stand for the least score. Henry Garrett Ranking method was used to analyze the data as follows:

$$\text{Percent Position} = \frac{100 (R_{ij} - 0.5)}{N_j}$$

Where,  $R_{ij}$  = Rank given for the  $i$ th variable by the  $j$ th respondents

$N_j$  = Number of variable ranked by the  $j$ th respondents.

Table 4.8 indicates that Yamaha was ranked first with total score of 15362 and average score of 62.96. Royal Enfield occupied the second rank with a total score of 13917 and average score 57.04. Honda scored the third rank with a total score of 13649 and average score of 55.94. KTM scored the fourth rank with a total score of 12833 and average score of 52.59. Hero scored the fifth rank with a total score of 12431 and average score of 50.95. Mahindra scored the sixth rank with a total score of 11946 and average score of 48.96. TVS scored the seventh rank with a total score of 11116 and average score 42.52. Piaggio scored the eighth rank with a total score of 11013 and average score 45.14. Bajaj scored the ninth rank with a total score of 10665 and average score 43.71. Finally, Hyosung scored the tenth rank with a total score of 9353 and average score 38.34.

**Table 4.8: College youths' ranking for different brands of two-wheelers on the basis of their brand preferences**

<b>Brand</b>	<b>Total</b>	<b>Average</b>	<b>Rank</b>
Hero	12431/244	50.95	5
Mahindra	11946/244	48.96	6
Bajaj	10665/244	43.71	9
TVS	11116/244	45.52	7
Piaggio	11013/244	45.14	8
Yamaha	15362/244	62.96	1
Royal Enfield	13917/244	57.04	2
Honda	13649/244	55.94	3
Hyosung	9353/244	38.34	10
KTM	12833/244	52.59	4

**Source:** *Field survey*

Table 4.9 revealed the ranking given by male respondents and indicates that Yamaha was ranked first with total score of 111234 and average score of 64.74. Royal Enfield occupied the second rank with a total score of 10862 and average score 57.48. Honda scored the third rank with a total score of 10750 and average score of 56.88. KTM scored the fourth rank with a total score of 10153 and average score of 53.72.

**Table 4.9: Ranking given by male respondents for different brands of two-wheelers**

<b>Brand</b>	<b>Total</b>	<b>Average</b>	<b>Rank</b>
Hero	9810/189	51.91	5
Mahindra	8545/189	45.22	7
Bajaj	8386/189	44.38	8
TVS	8674/189	45.90	6
Piaggio	7841/189	41.49	9
Yamaha	12234/189	64.74	1
Royal Enfield	10862/189	57.48	2
Honda	10750/189	56.88	3
Hyosung	7482/189	39.59	10
KTM	10153/189	53.72	4

**Source:** *Field survey*

Consequently, Hero scored the fifth rank with a total score of 9810 and average score of 51.91. TVS scored the sixth rank with a total score of 8674 and average score of 45.90. Mahindra scored the seventh rank with a total score of 8545 and average score 45.22. Bajaj scored the eighth rank with a total score of 8386 and average score 44.38. Piaggio scored

the ninth rank with a total score of 7841 and average score 41.49. Finally, Hyosung scored the tenth rank with a total score of 7482 and average score 39.59.

**Table 4.10: Female respondents ranking for different brands of two-wheelers**

<b>Brand</b>	<b>Total</b>	<b>Average</b>	<b>Rank</b>
Hero	2621/55	47.66	7
Mahindra	3401/55	61.84	1
Bajaj	2279/55	41.44	9
TVS	2461/55	44.75	8
Piaggio	3172/55	57.68	2
Yamaha	3128/55	56.88	3
Royal Enfield	3055/55	55.55	4
Honda	2899/55	52.71	5
Hyosung	1859/55	33.8	10
KTM	2680/55	48.73	6

**Source:** *Field survey*

Table 4.10 revealed the ranking given by female respondents and indicates that Mahindra was ranked first with total score of 3401 and average score of 61.84. Piaggio occupied the second rank with a total score of 3172 and average score 57.68. Yamaha scored the third rank with a total score of 3128 and average score of 56.88. Royal Enfield scored the fourth rank with a total score of 3055 and average score of 55.55. Honda scored the fifth rank with a total score of 2899 and average score of 52.71. KTM scored the sixth rank with a total score of 2680 and average score of 48.73. Hero scored the seventh rank with a total score of 2621 and average score 47.66. TVS scored the eighth rank with a total score of 2461 and average score 44.75. Bajaj scored the ninth rank with a total score of 2279 and average score 41.44. Finally, Hyosung scored the tenth rank with a total score of 1859 and average score 33.8.

### **4.3.3 College youths' exposure to two-wheelers advertisements**

The advertisements of different brands of two-wheelers were ranked by the college youth on the basis of the number of times they were exposed to a specific brand advertisement. The ranks were given from 1-10 scale, where 1 stands for the most regular exposing two-

wheelers brand advertisement and 10 stands for the least exposing two-wheelers brand advertisement. According to Garrett Ranking method, the ranks were given as below:

**Table 4.11: Ranking given by the respondents on the basis of number of times they were exposed to two-wheelers advertisement**

<b>Brand</b>	<b>Total</b>	<b>Average</b>	<b>Rank</b>
Hero	14368/246	58.41	1
Mahindra	13851/246	56.31	3
Bajaj	11893/246	48.35	7
TVS	12757/246	51.86	6
Piaggio	13461/246	54.72	4
Yamaha	14170/246	57.61	2
Royal Enfield	10379/246	42.19	9
Honda	13205/246	53.68	5
Hyosung	7782/246	31.64	10
KTM	11445/246	46.53	8

**Source:** *Field survey*

The above Table 4.11 indicates that Hero was ranked first with total score of 14368 and average score of 58.41. Yamaha occupied the second rank with a total score of 14170 and average score 57.61. Mahindra scored the third rank with a total score of 13851 and average score of 56.31. Piaggio scored the fourth rank with a total score of 13461 and average score of 54.72. Honda scored the fifth rank with a total score of 13205 and average score of 53.68. TVS scored the sixth rank with a total score of 12757 and average score of 51.86. Bajaj scored the seventh rank with a total score of 11893 and average score 48.35. KTM scored the eighth rank with a total score of 11445 and average score 46.53. Royal Enfield scored the ninth rank with a total score of 10379 and average score 42.19. Finally, Hyosung scored the tenth rank with a total score of 7782 and average score 31.64.

#### **4.3.4 Effectiveness of two-wheeler advertising on college youths' brand preferences**

To determine the effectiveness of advertising on brand ratings of two-wheelers by college youth, correlation was tested between college youth's ranking for different brands of two-wheelers advertisement and ranking for different brands of two-wheelers based on their brand preferences. Thus, the following hypothesis is formulated to be tested:

### Hypothesis 9

H<sub>0</sub>: College youths' exposure to advertising on two-wheelers does not have positive effects on their brand preferences.

H<sub>a</sub>: College youths' exposure to advertising on two-wheelers has positive effects on their brand preferences.

**Table 4.12: Correlation analysis**

	Two-wheelers advertisement	Brand Preferences
Two-wheelers Advertisement	1	0.368722
Brand Preferences	0.368722	1

**Source:** *Field survey*

From the above Table 4.12, the correlation (0.368722) indicates that there is a relationship between two-wheelers advertisement and college youth brand preferences, but the correlation value 0.368722 is quite low to reach the significant value of 0.5. Thus, the null hypothesis is accepted and it can be conclude that college youths' exposure to advertising on two-wheelers does not have positive effects on their brand preferences.

### 4.4 Conclusion

Advertising plays an important role in introducing organizations' product and services to the target audience and influence the consumer. Advertising will survive if only it focuses on being effective to the target audiences. Thus, this study has employed AIDA model amongst all the other hierarchy of effects model to determine effectiveness of advertising on buying behavior. The model consists of four stages such as attention, interest, desire and action which were based on the assumption that the buyer passes successively through these entire stages one after the other. Thus, the above assumption is supported by this study where the results revealed that attention will have positive effect on interest, likewise interest will have positive effect on desire and finally desire will have positive effects on action. The AIDA

model is used to represent the effectiveness of advertising on buying behavior and it has been observed that effectiveness of advertising will have positive effect on buying behavior. Moreover, it was also observed that Yamaha is the most preferred brand of two-wheelers and Hero as the most regular exposed two-wheelers advertisement by college youth in Aizawl. Additionally, to determine the effectiveness of advertising on college youth brand preferences, the relationship between their brand preferences and exposure to two-wheelers advertisement were tested and it was observed that there is a significant relationship between the two variables.



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## **5.1 Introduction**

Attitude can be defined as a mental or neural state of readiness, organized through experience, exerting a directive or dynamic influence on the individual's responses to all objects and situations to which it is related (Allport, 1935). Attitudes are complex combinations of personality, beliefs, values, behaviors and motivations. They can be observed by observing the behavior of an individual as it affects the behavior of an individual by putting him ready to respond favourably or unfavourably to things in his environment. Attitude towards advertising is an important concept as it is one of the determinants of attitude towards specific advertisements (Tan and Chia, 2007; Lutz, 1985) which is further believed to influence the way a consumer responds towards any particular advertising. A consumer who gets pleasure from a particular advertisement is likely to hold a positive attitude toward the brand advertised (Sicillia, Ruiz & Reynolds, 2006). According to Goldsmith and Lafferty (2002), the major aim of advertising is to create positive attitude towards the ads and the brand until consumer purchases that product and through this positive attitude create emotional response in the mind of consumers. Thus, an advertiser focuses on influencing the attitude of the prospective buyers due to the fact that a consumer's attitude toward advertising influences the advertising effectiveness, brand attitudes, and purchase intentions (Mackenzie & Lutz, 1989).

Therefore, this chapter attempted to examine the attitude of college youth towards advertising on the basis of four variables/constructs which were developed from the extant literature. Product information, credibility, hedonic/pleasure and good for economy were developed as independent variables which were assumed to have positive influence on the dependent variable attitude towards advertising. Correlation and Regression analysis were employed for analyzing the data.

## 5.2 Conceptual Framework

Based on the review of relevant literature, the conceptual framework was designed and developed with four independent variables and one dependent variable-attitude towards advertising which were presented in Figure 5.1. The independent variables include product information, credibility, hedonic/pleasure and good for economy which are designed to create either positive or negative influence to the dependent variable-attitude towards advertising.

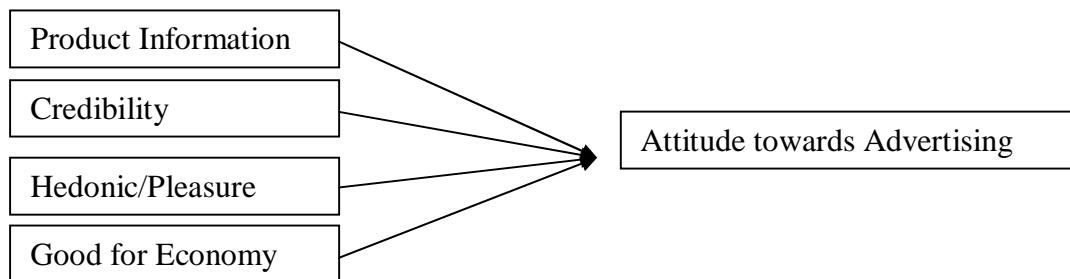


Figure 5.1: Conceptual Framework

Table 5.1 provides the summary of the constructs for attitude towards advertising and the sources from which they are extracted. The items for the independent variable 'product information', 'hedonic/pleasure', 'good for economy' were adopted from Tan and Chia (2007) and Ling, Piew and Chai (2010) whereas the items for 'credibility' were adopted particularly from Ling, Piew and Chai (2010). The items for the dependent variable 'attitude towards advertising' were also adopted from Tan and Chia (2007), Ling Piew and Chai (2010) as well as Eze and Lee (2011).

**Table 5.1: Summary of the constructs and their sources**

<b>Variables</b>	<b>Measuring Items</b>	<b>Sources</b>
Product Information	PI1: Advertising on two-wheelers provided valuable information about the product. PI2: Advertising tells me which brands of two-wheelers have the features I am looking for. PI3: Advertising helps me keep up to date about the products available in the two-wheelers market place	Tan and Chia (2007); Ling, Piew and Chai (2010)
Credibility	C1: I find advertising on two-wheelers is credible. C2: I find advertising on two-wheelers is trustworthy. C3: I think advertising on two-wheelers is believable.	Ling, Piew and Chai (2010)
Hedonic	H1: Quite often, advertising on two-wheelers are amusing and entertaining. H2: I think advertising on two-wheelers are enjoyable. H3: Advertising on two-wheelers are pleasing.	Ling, Piew and Chai (2010);Tan and Chia (2007); Eze and Lee(2011)
Good for Economy	GE1: In general, advertising helps our nation's economy. GE2: Advertising helps raise our standard of living. GE3: In general, advertising promotes competition which benefits the consumer.	Tan and Chia (2007);Ling Piew and Chai (2010)
Attitude towards Advertising	A1: I would describe my overall attitude towards advertising favourable. A2: I support advertising because it plays an important role in my buying behavior A3: Overall I like advertising.	Tan and Chia (2007), Ling Piew and Chai (2010) Eze and Lee (2011)

### 5.2.1 Product information

One of the most vital functions of advertising is to provide information (Rubin, 2002) which is consistent with the opinion of Calfee and Ringold (1994) that advertising provides product information which leads to consumer education. Rotzoll, Haefner & Sandage (1986) also

mention that advertising plays an important and legitimate role in delivering information. Information is considered as a valuable incentive in marketing because recipients react very positively to advertisements that transfer incentives (Varney, 2003; Ling, Piew and Chai, 2010). The factor of information relates to the content of the advertisement since the primary objectives is to create awareness as well as to show the uniqueness of the advertised product (Soberman, 2004). Thus, the advertisement should supply complete product information and must ensure that the information about the product is immediately accessible (Ducoffe, 1996). Product Information affects consumers' attitude towards advertising by providing information about product improvement, newly launched products, and so forth (Eze and Lee, 2012). The advertiser must ensure that the advertisement should be a good source of relevant product information (Brackett & Carr, 2001) since previous studies conducted by researchers such as Ramaprasad and Thurwanger (1998); Ducoffe (1996); and Haghirian and Maldberger (2005) conclude that there are strong and positive relationships between product information and consumer attitude towards advertising.

### **5.2.2 Credibility**

Mackenzie and Lutz (1989) define credibility in the context of advertising industry as consumers' general perception towards the truthfulness, reliability, trustworthiness and believability of advertisement. Similarly, Adler and Rodman (2000) generally define credibility as the believability of the addressor and its perception in the listener's mind while the advertisers credibility can be defined as the extent to which a consumer perceived a company to be a believable source of information, based on sufficient relevant expertise (Varey, 2002). Lafferty and Goldsmith (1999) reported that advertising credibility is the key factor that affects the formation of attitude and behavior and it can be affected by various factors, particularly the company's credibility and the person who deliver the message (Goldsmith, Lafferty and Newell, 2000). Thus, the imperative way to achieved credibility can

be listing out key attributes and communicate trustworthiness to the consumers. Referrals, suggestion and positive association could be used by the advertiser to gain trust among the consumers. The used of industry professional such as doctor or hairdressers are considered to increase the level of trustworthiness and credibility of the product even more (Solomon *et al.*, 2010). Apart from that, the employment of celebrities as spokesperson also improves the level of credibility (Fill, 2005; Solomon *et al.*, 2010). Studies such as Haghirian and Maldberger (2005); and Brackett and Carr (2001) revealed that the credibility of an advertising message has positive influence of consumer attitude towards advertising.

### **5.2.3 Hedonic/Pleasure**

Advertising can be considered as a source of entertainment or pleasure (Alwitt and Prabhakar 1992; Pollay and Mittal, 1993). Sound and movement are included in the broadcast ads to create emotional impact (Speck and Elliot, 1997) and a study conducted by Jones (1999) has revealed that the most successful advertising campaigns are believed to contain a specific feature in which the advertiser are able to hold viewers' attention by making the ads engaging, entertaining, light-hearted and amusing to look at. Consumers' responses to the advertisement are stipulated by their hedonic value and thus, the hedonic value of the advertisement can command and condition their reaction towards the advertisement (Bauer and Greyser, 1968). Consumers like and prefer to see advertisements that have more entertainment and pleasurable elements (Alwitt and Prabhakar 1992; Pollay and Mittal, 1993). In other words, the more pleasurable or entertaining the advertising is, the more it is favoured by the consumers. Consumers' feeling of enjoyment connected with the ads plays a significant role in shaping their overall attitudes towards the advertising (Shavitt *et al.*, 1998). Thus, considering the findings of Alwitt and Prabhakar (1992); and Pollay and Mittal (1993), the hedonic/pleasure will create positive attitude towards the advertising.



#### **5.2.4 Good for economy**

The concept of ‘good for economy’ has been suggested by Belch and Belch (2008) with the point of view that advertising speeds up the acceptance of new products, fosters full employment, reduces the average cost of production, encourage healthy competition between the producers and raises the standard of living on average. Moreover, advertising has been viewed by its supporters as the life blood of business. It provides information about the product and services to the consumers and even support them to have a better standard of living (Belch and Belch, 2008). Petrovici *et al.* (2007) suggests that the ability of the advertisers to supply truthful and dependable information about their products to the audience is claimed to be the economic benefit of advertising. Similarly, Galbraith (1947) states that “advertising and its related arts thus help developed the kind of man (people) the goals of the industrial system require one that reliably spend his income and works reliably because he is always in need of more”. Thus, Galbraith argument is supported by Bauer and Greyser (1968) who had identified that advertising increases the standard of living and led to good products.

#### **5.2.5 Attitude towards advertising**

Fishbein (1967) has defines attitude as “a learned predisposition of human beings”. Similarly, Lutz (1985); Eze and Lee (2011) define attitude towards advertising as a learned predisposition to react in a consistently favourable or unfavourable manner to advertising whereas Kotler (2000) affirmed that attitude is an individual personal evaluation, emotional feeling attached and action plan towards some objects or ideas. Aaker *et al.* (1995) states the attitudes as “mental states used by individual to structure the way they perceive their environment and guide the way they respond to it”. However, attitude towards advertising can be considered to be the most influencing theory in marketing and advertising research that has been often used to understand the consumer buying behavior. According to

Goldsmith and Lafferty (2002), the attitude formed towards the advertising manipulates the consumers' attitude towards the brand and finally leads to purchase intention. Based on traditional theory of consumer attitude, the consumer buying behavior is formed by the attitude which was earlier developed in the consumers' mind (Smith and Swinyard, 1983). Ling, Piew and Chai (2010) in their study revealed that determinants of attitude such as Credibility, informative, hedonic/pleasure and good for economy has a strong positive influenced on attitude towards advertising therefore, in this study Product information, credibility, hedonic/pleasure and good for economy are included.

### **5.3 Testing of Hypotheses**

On the basis of the above literature, the following hypotheses are developed to be tested:

#### **Hypothesis 1**

$H_0$ : Product information given by advertising does not have effects on college youths' attitude towards advertising.

$H_a$ : Product Information given by advertising has positive effects on college youths' attitude towards advertising.

#### **Hypothesis 2**

$H_0$ : Credibility of advertising does not have effects on college youths' attitude towards advertising.

$H_a$ : Credibility of advertising has positive effects on college youths' attitude towards advertising.

### **Hypothesis 3**

$H_0$ : Hedonic/pleasure given by advertising does not have effects on college youths' attitude towards advertising.

$H_a$ : Hedonic/pleasure given by advertising has positive effects on college youths' attitude towards advertising.

### **Hypothesis 4**

$H_0$ : Good for economy of advertising does not have effects on college youths' attitude towards advertising.

$H_a$ : Good for economy of advertising has positive effects on college youths' attitude towards advertising.

#### **5.3.1 Mean, standard deviation and reliability value for variables**

Table 5.2 depicts the items for all the variables and their reliability which is measured by using Cronbach's Alpha. The purpose of the reliability measure is to test the internal consistency of the items within the variable. All the variables except for Hedonic/pleasure yield a reliability of more than 0.7 supportive to the opinion of Nunnally (1978) that the values for Cronbach's Alpha of 0.7 or higher is satisfactory. The values for Hedonic/pleasure is lower as compared to other variables i.e. 0.61 but it is still considered acceptable marking that Cronbach (1951) stated that a value higher than 0.5 was acceptable level for good internal consistency.

**Table 5.2: Mean, standard deviation and reliability value for variables**

<b>Variables</b>	<b>Statements</b>	<b>Mean</b>	<b>Std. Deviation</b>	<b>Cronbach's Alpha</b>
Product Information	Advertising on two-wheelers provided valuable information about the product.	3.52	1.196	0.75
	Advertising tells me which brands of two-wheelers have the features I am looking for.	3.40	1.116	
	Advertising helps me keep up to date about the products available in the two-wheelers market place.	3.61	1.198	
Credibility	I find advertising on two-wheelers is credible.	3.41	1.120	0.84
	I find advertising on two-wheelers is trustworthy.	3.50	1.207	
	I think advertising on two-wheelers is believable.	3.52	.818	
Hedonic/ Pleasure	I find advertising on two-wheelers are amusing and entertaining.	3.77	1.039	0.61
	I think advertising on two-wheelers are enjoyable.	3.30	.903	
	Advertising on two-wheelers are pleasing.	3.86	.726	
Good for Economy	In general, advertising helps our nation's economy.	3.40	1.116	0.72
	Advertising helps raise our standard of living.	3.52	1.218	
	In general, advertising promotes competition which benefits the consumer.	3.50	1.207	
Attitude towards advertising	I would describe my overall attitude towards advertising favourable.	3.50	1.207	0.76
	Advertising plays an important role in my buying behavior.	3.70	1.102	
	Overall, I like advertising.	3.30	1.102	

**Source:** *Field survey*

To evaluate 'product information' responses given by the respondents on the product advertised, mean score of the college youth shows the highest level of agreement to the statement '*advertising helps me keep up to date about the products available in the two-*

*wheelers market place*' (3.61); followed by the statement that *'advertising on two-wheelers provided valuable information about the product'* (3.52), *'advertising tells me which brands of two-wheelers have the features I am looking for'*(3.40)indicating that the two-wheelers advertisement is a good source of product information for the college youth.

To evaluate 'credibility' responses given by the respondents on the product advertised, mean score of the college youth shows the highest level of agreement to the statement *'I think advertising on two-wheelers is believable'* (3.52); followed by the statement that *'I find advertising on two-wheelers is trustworthy'* (3.50), *'I find advertising on two-wheelers is credible'* (3.30) indicating that the two-wheelers advertisement is believable, trustworthy and credible enough for the college youth.

To evaluate 'hedonic/pleasure' responses given by the respondents on the product advertised, mean score of the college youth shows the highest level of agreement to the statement *'advertising on two-wheelers are pleasing'* (3.86); followed by the statement that *'I find advertising on two-wheelers are amusing and entertaining'* (3.77), *'I think advertising on two-wheelers are enjoyable'* (.40) indicating that the two-wheelers advertisement entertains and gives pleasure to the college youth.

To evaluate 'good for economy' responses given by the respondents on the product advertised, mean score of the college youth shows the highest level of agreement to the statement *'advertising helps raise our standard of living'* (3.52); followed by the statement that *'in general, advertising promotes competition which benefits the consumer'* (3.50), *'in general, advertising helps our nation's economy'*(3.40)indicating that the two-wheelers advertisement is considered to be good for economy by the college youth.

To evaluate 'attitude towards advertising' responses given by the respondents on the product advertised, mean score of the college youth shows the highest level of agreement to the

statement ‘*advertising plays an important role in my buying behavior*’ (3.70); followed by the statement that ‘*I would describe my overall attitude towards advertising favourable*’ (3.50), ‘*Overall, I like advertising*’ (3.30) indicating that the college youth were having favourable attitudes towards two-wheelers advertisement.

### 5.3.2 Correlation analysis

According to Croxton and Cowden, “When the relationship is of quantitative in nature, the appropriate statistical tool for discovering and measuring the relationship and expressing in a brief formula is known as correlation.” Pearson Correlation analysis is employed to measure the extent of relationship between two or more variables.

**Table 5.3: Correlation analysis**

	PI	C	H	GFE	ATA
PI	1				
C	.462 <sup>**</sup>	1			
H	.029	.246 <sup>**</sup>	1		
GFE	.295 <sup>**</sup>	-.009	.253 <sup>**</sup>	1	
ATA	.702 <sup>**</sup>	.452 <sup>**</sup>	.099	.138 <sup>*</sup>	1

<sup>\*\*</sup>. Correlation is significant at the 0.01 level (2-tailed).

<sup>\*</sup>. Correlation is significant at the 0.05 level (2-tailed).

**Source:** Field survey

Where, PI: Product information

C-: Credibility,

H: Hedonic,

GFE: Good for economy and

ATA: Attitude towards advertising.

Table 5.3 reveals the correlation matrix of the variables. The result of the two-tail test at 0.01 and 0.05 significant levels show a significant correlation among the independent variables

and the dependent variable, except for hedonic/pleasure. The result revealed that product information (PI) is positively related to all the other independent variables (except for hedonic) and the dependent variable. Product information (PI), credibility (C) and good for economy (GFE) are found to be positively related to attitude towards advertising (ATA) while no relation is found between hedonic/pleasure (H) and attitude towards advertising (ATA).

### **5.3.3 Multiple regression analysis**

Regression determines the cause and effect relationship between two variables indicating that the change in the value of an independent variable also causes a change in the value of the dependent variable. It is presented in the form of an algebraic equation whereby the value of one variable (dependent) is predicted or estimated based on the value of the other variable (independent). The effect of attitude determinants (product information, credibility, hedonic/pleasure and good for economy) on attitude towards advertising was analyzed through multiple regressions. The analysis was run on a set of data by taking product information, credibility, hedonic/pleasure and good for economy as independent variables and attitude towards advertising as dependent variable.

Table 5.4 shows that the magnitude of R square came to be .519 indicating that 51.9 % of the variation in attitude towards advertising could be explained by the attitude determinants (product information, credibility, hedonic/pleasure, good for economy). The Durbin Watson D statistic (2.337) indicates that the residual do not suffers from serial autocorrelation. The regression coefficient for the predictor variables product information, credibility, hedonic/pleasure and good for economy came to be .645, .131, .091 and -.071 respectively. The coefficient value shows the change in the dependent variable with a unit change in a variable value i.e. there is an increase of .645 units in college youth's attitude towards

advertising for every unit increase in product information given by advertising and .131 units increase in college youth's attitude towards advertising for every unit increase in credibility of advertising.

**Table 5.4: Effects of attitude determinants on college youths' attitude towards advertising**

Variable	Attitude towards advertising		
	$\beta$	t-value	p-value
<i>Constant</i>	2.104	2.478	.014*
<i>Product Information</i>	.645	12.133	.000*
<i>Credibility</i>	.131	2.398	.017*
<i>Hedonic/pleasure</i>	.091	1.354	.177
<i>Good for economy</i>	-.071	-1.441	.151
<i>R-square</i>	.519		
<i>Adjusted R-square</i>	.511		
<i>F-ratio</i>	65.520		
<i>Durbin Watson D Statistic</i>	2.337		

\*Significant at 5% level

**Source:** Field survey

The positively significant regression coefficient of .645 with a p-value of .000 in case of product information revealed that product information given by advertising has positive effects on college youths' attitude towards advertising. Thus in hypothesis 1, the null hypothesis is rejected and alternate hypothesis is accepted.

The positively significant regression coefficient of .131 with a p-value of .017 in case of credibility revealed that credibility of advertising has positive effects on college youths' attitude towards advertising. Thus in hypothesis 2, the null hypothesis is rejected and alternate hypothesis is accepted.

The insignificant regression coefficient of .091 with a p-value of .177 in case of hedonic/pleasure revealed that hedonic/pleasure given by advertising does not have effects on college youths' attitude towards advertising. Thus in hypothesis 3, the null hypothesis is accepted.



The insignificant regression coefficient of -.071 with a p-value of .151 in case of good for economy revealed that good for economy of advertising does not have effects on college youths' attitude towards advertising. Thus in hypothesis 4, the null hypothesis is accepted.

Thus, the multiple regression equation for the study is presented below:

$$\text{Attitude towards Advertising} = 2.104 + 0.645 (\text{Product Information}) + 0.131 (\text{Credibility}) + 0.091 (\text{Hedonic}) + (- 0.071 \text{ Good for Economy}).$$

#### 5.4 Attitude towards advertising and buying behavior

Attitude-towards-advertising is an interesting theory of advertising which was often used to understand the buying behavior. The attitude remains unchanged until the consumer made a purchase decision towards a product or services. According to Goldsmith and Lafferty (2002), effective advertisement influences the attitude towards brand and finally leads to buying behavior. Thus, the following hypothesis is developed to be tested.

##### Hypothesis 5

H<sub>0</sub>: Attitude towards advertising has positive effects on college youths' buying behavior.

H<sub>a</sub>: Attitude towards advertising has positive effects on college youths' buying behavior.

**Table 5.5: Effects of attitude towards advertising on college youth's buying behavior**

Variable	Buying behavior		
	β	t-value	p-value
<i>Constant</i>	9.544	14.089	.000*
<i>Attitude towards advertising</i>	.602	10.934	.000*
<i>R-square</i>	.325		
<i>Adjusted R-square</i>	.323		
<i>F-ratio</i>	119.550		
<i>Durbin Watson D Statistic</i>	2.412		

\*Significant at 5%level

Source: Field survey

Table 5.5 shows that the magnitude of R square came to be .325 indicating that 32.5 % of the variation in buying behavior could be explained by the attitude towards advertising. The Durbin Watson D statistic (2.412) indicates that the residual do not suffers from serial autocorrelation. The regression coefficient for the predictor variables attitude towards advertising came to be .602. The coefficient value shows the change in the dependent variable with a unit change in a variable value i.e. there is an increase of .602 in college youths' buying behavior for every unit increase in attitude towards advertising. The positively significant regression coefficient of .602 with a p-value of .000 revealed that attitude towards advertising has positive effects on college youths' buying behavior in respect of two-wheeler advertised. Thus, in hypothesis 5, the null hypothesis is rejected and the alternate hypothesis is accepted.

## **5.5 Conclusion**

A study on attitude towards advertising has been carried out by a numbers of researchers as presented in the above conceptual framework. Most of the findings have revealed that the determinants of attitude such as product information, credibility, hedonic/ pleasure and good for economy are positively related to attitude towards advertising. Based on the findings of this study, there is a positive effect of product information on attitude towards advertising with a p value of 0.000. The finding is consistent with the finding of Eze and Lee (2012) who concluded from their study on consumers' attitude towards advertising in Malaysia. Similarly, there is a positive relationship between credibility and attitude towards advertising with a p value of 0.017 which revealed that the more trustworthiness, believable and credible the advertising is, the more positive attitude will be created in the minds of the viewers. The finding is also consistent with the findings of Haghirian and Maldberger (2005) who revealed that credibility of an advertising message has positive influence on consumer attitude towards advertising.

Even though researchers such as Ling, Piew and Chai (2010); Ramaprasad and Thurwanger (1998); Pollay and Mittal (1993) conclude that hedonic/pleasure has a positive influence on attitude towards advertising, the finding of this study is inconsistent with them with a p value of 0.177 and hypothesis 3 is not supported. Similarly, the result of good for economy with a p value of 0.152 is inconsistent with the findings of Munusamy and Wang (2007; Tan and Chia (2007); Ling, Piew and Chai (2010) who support that good for economy have positive influence on attitude towards advertising.

The findings of this study are believed to provide supplementary information for future researchers as well as for the public and the advertisers. It will provide additional information to the existing literature which is believed to be helpful for the future researchers. The findings of the study would also help the public in perceiving the positive and negative contents of the advertising which would change their attitude towards advertising. Moreover, the advertiser would gain knowledge for creating a favourable consumer's attitude.

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## **6.1 Introduction**

The final chapter describes major findings of the study and suggestions of the study. In the initial part of the chapter, the key major findings discussed at length are briefly presented here for better understanding and easy reference. The suggestions given to two-wheelers companies/producers and advertising agencies, suggestions to youth and suggestions to government were discussed separately in the latter part of the chapter along with the scope for future research.

## **6.2 Chapter-wise summary of findings**

### **6.2.1 Introduction**

- a. Advertising is considered as one of the most effective promotional tool as it can arouse the interest on the audience and even influence them to buy the product they have never bough before.
- b. Advertising is considered to be the primary sources of communication between the manufacturer and the buyer.
- c. From the economic and business standpoint, advertising creates demand for products and services which strengthens the economy.
- d. Based on traditional hierarchy of effects model, advertising has an impact on prospective buyers by building memory about the advertisement, brand cognitions which leads to positive attitudes such as product liking and attitudes towards purchase, which will further leads to buying behavior i.e., buying the advertised product
- e. Advertising is classified into main four main types of vehicle namely print media, place media, broadcast media, and narrowcast media. Newspaper and magazines belongs to print media, billboards and transits are place media, television and radios

are broadcast media while telemarketing, direct mail and internet belong to narrowcast media.

- f. There are several factors which influence the buying behavior of the consumer such as cultural factors, social factors, personal factors and psychological factors.
- g. India is the biggest two-wheelers market in the world based on its total volume of production and sales of the two-wheelers industry. Two-wheelers market in India comprises of three main types of vehicle viz. motor cycles, scooters and mopeds. Apart from this, firms have started manufacturing new categories such as Step Thrus and Scooterettes by combining two or more Two-wheelers segment.
- h. The two-wheelers manufacturers in India are Hero Motocorp, Honda Motorcycle and Scooter India, TVS Motor Company, Bajaj Auto, India Yamaha Motor, Royal Enfield, Suzuki Motorcycle India, Mahindra Two-wheelers, Piaggio Vehicles, Harley Davidson Motor Company India, India Kawasaki Motors, Triumph Motorcycles India.
- i. The overall two-wheelers industry registered domestic sales of 1,61,22,322 units in 2015 which shows 0.68 % year on year growth i.e. 108,875 units over the total sales of 1,60,13,447 units recorded in 2014.
- j. The market share of scooters in the overall two-wheelers market has witnessed substantial growth with 12.94 % i.e. 48,80,117 units in 2015 as against 43,20,925 units in 2014. On the contrary, the motorcycles sales has decline with 3.42 % i.e. 1,05,23,909 units in 2015 as against the overall sales of 1,08,96,687 units in 2014.
- k. The Aizawl two-wheelers market is supplied with different brands such as Hero, Mahindra Two-wheelers, Bajaj Auto, TVS Motors, Vespa, Yamaha, Royal Enfield, Honda, Hyosung, KTM and Suzuki whereby a separate network of dealer existed for each brand.



### **6.2.2 Socio-economic profile of the respondents**

- a. The population of Mizoram stood at 10,97,206 which accounts for only 0.09% of the India's population 12,10,19,342 as per census, 2011. The total population consists of 555,339 male and 541,867 female respectively with a sex ratio of 976.
- b. The official language of Mizoram are Mizo as well as English. The Mizos have a good faith in religion and majority of the people (87%) follows Christianity through different denominations predominantly Presbyterian.
- c. In terms of Gross State Domestic Product (GSDP), services sector, industry sector, agriculture & allied sector were the three major contributors for the growth of GSDP. The remarkable contributions made by service sector (58% of the total GDP) indicates that this sector drives the economy of Mizoram.
- d. Telecommunication services in Mizoram were supplied through more than a few service provider specifically BSNL, Airtel, Aircel, Reliance, Vodafone and Idea. As on 31<sup>st</sup> March, 2014, there were 8,85,364 telephone connections in the state. Airtel has the majority of subscribers with 3,50,570 connections followed by Aircel with 1,79,228 connections.
- e. There are 28 under-graduates colleges including 2 professional institutions affiliated under the Mizoram University.
- f. Broadband access is available through different service provider BSNL, Airtel, Vodafone, Netsurf, etc and moreover, there are quite a lot of websites in confined dialect.
- g. For Broadcast media, Doordarshan and All India Radio broadcast programmes which are attached to native culture and local news. Besides, private television cable channels for instance LPS and Zonet are renowned in Aizawl as well as in different parts of the state. For Print Media, local newspaper including Vanglaini, The Zozam

Times, The Evening Post, etc are good supply of Information which guarantee print Journalism remains an admired news medium in Mizoram.

- h. The study reveals that majority of the respondents (32%) were pursuing 4<sup>th</sup> semester which was followed by students in 2<sup>nd</sup> semester (31.6%) and in 6<sup>th</sup> semester (27.6%) respectively.
- i. 77.6% of respondents belong to arts disciplines followed by 15.6 % in commerce and 6.4% in science disciplines respectively. The least number of students belongs to science discipline because Pachhunga University College is the only college that offers science subject among the selected colleges.
- j. It was observed that respondents from science discipline were found only in Pachhunga University College since it is the only college which offers science discipline among the selected colleges. Besides, Aizawl North College is the only college that is specifically confined to arts discipline thus, all the students in this college were pursuing their studies under arts discipline
- k. The study found that majority of the respondents (77.6%) were males and the number of male respondents (17.2%) was highest in Pachhunga University College while the least number of male respondents belongs to Government Aizawl North College (13.6
- l. It was found that majority of the respondents (76%) belongs to the age group of 20-24 years followed by 21.2% in 17-19 years and 2.8% in 25-29 years.
- m. The majority (64%) of the respondents' parents are engaged in government service which was followed by business (16.2%), private service (7.2%) and self-employed as well as other occupation (6.0%).
- n. The study finds that majority of the respondents (70.8%) were belonging to a family with an average annual income of 1-3 Lakh followed by 19.1 % of respondents in 3-5 Lakh average annual income, 4.8% respondents in 5-8 Lakh average annual income,

3.2% of respondents in 8-10 Lakh average annual income and 2% of respondents were belonging to an average annual income of above 10 Lakh.

- o. The majority of the respondents (31.2%) own Yamaha brands of two-wheelers followed by Mahindra (28.4%), Hero (12.8%), TVS (7.2%), Honda (4.8%), Piaggio Vespa (4%), Royal Enfield (2.4%), KTM (1.2%) and Hyosung (0.4%).
- p. In terms of model, it was found that Yamaha FZ was the most popular bike among the college youth which was indicated by the highest number of ownership (15.6%) and was followed by Mahindra Flyte (14.8%) & Rodeo (13.6%), Yamaha R15 (13.2%) and Hero Karizma (9.2%) respectively.
- q. Product information analysis revealed that 80.4% of the respondents are driving brand new two-wheelers while 19.6% are driving second-hand two-wheelers for going to the college.
- r. Regarding the types of vehicle, it was observed that majority of the respondents (58.8%) owns a bike and it was followed by a scooter (39.2%) and a moped (1.6%).
- s. It was found that majority of the respondents (73.6%) are driving two-wheelers which was purchased by their parents. Moreover, all these two-wheelers were purchased within the year between 1999- 2014.

### 6.2.3 Advertising and buying behavior

- a. The study found that the estimated total advertising expenditure in India for the year 2016 is Rs 57,485 Crore experiencing 15.5 % growth rate from Rs 49759 Crore in 2015. Of this, television advertising is projected to contribute the highest advertising spend with a shares Rs 27,074 Crore (47.1%), followed by newspaper with a share of 17,099 Crore (29.9%). Digital advertising spend is projected to be the third highest category in advertising spending with a share of Rs 7,300 Crore (12.7%) from the total projected advertising expenditure.

- b. The study found that television, with an average score of 70.44, was the most preferred advertising media in respect of two-wheeler by the college youth in Aizawl.
- c. The study found that television remains the most preferred media by the respondents belonging to different income group, parental occupations, colleges and subject streams.
- d. Rank analysis on respondents' preferences for advertising media revealed that 'television' was ranked first with an average score of 70.44, newspaper occupied the second rank with an average score of 59.91, internet scored the third rank with an average score of 57.23, magazine scored the fourth rank with an average score of 53.47, billboard scored the fifth rank with an average score of 41.68, radio scored the sixth rank with an average score of 34.70 and finally, brochure scored the seventh rank with an average score of 33.01.
- e. Gender wise rank analysis on respondents' preferences for advertising media revealed that television was ranked first with an average score of 70.14, newspaper scored the second rank with an average score of 61.05 and internet scored the third rank with an average score of 56.95 for the male respondents while female respondents have ranked television as the first with an average score of 71.07, internet as the second rank with an average score of 58.19 and newspaper as the third in the category with an average score of 56.01.
- f. The study found that majority of the respondents (64.4) had exposure to media on daily basis followed by exposure to media on occasional (16.8%) and sometimes (11.2).
- g. It was found that majority of the respondents (38.8%) encountered the two-wheelers advertisement for 3-5 times, followed by 0-2 times (27.6%), 6-8 times (19.6%) and 8

times and above (0.14%) before making the purchase decision. Moreover, majority of the respondents encountered television advertisement for 3-5 times.

- h. Factor analysis was conducted to assess the important factors for buying two-wheelers among the college youth. According to the factor analysis, out of the 10 statements, three factors were chosen in terms of Eigen value of more than 1. The first factor that was found to be the most important factor for buying two-wheelers was 'popularity of the model' which is positively loaded with celebrity endorsement, popularity and road shows with explanation of variance. The second factor 'brand choice' exhibit loadings for three variables such as body design, brand image and sales promotion. The third factor is known as 'product attributes' which is exhibited by the factor loadings of price, colour, mileage and power cc.
- i. To evaluate the respondents 'buying behavior' towards the product advertised, mean score of the college youth shows highest level of agreement to the statement that '*I want to buy two-wheelers which make me feel like the person I want to be*'(3.53); followed by the statement that '*compared to things I could do, buying two-wheelers is really enjoyable*' (3.47), '*I buy two-wheelers because they gave me prestige*'(3.45), '*I like to buy two-wheelers which impress other people*' (3.31) and '*buying two-wheelers arouses my emotions and feelings*' (3.28) indicating that impression, prestige, personality, emotions, feelings and enjoyment were an important variables for the buying behavior of the college youth.
- j. To evaluate the advertising characteristics, mean score of the college youth shows highest level of agreement to the statement that '*the design of two-wheelers advertisement persuades me to watch the advertisement*' (3.61); followed by the statement that '*I find the content of two-wheelers advertisements very helpful and persuasive*' (3.57), '*the qualities of two-wheelers advertisements influenced me to*

*watch the advertisement*' (3.50) and *'the duration of two-wheelers advertisements are satisfactory enough to arouse my desire to own the product'*(3.34) indicating that the design, content, qualities and durations of two-wheelers advertisements were an important advertising characteristics that attracts the college youth towards the product advertised.

- k. The correlation and regression analysis were employed to estimate the relationship between dependent- buying behavior and independent variable- advertising characteristics. The correlation analysis with a two-tail test at 0.01 significance level indicates that there exist a positive correlation between the advertising characteristics and buying behavior ( $r = 0.780$ ). Moreover, the regression analysis revealed a positively significant regression coefficient of .777 with a p-value of .000. Thus, the study finds that advertising characteristics have a positive effect on college youth's buying behavior.

#### **6.2.4 Effectiveness of two-wheeler advertising**

- a. AIDA (attention, interest, desire and action) model of advertising communication was employed to determine the effectiveness of advertising. To evaluate, the first stage of AIDA model of advertising communication, 'attention' paid by the respondents on the product advertised, mean score of the college youth shows the highest level of agreement to the statement *'the layout of two-wheelers ads directs me to pay attention to the ads'* (3.61); followed by the statements *'I read/watch two-wheelers ads because I find celebrities and perfect models in the ads'*(3.57), *'the dramatization involves in two-wheelers ads grab my attention '* (3.53), *'the design of two-wheelers ads are eye catching'* (3.43) and *' the stunts performed in two-wheelers ads are very attractive to grab my attention'* ( 3.34) indicating that the layout of the ads, the presence of celebrity endorsers, the presence of dramatization, attractive design of ads and stunts

performed within the ads were an important factors which attract the attention of the college youth towards two-wheelers advertisement.

- b. To evaluate the respondents 'interest' towards the product advertised, mean score of the college youth shows highest level of agreement to the statement that '*the products featured displayed in the ads generate my interest towards two-wheelers*'(3.49), '*the price and offers displayed in the ads makes me interested in the two-wheelers*' (3.40) and '*the promoted language and musical backgrounds of the two-wheelers ads are very interesting*'(3.12) indicating that the products features, prices and offers displayed in the ads as well as the promoted languages and musical background used in the two-wheelers advertisements generated college youth interest towards product advertised.
- c. To evaluate the respondents 'desire' towards the product advertised, mean score of the college youth shows highest level of agreement to the statement that '*the easy transportation provided by two-wheelers depicted in the ads built my desire to own the product*'(3.95); followed by the statement that '*the performance level displayed in the ads built my desire to buy the two-wheelers*' (3.57), '*availability of cheap consumer financing displayed through the ads create my desire to buy the two-wheelers*'(3.32) and '*the promises made in the two-wheelers ads through advertising message create a desire to full fill my needs*'(3.15) indicating that the presence of easy transportation, performance level , availability of cheap consumer financing and the advertising promises were the basis of creating a desire in college youth.
- d. To evaluate the respondents 'action' towards the product advertised, mean score of the college youth shows highest level of agreement to the statement that '*after watching the ads, I consider buying the two-wheelers*'(3.58); followed by a statement that '*after, watching the ads, I intended to buy two-wheelers*'(3.65), '*after, watching*

*the ads, I buy this two-wheelers'* (3.29), *'after watching the ads, I am very likely to buy two-wheelers'* (3.16) and *'after, watching the ads, the probability of my buying two-wheelers was high'* (3.10) indicating that college youth exposure to advertising intended to create action towards the product advertised.

- e. In case of the effect of college youth's attention on their interest, the significantly positive regression coefficient of 0.506 with a p-value of 0.00 revealed that the college youth's attention has a positive effect on their interest towards the two-wheeler advertised.
- f. In case of the effect of college youth's interest on their desire, the significantly positive regression coefficient of .854 with a p-value of .014 revealed that college youth's interest has a positive effect on their desire towards the two-wheeler advertised.
- g. In case of the effect of college youth's desire on their action, the significantly positive regression coefficient of 0.912 with a p-value of 0.34 revealed that college youth's desire has a positive effect on their action towards the two-wheeler advertised.
- h. In case of the effects of AIDA on college youth's buying behavior, the AIDA model witnessed a significant positive regression coefficient of .201 with a p-value of .018 in case of attention, .147 with a p-value of .050 in case of interest, .433 with a p-value of .001 in case of desire and .645 with a p-value of .000 in case of action. Thus the study finds that AIDA (attention, interest, desire and action) model has a positive effect on college youth's buying behavior.
- i. The effectiveness of advertising on college youth's buying behavior shows a significantly positive regression coefficient of .124 with a p-value of .000. Thus, the study observed that effectiveness of advertising has a positive effect on college youth's buying behavior.



- j. The rank analysis of the study found that Yamaha was the most preferred brands of two-wheelers in Aizawl by the college youth with an average score of 62.96; followed by Royal Enfield with an average score of 57.04, Honda with an average score of 55.94, KTM with an average score of 52.59, Hero with an average score of 50.95, Mahindra with an average score of 48.96, TVS with an average score of 45.52, Piaggio with an average score of 45.14, Bajaj with an average score of 43.71 and Hyosung with an average score of 38.34 .
- k. Gender-wise analysis for college youth brand preferences of two-wheelers revealed that Yamaha was ranked first with an average score of 64.74; followed by Royal Enfield with an average score of 57.48, Honda with an average score of 56.88, KTM with an average score of 53.72, Hero with an average score of 51.91, TVS with an average score of 45.90, Mahindra with an average score of 45.22, Bajaj with an average score of 44.38, Piaggio with an average score of 41.49 and Hyosung with an average score of 39.59 by the male respondents while the female respondents rated Mahindra as first rank with an average score of 61.84; followed by Piaggio with an average score of 57.68, Yamaha with an average score of 56.88, Royal Enfield with an average score of 55.55, Honda with an average score of 52.71, KTM with an average score of 48.73, Hero with an average score of 47.66, TVS with an average score of 44.75, Bajaj with an average score of 41.44 and Hyosung with an average score of 33.8. Female brand preferences for two-wheelers were different from that of males due to the fact that female respondents prefers scooter over a bike.
- l. The study reveals that Hero advertisement was the most regular two-wheelers advertisement (with an average score of 58.41) which was gone through by the college youth; followed by the advertisements of different brands such as Yamaha with an average score of 57.61, Mahindra with an average 56.31, Piaggio with an

average score of 54.72, Honda with an average score of 53.68, TVS with an average score of 51.86, Bajaj with an average score of 48.35, KTM with an average score of 46.53, Royal Enfield with an average score of 42.19 and Hyosung with an average score of 31.64.

- m. The correlation test between college youth's ranking for different brands of two-wheelers advertisement and ranking for different brands of two-wheelers based on their preferences revealed that there is a relationship between two-wheelers advertisement and college youth's brand preferences, but the correlation value 0.368722 is quite low to reach the significant value of 0.5, thus the study reveals that college youth's exposure to two-wheelers advertisement does not have an effect on their brand preferences.

#### **6.2.5 Attitude towards advertising**

- a. To evaluate 'product information' responses given by the respondents on the product advertised, mean score of the college youth shows the highest level of agreement to the statement '*advertising helps me keep up to date about the products available in the two-wheelers market place*' (3.61); followed by the statement that '*advertising on two-wheelers provided valuable information about the product*' (3.52), '*advertising tells me which brands of two-wheelers have the features I am looking for*' (3.40) indicating that the two-wheelers advertisement is a good source of product information for the college youth.
- b. To evaluate 'credibility' responses given by the respondents on the product advertised, mean score of the college youth shows the highest level of agreement to the statement '*I think advertising on two-wheelers is believable*' (3.52); followed by the statement that '*I find advertising on two-wheelers is trustworthy*' (3.50), '*I find*

- advertising on two-wheelers is credible*' (3.30) indicating that the two-wheelers advertisement is believable, trustworthy and credible enough for the college youth.
- c. To evaluate 'hedonic/pleasure' responses given by the respondents on the product advertised, mean score of the college youth shows the highest level of agreement to the statement '*advertising on two-wheelers are pleasing*' (3.86); followed by the statement that '*I find advertising on two-wheelers are amusing and entertaining*' (3.77), '*I think advertising on two-wheelers are enjoyable*' (.40) indicating that the two-wheelers advertisement entertains and gives pleasure to the college youth.
- d. To evaluate 'good for economy' responses given by the respondents on the product advertised, mean score of the college youth shows the highest level of agreement to the statement '*advertising helps raise our standard of living*' (3.52); followed by the statement that '*in general, advertising promotes competition which benefits the consumer*' (3.50), '*in general, advertising helps our nation's economy*'(3.40) indicating that the two-wheelers advertisement is considered to be good for economy by the college youth.
- e. To evaluate 'attitude towards advertising' responses given by the respondents on the product advertised, mean score of the college youth shows the highest level of agreement to the statement '*advertising plays an important role in my buying behavior*' (3.70); followed by the statement that '*I would describe my overall attitude towards advertising favourable*' (3.50), '*Overall, I like advertising*' (3.30) indicating that the college youth were having favourable attitudes towards two-wheelers advertisement.
- f. The result of the two-tail test at 0.01 and 0.05 significant levels show a significant correlation among the independent variables (product information, credibility and good for economy) and the dependent variable (attitude towards advertising), except

for hedonic/pleasure. The result revealed that product information (PI) is positively related to all the other independent variables (except for hedonic) and the dependent variable. Product information (PI), credibility (C) and good for economy (GFE) are found to be positively related to attitude towards advertising (ATA) while no relation is found between hedonic/pleasure (H) and attitude towards advertising (ATA).

- g. The positively significant regression coefficient of .645 with a p-value of .000 in case of product information revealed that product information has a positive effect on college youth's attitude towards advertising.
- h. The positively significant regression coefficient of .131 with a p-value of .017 in case of credibility revealed that credibility of advertising has a positive effect on college youth's attitude towards advertising.
- i. The insignificant regression coefficient of .091 with a p-value of .177 in case of hedonic/pleasure revealed that hedonic/pleasure does not have an effect on college youth's attitude towards advertising.
- j. The insignificant regression coefficient of -.071 with a p-value of .151 in case of good for economy of advertising revealed that good for economy does not have an effect on college youth's attitude towards advertising.
- k. The positively significant regression coefficient of .602 with a p-value of .000 revealed that college youth's attitude towards advertising has a positive effect on their buying behavior towards the two-wheeler advertised.

### **6.3 Suggestions**

The following suggestions were developed on the basis of specific observations of the researcher, experts' view and analysis of primary as well as secondary data.

**a. Suggestions to two-wheeler companies and advertising agencies**

- i.** The study found that television is the most preferred media for both the male (Table 3.7) and female respondents (Table 3.8) due to its combine features of both audio and video; thus, media planner or advertiser should give priority to television advertising. There can be a situations when the television media might not be appropriate for advertising the products, thus in such case, the newspaper and the internet media could be employed by the advertiser to communicate with the target customers as they are the second and third preferences of the respondents.
- ii.** The primary mission of advertising is to reach the consumers and prospective customers and influence their awareness, attitudes, and buying behavior. Thus to achieve the above mission, advertising agencies and producers must ensure that product features are properly communicated in their advertisements. The marketing communications must work efficiently and effectively.
- iii.** In order to create a favourable consumer's attitude towards advertising and influence their buying behaviour (Table 5.5), the advertisers or the advertising agencies must put effort in ensuring that the advertisement is credible, believable and trustworthy. The advertising claims should be relevant and not deceitful. Moreover, the advertising should provide valuable information about the product, its brand and features and keep updated about the product in the market.
- iv.** The study found that advertising characteristics have an effect on college youth's buying behavior (Table 3.20), thus the advertisers have to take initiative for the improvement of the advertising in terms of design, quality, content and duration of the advertisements. The advertisement should be designed carefully along with informative content, good quality and its duration of exposure.

- v. The college youth pays attention to the advertisements that were endorsed by the celebrity icon (Table 3.18) and to some extent the celebrity initiates an action to buy a product. Thus, the celebrity endorsement was suggested for two-wheelers advertisements and the choice of celebrities, who were known as brand ambassador, for the advertisements is an important decision. The advertiser should choose celebrity who match the brand or the product and who are not overexposed.
- vi. While focusing on the attention creation aspect of the advertising (Table 4.3), special care should be taken in the layout of the advertisements especially typography and colours in the layout, size of advertisements, movements in the advertisement, celebrities, dramatization, stunts performances, model selection as all of these factors were significant in attracting the customers attention towards the products advertised.
- vii. While focusing on the interest creation aspect of the advertising (Table 4.4), special care should be taken in product attributes, rational appeals (prices and offers) and the language as well as musical backgrounds used in the advertisement.
- viii. In order to create a successful advertising campaign, the advertiser must watch out on the changing requirements of the consumers and must not forget the psychological effects of advertising on consumers' buying behavior.
- ix. Advertising ethics and law should be honoured and advertisement should defend the morals of the society rather than altering them for the purpose of commercialization.
- x. Advertising has been criticized for embellishing the benefits of the products advertised and obscures their limitations and drawbacks. It has been blamed for manipulating people to buy things which they do not want. Therefore, advertising should be more reliable and embellishment should be avoided to the maximum possible extent.

**xi.** Dangerous stunts were performed by professionals in almost all of the two-wheelers advertisements but warnings were usually given in small letters which nobody reads. Thus, the advertisements of two-wheelers in which dangerous stunts were performed by professionals, must contain warnings written in an attractive and larger font's size which could be visible for everyone.

**b. Suggestions to college youth**

- i.** Very often, the advertising has been criticized for embellishing the benefits of the products advertised and obscures their limitation and negative aspect. Thus, the advertisements of a product should be carefully analyzed before making the buying decision. The youths were suggested to have a close examination on the criticisms of advertising and claims to know the truth about the products advertised.
- ii.** The credibility, believability and the truthfulness of the advertising should be considered by the youth before trusting the advertisements.
- iii.** In case if any misleading or deceitful advertising, the youth were suggested to take initiative to ensure the removal of unethical advertisements and proper and timely complaints must be made to the authorities like Advertising Standards Council of India (ASCI) for timely redressal of the problems.
- iv.** The study finds that majority of the respondents were belonging to a family with an annual income of below 3 lakhs, therefore youth were suggested to consider their family financial positions before making their buying decision.
- v.** According to Statistical Handbook (2014), number of accidents in Aizawl was increased as compared to the previous year, therefore youth were suggested to avoid participating in unorganised racing activity as well as drinking and driving for their own safety.

**c. Suggestions to government**

- i.** The government shall take up steps to have a sound image of advertising by making all the stakeholders responsible for it. A well-defined and publicized code for commercial, social and political advertising must be developed.
- ii.** The government should provide avenues for consumer to take up the issues of unethical advertising and encountering the advertisements.
- iii.** The Advertising Standard Council of India (ASCI) takes necessary initiatives for the control and elimination of unethical and misleading advertisements within. Thus, ASCI must be strengthened in terms of power, financial resources and transparency.
- iv.** The government should implement compulsory wearing of helmet for two-wheelers drivers throughout the country and more advertisements and awareness should be given to the target audiences.
- v.** The Government of India had appointed the Department of Consumer Affairs (DoCA) under the Ministry of Consumer Affairs, Food & Public Distribution to address the problem of misleading advertisements. The Department of Consumer Affairs has launched this portal for registering online complaints for Grievances Against Misleading Advertisements (GAMA). By using GAMA, the consumers can file a complaint along with a copy/video/ audio of such misleading advertisements through the web portal of Government of India at <http://gama.gov.in>. Thus, the government should advertise more about GAMA to the people and encourage them to take initiatives against any misleading advertisements.
- vi.** Government of India, various state governments and district & local administrations should take steps to conform to laws and should not offend against honesty, courtesy and religious susceptibilities of people in the country.



- vii. The government should encourage the people to buy the products made in India by using advertising campaign to encourage the people to buy more of its homeland products.

#### **6.4 Scope for future research**

Future research studies can be conducted on a larger scale in order to allow for more generalizations of the findings.

1. AIDA model can be worked on further in different areas or with different subjects to get more concrete and generalizable result.
2. The present findings can be examined on different consumers for same or different segments, from other colleges of Mizoram, from other districts of Mizoram or from different states of India and a comparison can be made with the findings of the current study.
3. The study has revealed that television is the most preferred media for advertising by college youth; future research can work out to seek the reasons of such preferences.
4. Future studies can takes into account differences in effects of advertising on buying behavior based on gender and age of respondents.
5. A comparative study can be conducted among urban and rural consumers as the effects different advertising media has on them can vary.

#### **6.5 Conclusion**

Indian two-wheeler market has emerged as the most vibrant and transforming sector of the overall Indian automobile industry. It is the world's second largest two-wheeler market based on its total volume and sales of the two-wheeler industry. The effects of advertising on buying behavior of college youth in respect of two-wheelers has been analysed to provide invaluable information for the two-wheeler companies, advertising agencies, governments

and the college youth, themselves. The analysis has been carried out on the basis of the effects of advertising characteristics, effects of attention-interest-desire-action (AIDA) and effects of attitude towards advertising on college youths' buying behavior. Design, content, quality and duration which are the elements of advertising characteristics has positive effects on college youths' buying behavior. Further, the college youth passes successively through all the stages in AIDA and leads to purchasing decision. A favourable attitude towards advertising also has positive effects on college youths' buying behavior.

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## GARRETT RANKING CONVERSION TABLE

**The conversion of orders of merits into units of amount of “soces”**

<b>Percent</b>	<b>Score</b>	<b>Percent</b>	<b>Score</b>	<b>Percent</b>	<b>Score</b>
0.09	99	22.32	65	83.31	31
0.20	98	23.88	64	84.56	30
0.32	97	25.48	63	85.75	29
0.45	96	27.15	62	86.89	28
0.61	95	28.86	61	87.96	27
0.78	94	30.61	60	88.97	26
0.97	93	32.42	59	89.94	25
1.18	92	34.25	58	90.83	24
1.42	91	36.15	57	91.67	23
1.68	90	38.06	56	92.45	22
1.96	89	40.01	55	93.19	21
2.28	88	41.97	54	93.86	20
2.69	87	43.97	53	94.49	19
3.01	86	45.97	52	95.08	18
3.43	85	47.98	51	95.62	17
3.89	84	50.00	50	96.11	16
4.38	83	52.02	49	96.57	15
4.92	82	54.03	48	96.99	14
5.51	81	56.03	47	97.37	13
6.14	80	58.03	46	97.72	12
6.81	79	59.99	45	98.04	11
7.55	78	61.94	44	98.32	10
8.33	77	63.85	43	98.58	9
9.17	76	65.75	42	98.82	8
10.06	75	67.48	41	99.03	7
11.03	74	69.39	40	99.22	6
12.04	73	71.14	39	99.39	5
13.11	72	72.85	38	99.55	4
14.25	71	74.52	37	99.68	3
15.44	70	76.12	36	99.80	2
16.69	69	77.68	35	99.91	1
18.01	68	79.17	34	100.00	0
19.39	67	80.61	33		
20.93	66	81.99	32		

## Effects of Advertising on College Youth for Buying Two-Wheelers

CAROLYN VANLALHRIATI

Research Scholar

Department of Management

Mizoram University, Aizawl, India

PROF. E. NIXON SINGH

Head, Department of Management

Mizoram University, Aizawl, India

### Abstract:

*The advertising Industry in India grew from 43,491 crores in 2014 to 48,976 crores in 2015 which registers an overall growth of 12.6%. Advertising has become a potent tool of marketing to influence the audiences by informing or reminding them about the existence of the product in the market and persuade them to make the buying decision. Considering two-wheelers, the top players in the market are the brands which incurred the highest advertising expenses. The study focuses on finding out the effects of advertising among the college youth for buying two-wheelers. The study has found that advertising has positive effects among the youth and even influence them to make the buying decision. Moreover, television is considered to be the most preferred media for advertising two-wheelers.*

**Key words:** Advertising, College Youth, Advertising Media, Two-wheelers

### Introduction

The concept of advertising is of prime importance in marketing. Of all the marketing weapons, advertising is renowned for its long lasting impact on viewer's mind, as its exposure is much

broader (Katke, 2007). The present economy is characterized by excessive specialization, mass production and competition (Costa, 2012). All these have led to increase the importance of advertising in the modern and international market scenario. In order to survive in such a stiff competing business world, one has to grab the consumer's attention by way of influencing their awareness, attitude and buying behavior through advertisements. An advertiser's primary mission is to inform and persuade the prospective customers. Advertising provides information about the product, its availability along with the price and persuades the prospective customers to make the buying decision.

The word '*Advertising*' has been derived from Latin word '*Ad vertere*' which means '*to turn toward*'. A standard definition has been proposed by Philip Kotler which says "any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor." Advertising enables the consumers to compare various alternatives available in the market and helps them in exercising their right of free choice in choosing the products and services available. Thus, popularization of products and services is the basic aim of advertising (Ramaswami and Namakumari, 2004).

Advertising through all mediums influences audiences, but television is one of the strongest medium of advertising and due to its mass reach: it can influence not only the individual's attitude, behavior, life style, exposure and in the long run, even the culture of the country (Latif and Abideen, 2011). The advertising Industry in India grew from 43,491 crores in 2014 to 48,976 crores in 2015 which registers an overall growth of 12.6%. Television advertising is expected to spend the highest advertising cost in 2015 constituting 45.8 % of the total advertising cost that is 224,446 crores in 2015 against 193,500 crores in 2014 registering growth rate of 16 %. Apart from television advertising, Print Media constitute 34.5 % of the total advertising cost which is followed by Digital 9.5%, Out of

home 5.2%, Radio 4.1% and Cinema 0.8% respectively (medianama, 2015).

## **Review of Literature**

Advertisement is one of the major tools that all business firms use for persuasive communication and its effectiveness depends on the extent to which the advertising message is received and accepted by the target audience (Singh and Kaur, 2011). Advertiser's primary objective is to reach the prospective customers and influence their awareness, attitudes and buying behavior. They spend a lot of money to keep individuals (markets) interested in their products. To succeed, they need to understand what makes potential customers behave the way they do (Abideen and Saleem, 2011). This involves the study of consumer behavior: the mental and emotional process and the physical activities of people who purchase and use goods and services to satisfy particular needs and wants (Arens, 1996). O'Guin and Faber (1989) examined that once buying behavior is developed, the individual face a great difficulty in controlling buying even after its detrimental effects are recognized.

As a promotional strategy, advertiser provides a major tool in creating product awareness and condition the mind of a potential customer to take final purchase (Ayanwale et al., 2005). El-Omari (1998) stated that many organizations relate their success with creative advertising campaigns. Reddy (2006) explained that the awareness of Hero Honda motor bike has been highly influenced by advertisements. Bashir and Malik (2010) state that advertisement persuade the consumer to purchase at least once in a lifetime and moreover, consumers considered advertisement as a reliable source of knowledge as compared to the others such as friends, neighbor and reference group opinion. Moreover, the advertisement appeal and its effectiveness are positively related. Abideen and Saleem(2011) in their study observed that people purchased those brands

with which they are emotionally attached to it. In their study they had investigated relationship between independent variables which are environmental response and emotional response with attitudinal and behavioral aspect of consumer buying behavior. They conclude that consumer purchase products by emotional response rather than environmental responds which are created through advertisement as audio, video and text form. Kotwal et al (2008) felt that television and advertising together present a lethal combination and has become an integral part of modern society. Nagar (2009) explained that television is a better medium compared to the web in getting viewer's attention and Web are less effective in changing attitudes of the viewer.

### **Objectives of the Study**

The present study aims to achieve the following objectives:

- ❖ To study the most preferred media for advertising of two-wheelers among the college youth
- ❖ To study the effects of advertising on college youth segment
- ❖ To explore the form of ads which creates greater impact upon the buying behavior of the college youth

### **Significance and Scope of the Study**

This study was conducted to find the effects of advertising on buying behavior of college youth with reference to their two-wheelers. Advertisement is in everywhere in our life. Television, billboards, radio, magazines, web and newspaper are the most common mediums through which advertisement reach us. In order to use different strategies to influence their consumer buying behavior, advertisers and marketers are more concerned to know the consumers buying patterns as well as their motives. Two-wheelers have become a more of fashion

statement for the youth apart from its utility purpose as a means of transport. Advertisements of two-wheelers are more concerned about depicting the body design, mileage, performance and so on. Therefore it is important for the advertisers to know the elements of good advertisement to make it more influencing and effective for consumer's psyche.

## **Methodology**

The descriptive research design was applied for the study. The study was based upon the primary survey and primary data has been collected from 250 respondents with the help of structured questionnaire. In the study, five under graduate Colleges in Aizawl were considered on the basis of convenience sampling method. Presently, 13 under graduate colleges located in different zones of the city are affiliated under Mizoram University. A college representing each zone of the city i.e., North, South, East, West and Central were selected based on convenience sampling. A sample size of 50 college youth who owns as well as drives a two-wheeler vehicle from each of the selected college (total 250) were considered for the present study. Simple random sampling method was used for selecting the sample.

## **Results and Discussions**

### **Demographic Profile of the Respondents**

The table below describes the demographic characteristics of the respondents. A total sample of 250 was considered for the study an out of that 77.6 percent of the respondents were male, 76 percent of the respondents belongs to the age group of 20-24 years and 70.8 percent were living in the family having a total income of Rs. 1-3 lakh per annum.

**Table 1 : Distribution of Respondents on the Basis of Demographic Variables**

Demographic variables		Number of Respondents	%
Gender	Male	194	77.6
	Female	56	22.4
	<b>TOTAL</b>	<b>250</b>	<b>100</b>
Age	15-19 years	53	21.2
	20-24 years	190	76.0
	25-29 years	7	2.8
	Above 30 years	0	0
	<b>TOTAL</b>	<b>250</b>	<b>100</b>
Family Income	1-3 lakh	177	70.8
	3-5 lakh	48	19.2
	5-8 lakh	12	4.8
	8- 10 lakh	8	3.2
	Above 10lakh	5	2.0
	<b>TOTAL</b>	<b>250</b>	<b>100</b>

Source: *Field Survey*

### Preferred Media

It can be inferred from the Table 2 that television was found to be the most preferred media for advertising two-wheelers among the youth which was represented by 62.6 percent of the total respondents. Apart from television, newspaper (20.4 percent) and web (11.2 percent) were also found as the effective media for advertising while magazines, radio and billboards were found to be less effective for advertising of two-wheelers.

**Table 2: Descriptive Statistics of Preferred Media**

	No of Respondents	%
Billboards	5	2
Television	157	62.8
Radio	3	1.2
Newspaper	51	20.4
Magazines	6	2
Web	28	11.2
<b>TOTAL</b>	<b>250</b>	<b>100</b>

Source: *Field Survey*

### Effects of Advertising

The following Table 3 clearly indicates the effects of advertising on college youth for buying two-wheelers. The respondents were given a question regarding how advertising affects them, the

forms of ads which create greater impact upon them as well as the urge created by the advertisement.

**Table 3: Effects of Advertising on College Youth**

Effects	No. of Respondents	%
Recall	2	0.8
Positive Impression	70	28
Interest	146	58.4
Desire to purchase or explore	29	11.6
Others	3	1.2
Total	250	100
<b>Form of ads creating greater impact</b>		
	No of Respondents	Percentage
Just the printed words	10	4.0
words with sound	24	9.6
A moving action oriented ads	98	39.2
picture depicting a scene/ story	93	37.2
colorful printed ads	19	7.6
Others	6	2.4
Total	250	100
<b>Does an advertisement urge you to buy a new brand?</b>		
	No of Respondents	Percentage
Yes	168	67.2
No	82	32.8
Total	250	100

**Source:** *Field Survey*

The effects of advertising on the sample college youth shows distinct features which are listed below:

1. The study shows that advertising effects respondents by creating *interest* for 146 respondents (58.4 percent), followed by creating *positive impression* for 70 respondents (28 percent), *desire to purchase or explore* for 29 respondents (11.6 percent), *recall* for 2 respondents (0.8 percent) and *others* for 3 respondents (1.2 percent).
2. As can be seen, a moving action oriented ads create impact on 98 respondents (39.2 percent), picture depicting a scene/story effects 93 respondents (37.2 percent), followed by words with sound for 24 respondents (9.6 percent), colorful printed ads for 19 respondents (7.6 percent), just the printed words for 10



respondents (4.0 percent) and others for 6 respondents (2.4 percent).

3. The study observes that 168 respondents (67.2 percent) agrees and 82 respondents (32.8 percent) disagrees that advertisement urge them to buy a new brand.

To find out the relationship between preferred media and advertising impact, correlation coefficient was used to measure the significance level. The table below indicates the correlation coefficient.

**Table 4: Correlation**

	Preferred Media	Impact
Preferred Media	1	-0.10
Impact	-0.10	1

**Source:** *Field Survey*

From the above table, it can be observed that the correlation coefficient value is -0.10. Therefore, it can be concluded that there is no significance relationship between the preferred media and the advertising impact.

## **Conclusion**

Advertising affect the viewers and have an influence on the buying behavior. The repeated message will make people increasingly accept the advertisement (Goldstein, 1998). For the present study, data has been collected from 250 college going students who owns as well as drives two-wheelers. The study finds that television is the most preferred media for advertising two-wheelers which can be due to the different types of commercials exposed by the companies through television. Dangerous stunts are performed in ads to capture the attention of the viewer thus; such stunts are clearly demonstrated through television ads. Furthermore, the study also revealed that advertising affects the respondents by

creating interest for 146 respondents (58.4 percent), a moving action oriented ads creates greater impact on 98 respondents (39.2 percent) and 168 respondents (67.2 percent) agrees that advertisement urge them to buy a new brand. Thus, from the above results we can conclude that advertising has positive effects on the college youth for buying two-wheelers.

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# HIND BUSINESS REVIEW

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Perceptions of Professional Accountants in Kolkata Vis-A-Vis Some Investment Instruments in the Indian Capital Market	<i>Jayita Bhaduri Jita Bhattacharyya</i>
Managing Assets and Profitability in Select Multinational and Domestic Companies in Indian Pharmaceutical Industry: A Comparative Study	<i>Kaushik Chakraborty Debasish Sur</i>
Attitude of Youth towards Advertising: A Study on College Students of Aizawl	<i>Carolyn Vanlalhriati E Nixon Singh</i>
Socio-Economic Status of Rickshaw Pullers in Manipur	<i>Kh. Tomba Singh</i>
Corporate Social Cause & Advertising Expenditure on the Profitability of Dutch Bangla Bank Limited: An Empirical Study	<i>Md. Farijul Islam Md. Zahir Uddin Arif</i>
Resource Mobilization by Mutual Funds in India: An Analysis	<i>Rajat Sharmacharjee</i>
Performance of Non-Life Insurance Industry in India With Reference to Health Insurance	<i>Pranay Jyoti Goswami Sonali Roy</i>
Role of Commercial Banks in Promoting Financial Inclusion in Assam	<i>Parag Shil Mili Kar</i>
Entrepreneurship Development Through Micro and Small Enterprises: A Study of Closed Tea Gardens in Jalpaiguri District of North Bengal	<i>Abhigyan Bhattacharjee Arun Kumar Banerjee</i>
Stride in Development of Entrepreneurship in Manipur: A Study of Fruit and Vegetable Processing Units	<i>A. S. Yarso</i>
Role of E-Banking Delivery Channel in Developing Loyalty: A Study on Salaried Employees	<i>Deepjyoti Choudhury Dibyoyoti Bhattacharjee</i>
Gender Wise Perception of Customers on Service Quality of State Bank of India: An Empirical Assessment	<i>Biswajit Paul Kingshuk Adhikari</i>

## Perceptions of Professional Accountants in Kolkata *Vis-A-Vis* Some Investment Instruments in the Indian Capital Market

**Jayita Bhaduri**

Assistant Professor of Commerce, The Bhawanipur Education Society College, Kolkata, India

**Jita Bhattacharyya**

Professor, Department of Commerce, University of Calcutta, Kolkata, India.

### Abstract

*In this paper, an attempt has been made to assess whether there is significant difference in the perceptions of the professional accountants in Kolkata vis-a-vis some investment instruments in the Indian capital market across gender, age, professional qualification, occupation, annual savings and risk appetite. This is an empirical study based on primary data that have been collected by administering a structured questionnaire among the professional accountants in Kolkata selected through judgemental sampling. After distributing the respondents in terms of the abovementioned variables, two tests of normality, i.e., Kolmogorov-Smirnov test and Shapiro-Wilk test have been used. Since the normality assumptions are not satisfied for the abovementioned dependent variables, two non-parametric tests, i.e., Mann-Whitney U test and Kruskal-Wallis H test have been used for examining the differences in the mean values of the independent groups. The results of the statistical tests have been interpreted and the concluding observations have been made. This study is expected to help understand the perception of investors relating to investment in mutual funds and other important investment instruments and help design newer types of such instruments to target investors with varying demographic profiles.*

**Keywords:** Investment, Risk, Instrument, Perception.

### Introduction

Every individual takes investment decisions at different stages of his/her life. His/her investment decisions are guided by the risks and returns associated with the different investment opportunities keeping in view his/her own investment objectives. There are various investment instruments available in the Indian capital market. On the one hand, there are traditional investment avenues like bank fixed deposits, life insurance, PPF, bonds and debentures, etc., and, on the other hand, there are new investment avenues like currency trading and derivatives which call for greater financial understanding and acumen. In the present study, an attempt has been made to understand the perceptions of the professional accountants (of Kolkata) relating to some major investment instruments in India.

### Review of Literature

Woerheide [1982] conducted a survey to identify the selection criteria that investors seem to use in their buying and selling of mutual fund shares. The study has revealed that size of the fund, effectiveness of the marketing programme, and past return on the funds have a great influence on mutual fund selection. Among these factors, the effectiveness of marketing programme has been found to have the greatest influence. Capon, Fitzsimons and Weingarten [1994] have concluded, based on analysis of the data gathered from approximately 300 affluent investors that, apart from risk and return, other factors also affect mutual fund selection. Gupta [1994] conducted a survey on household investors and has provided data regarding preferences on mutual funds and other financial assets. The SEBI-NCAER [2000] conducted a survey to estimate the number of households and the population of the individual investors, their economic and demographic profile, portfolio size and investment preference for equity as well as other savings instruments. Donner and Oxenstierna [2007] carried out a

study to understand the relationship between fund flow and fund-company / fund-specific attributes and have analyzed what factors investors valued when making investment decisions in the Swedish market for mutual funds. The study has revealed that a positive relationship exists between fund flow and fund performance. Experienced investors valued fund-specific variables more than inexperienced investors. Inexperienced investors valued company-specific variables and visibility-specific variables more than experienced investors.

### **Research Gap**

Review of literature reveals that so far studies have been conducted to understand the impact of several socio-psychological and demographic variables on investment decisions of different categories of investors. However, no studies have been conducted to understand how the professional accountants perceive the major investment instruments prevalent in the Indian capital market. The need for this study arises from the fact that professional accountants are individuals with profound knowledge of finance and the capital market and they not only take their own investment decisions but also influence investment decisions of investors in the country in general.

### **Objectives of the Study**

1. To compare the perceptions of professional accountants about the investment instruments for the risk-takers across their gender, age, professional qualification, occupation, annual savings and risk appetite.
2. To compare the perceptions of professional accountants about the investment instruments for risk-aversers across their gender, age, professional qualification, occupation, annual savings and risk appetite.

### **Hypotheses of the Study**

1. The perceptions of professional accountants with respect to investment instruments for the risk-takers follow *normal distribution* in the population.
2. The perceptions of professional accountants with respect to investment instruments for the risk-aversers follow *normal distribution* in the population.
3. The perceptions of professional accountants with respect to investment instruments for risk-takers do not vary across their gender, age, professional qualification, occupation, annual savings and risk appetite.
4. The perceptions of professional accountants with respect to investment instruments for risk-aversers do not vary across their gender, age, professional qualification, occupation, annual savings and risk appetite.

### **Data and Methodology**

This is an empirical study. The sample consists of 160 professional accountants of Kolkata, i.e., the members of The Institute of Chartered Accountants of India and The Institute of Cost Accountants of India functioning in Kolkata. The lists of members of The Institute of Cost Accountants of India as on 1/4/2012 and The Institute of Chartered Accountants of India as on 1/4/2011 have been used to list the sample respondents. The sample constitutes 1% of the members of The Institute of Chartered Accountants of India in Kolkata (118 Chartered Accountants (CAs) in number) and around 1% of the members of The Institute of Cost Accountants of India in Kolkata (42 Cost and Management Accountants (CMAs) in number). Among the CAs included in the sample, 47 are both CAs and CMAs. The rationale behind including these professional accountants having both the professional qualifications under CAs is that they consider CA as their primary professional qualification.

This study is based on primary data that have been collected by administering a structured questionnaire among the respondents selected through judgemental sampling as discussed above. Attitude of the respondents towards select investment instruments have been assessed by using a five-point Scale (viz., Highly Favourable, Favourable, Undecided, Unfavourable and Highly Unfavourable).

Two tests of normality, i.e., *Kolmogorov-Smirnov test* and *Shapiro-Wilk test*, and two non-parametric tests, i.e., *Mann-Whitney U test* and *Kruskal-Wallis H test*, have been used for analysis of data. Data processing and statistical analysis have been worked out by using the *SPSS (version20)*.

### Results and Analysis

Table 1 reveals the profile of the respondents.

**Table 1: Profile of the Respondents**

<b>Gender</b>	<b>Frequency</b>	<b>per cent.</b>
Male	137	85.60
Female	23	14.40
<b>Total</b>	<b>160</b>	<b>100</b>
<b>Professional Qualification</b>	<b>Frequency</b>	<b>per cent.</b>
Chartered Accountant	118	73.80
Cost & Management Accountant	42	26.20
<b>Total</b>	<b>160</b>	<b>100</b>
<b>Occupation</b>	<b>Frequency</b>	<b>per cent.</b>
In Service	89	55.60
In Practice	71	44.40
<b>Total</b>	<b>160</b>	<b>100</b>
<b>Age ( Years )</b>	<b>Frequency</b>	<b>per cent.</b>
Below 30	10	6.20
31-40	42	26.2
41-50	51	31.9
Above 50	57	35.6
<b>Total</b>	<b>160</b>	<b>100</b>
<b>Annual Savings (Rs.)</b>	<b>Frequency</b>	<b>per cent.</b>
Up to 50,000	20	12.50
50,001-1,00,000	25	15.60
Above 1,00,000	115	71.90
<b>Total</b>	<b>160</b>	<b>100</b>
<b>Risk Appetite</b>	<b>Frequency</b>	<b>per cent.</b>
High	41	25.60
Medium	94	58.80
Low	14	8.80
Can't Say	11	6.90
<b>Total</b>	<b>160</b>	<b>100</b>

Source: Field Survey

The *null hypothesis* that perceptions of the professional accountants with respect to each of the identified investment instrument categories follow *normal distribution* in the population is tested, using the Kolmogorov-Smirnov test and the Shapiro-Wilk test. Since the *p* value for each of them is  $<0.001$ , the *null hypothesis* is rejected, indicating that their perceptions do not follow normal distribution.

**Table 2: Tests of Normality**

Categories of Investment Instruments	Kolmogorov-Smirnov <sup>a</sup>			Shapiro-Wilk		
	Statistic	Df	Sig.	Statistic	Df	Sig.
Instruments for Risk-Averters	0.217	160	0.000	0.817	160	0.000
Instruments for Risk-Takers	0.105	160	0.000	0.937	160	0.000

a. Lilliefors Significance Correction

Since the normality assumptions are not satisfied for the abovementioned dependent variables, the non-parametric tests, i.e., the Mann-Whitney U test and the Kruskal-Wallis H test have been used for examining the differences in the mean values of the independent groups. The Mann-Whitney U test is used to compare the differences between the mean values of two independent groups with respect to a continuous or ordinal dependent variable and the Kruskal-Wallis H test is used to compare the differences between the mean values of more than two independent groups with respect to a continuous or ordinal dependent variable.

**Table 3: Perception of Professional Accountants across their Gender**

Categories	Gender	N	Mean Rank	Mann-Whitney U	P value
Instruments for Risk-Averters	Male	137	83.68	1140.500	0.034
	Female	23	61.59		
	Total	160			
Instruments for Risk-Takers	Male	137	85.49	892.500	0.001
	Female	23	50.80		
	Total	160			

Note: Grouping Variable: Gender

Table 3 shows that the *p* value for the Instruments for Risk-Averters is less than 0.05, which means that there is significant variation in the perception of the respondents *vis-a-vis* this category of investment instrument across gender. It is also seen that the mean rank of this category of investment instrument varies across gender. The mean rank for Instruments for Risk-Averters is higher for the male respondents. Table 3 also shows that the *p* value for the Instruments for Risk-Takers is equal to 0.001, which means that there is significant variation in the perception of the respondents *vis-a-vis* this category of investment instrument across gender. The mean rank for Instruments for Risk Takers is higher for the male respondents.

**Table 4: Perception of Professional Accountants across their Professional Qualification**

Categories	Professional Qualification	N	Mean Rank	Mann-Whitney U	P value
Instruments for Risk-Averters	CA	118	78.77	2274.000	0.428
	CMA	42	85.36		
	<b>Total</b>	<b>160</b>			
Instruments for Risk-Takers	CA	118	85.14	1931.000	0.034
	CMA	42	67.48		
	<b>Total</b>	<b>160</b>			

Note: Grouping Variable: Professional Qualification

Table 4 shows that the *p* value of Instruments for Risk-Takers is less than 0.05, which means that there is significant variation in the perception of the respondents *vis-a-vis* this category of investment instrument across professional qualification. From the table 4, it is seen that the mean rank of this category of investment instrument varies across professional qualification. The mean rank of Instruments for Risk-Takers is higher for the Chartered Accountants. Table 4



also depicts that the  $p$  value of Instruments for Risk-Averters is greater than 0.05, which means that there is no significant variation in the perception of the respondents *vis-a-vis* this category of investment instrument across professional qualification. The mean ( $\bar{x}$ ) rank of this category of investment instrument does not vary significantly across professional qualification.

Table 5 shows that the  $p$  value of Instruments for Risk-Averters is less than 0.001, which means that there is significant variation in the perception of the respondents *vis-a-vis* this category of investment instrument across occupation. Table 5 also shows that the mean rank of Instruments for Risk-Averters vary across occupation. The mean rank ( $\bar{x}$ ) of Instruments for Risk-Averters is higher for the professional accountants in practice. Table 5 depicts that the  $p$  value of Instruments for Risk-Takers is less than 0.05, which means that there is significant variation in the perception of the respondents *vis-a-vis* this category of investment instrument across occupation. The mean rank of Instruments for Risk-Takers is higher for the professional accountants in practice.

**Table 5: Perception of Professional Accountants across their Occupation**

Categories	Occupation	N	Mean Rank	Mann-Whitney U	P value
Instruments for Risk-Averters	In Service	89	69.00	2136.000	0.000
	In Practise	71	94.92		
	<b>Total</b>	<b>160</b>			
Instruments for Risk-Takers	In Service	89	73.76	2560.000	0.039
	In Practise	71	88.94		
	<b>Total</b>	<b>160</b>			

Note: Grouping Variable: Occupation

Table 6 shows that the  $p$  value of Instruments for Risk-Averters is less than 0.001, which means that there is significant variation in the perception of the respondents *vis-a-vis* this category of investment instrument across age. The mean rank of Instruments for Risk-Averters is higher for the professional accountants who belong to the lowest age group. Table 6 also depicts that the  $p$  value of Instruments for Risk-Takers is greater than 0.05, using the Kruskal-Wallis H test. This means that there is no evidence of significant variation in the perception of the respondents *vis-a-vis* this category of investment instrument across age.

**Table 6: Perception of Professional Accountants across their Age Groups**

Categories	Age Group ( Years )	N	Mean Rank	Chi-Square	P value
Instruments for Risk-Averters	Below 30	10	130.70	34.177	0.000
	31-40	42	49.04		
	41-50	51	86.73		
	Above 50	57	89.31		
	<b>Total</b>	<b>160</b>			
Instruments for Risk-Takers	Below 30	10	65.80	5.140	0.162
	31-40	42	75.89		
	41-50	51	75.22		
	Above 50	57	91.20		
	<b>Total</b>	<b>160</b>			

Note: Grouping Variable: Age

Table 7 shows that the  $p$  value of Instruments for Risk-Averters is less than 0.05, which means that there is significant variation in the perception of the respondents *vis-a-vis* this category of investment instrument across annual savings. The

mean rank of Instruments for Risk-Averters is highest for the professional accountants who belong to the ‘Rs. 5,00,001-Rs.10,00,000 annual savings’ category.

**Table 7: Perception of Professional Accountants across their Annual Savings**

Categories	Annual Savings (Rs.)	N	Mean Rank	Chi-Square	P value
Instruments for Risk-Averters	Up to 5,00,000	20	97.68	10.341	0.006
	5,00,001-10,00,000	25	100.54		
	Above 10,00,000	115	73.16		
	<b>Total</b>	<b>160</b>			
Instruments for Risk-Takers	Up to 5,00,000	20	113.98	15.204	0.000
	5,00,001-10,00,000	25	90.82		
	Above 10,00,000	115	72.43		
	<b>Total</b>	<b>160</b>			

Note: Grouping Variable: Annual Savings (Rs.)

Table 7 also depicts that the *p* value of Instruments for Risk-Takers is less than 0.001, which means that there is significant variation in the perception of the respondents *vis-a-vis* this category of investment instrument across annual savings. From table 8, it is seen that the mean rank of Instruments for Risk-Takers is highest for the professional accountants who belong to the ‘up to Rs. 5,00,000 annual savings’ category.

**Table 8: Perception of Professional Accountants across their Risk Appetite**

Categories	Risk Appetite	N	Mean Rank	Chi-Square	P value
Instruments for Risk-Averters	High	41	77.66	12.955	0.005
	Medium	94	73.68		
	Low	14	112.04		
	Can't Say	11	109.27		
	<b>Total</b>	<b>160</b>			
Instruments for Risk-Takers	High	41	116.17	66.046	0.000
	Medium	94	80.82		
	Low	14	22.32		
	Can't Say	11	18.82		
	<b>Total</b>	<b>160</b>			

Note: Grouping Variable: Risk Appetite

Table 8 depicts that the *p* value of Instruments for Risk-Averters is less than 0.05, which means that there is evidence of statistically significant variation in the perception of the respondents *vis-a-vis* this category of investment instrument across risk appetite. Table 8 also shows that mean rank of Instruments for Risk-Averters is highest for the professional accountants who belong to the low risk appetite category. Table 8 also depicts that the *p* value of Instruments for Risk-Takers is less than 0.001, which means that there is strong evidence of statistically significant variation in the perception of the respondents *vis-a-vis* this category of investment instrument across risk appetite. The mean rank of Instruments for Risk-Takers is highest for the professional accountants who belong to the high risk appetite category.

### Concluding Observations

The analyses above reflects that shares and mutual funds which are categorised as Instruments for Risk-Takers are more preferred investment destinations of the male investors. Furthermore, the chartered accountants, greater proportion of whom are involved in rendering financial advice in professional or other capacity, prefer Instruments for Risk-Takers for their investment. Asset Management Companies (AMCs) must be observant while taking their portfolio allocation decisions relating to the funds as this empirical study substantiates the fact that investors in the lower age groups with medium level of annual income prefer Instruments for Risk-Averters, i.e., bonds and debentures, and those in the higher age groups prefer shares and mutual funds. The risk appetite of the investors should also be given due importance in the portfolio allocation decisions by the fund managers.

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## Managing Assets and Profitability in Select Multinational and Domestic Companies in Indian Pharmaceutical Industry: A Comparative Study

**Kaushik Chakraborty**

Assistant Professor, Department of Commerce, Kazi Nazrul University, Asansol, West Bengal, India

**Debasish Sur**

Professor, Department of Commerce, The University of Burdwan, Burdwan, West Bengal, India

### Abstract

*The Indian economic reform since 1991 has opened up a lot of challenges both in the domestic and international spheres. In recent years, a manifold growth which has been revealed in mergers and amalgamations in Indian pharmaceutical sector has been largely encouraged by liberalization measures. As a result, a good number of domestic as well as multinational companies in Indian pharmaceutical industry have been trying their best to adapt themselves to survive in the market place. In the recent past a considerable number of studies have been made to make an assessment of the relationship between efficiency of assets management and profitability. But no significant study has so far been carried out in India in which a comparison between multinational and domestic companies belonging to the same industry in respect of the relationship between efficiency of assets management and profitability has been made. In order to bridge the gap, the present study empirically investigates the linkage between the efficiency of assets management and profitability of the Indian pharmaceutical industry (considering ten multinational and ten domestic companies) during the period 1998-99 to 2012-13 and also examines whether its findings conform to the theoretical arguments using necessary tools in connection with financial analysis as well as relevant statistical techniques.*

**Key words:** Pharmaceutical Industry, Assets, Inventory, Debtors, Cash, Profitability

### Introduction

A company usually utilizes its funds in two ways: (a) by making investment in long term assets and (b) by making investment in working capital. So, the earning capability of the company largely depends on the efficiency with which long term assets and working capital are managed. In other words, the success of a company stems from the skilful utilization of its funds. Generally, in a manufacturing concern, inventory, debtors and cash are the most vital components of working capital. So, efficient management of long-term as well as short-term assets is recognized as an integral component of the overall corporate strategy to create shareholders' value. In fact, efficiency in assets management facilitates the owners' wealth curve soaring upward.

Since 1991, as a result of liberalization of the Indian economy, corporate sector has failed to maintain its conventional practices of assets management. So, it is high time to analyze the efficiency of assets management of the Indian corporate sector in the post-liberalization period. In the last few decades, many studies have been made on the analysis of the relationship between efficiency of assets management and profitability in India and abroad. But in many cases the findings of the studies have failed to provide any definite conclusion. Moreover, there are many intricacies in measuring the efficiency of assets management of a company. Furthermore, no significant study has so far been carried out in India in which a comparison between multinational and domestic companies belonging to the same industry in respect of the relationship between efficiency of assets management and profitability has been made. In order to bridge the gap the present study is undertaken by taking into consideration ten multinational and ten domestic companies in the Indian

pharmaceutical industry during the period 1998-99 to 2012-13. The study also seeks to examine whether its findings corroborate to the theoretical arguments. Further, the paper makes an attempt to compare the relationship between the efficiency of assets management and profitability of the multinational companies with that of the domestic companies in the Indian pharmaceutical industry during the same period.

### **Objectives of the study**

This study has the following objectives:

1. To measure the extent of relationship between efficiency of fixed assets management and profitability of each of the selected companies and to make a comparison in this respect between the selected multinational and domestic companies.
2. To ascertain the degree of correlation between efficiency of inventory management and profitability of the selected multinational and domestic companies and to make a comparison between them.
3. To analyze the closeness of association between efficiency of debtors management and profitability of each of the multinational and domestic companies under study and to examine whether there is any significant difference between them in this respect.

### **Data and Methodology**

The study is based on twenty (consisting of ten multinational and ten domestic companies) pharmaceutical companies which were selected from Indian pharmaceutical sector following purposive sampling procedure. The pharmaceutical industry which is the lifeline industry in any country, was chosen here because its contribution towards the growth, development and welfare of the economy as well as towards forming a strong human capital and intellectual property rights in a country cannot be ignored. The selected ten multinational and ten domestic companies are listed in Appendix 1. The data of the selected companies for the period 1998-99 to 2012-13 used in this study were taken from secondary sources i.e. Capitaline Corporate Database of Capital Market Publishers (I) Ltd. Mumbai. Although the liberalization process started in India in July 1991, it is obvious that its effect could not be reflected clearly during the initial years of liberalization. Thus, for accounting for the effects of liberalization, the financial year 1998-99 was considered as the initial year of the study period. For the analysis of the data, ratio analysis as well as various statistical tools and techniques were used. The ratios relating to the measurement of efficiency of assets management which were used in this study are: (a) fixed assets turnover ratio (FATR), (b) inventory turnover ratio (ITR) and (c) debtors turnover ratio (DTR). The profitability measures which were selected for this study are return on capital employed (ROCE) and return on net worth (RONW). The degree of relationship between efficiency of assets management and profitability was assessed through correlation coefficients between the selected measures of assets management and profitability taking into account their magnitudes (i.e. by Pearson's simple correlation coefficient), ranking of their magnitudes (i.e. by Spearman's rank correlation coefficient) and the nature of their associated changes (i.e. by Kendall's correlation coefficients). In order to examine whether the computed values of correlation coefficients were statistically significant or not, t test was used.

### **Results and Analysis**

Table 1 shows that out of sixty correlation coefficients between FATR and ROCE in the selected companies, forty-four coefficients were positive, out of which twenty-seven coefficients were found to be statistically significant, whereas the remaining sixteen correlation coefficients were negative, which were not found to be statistically significant. Thus, in the majority of the companies under study a positive relationship between firm's efficiency of fixed assets management and profitability is observed. Theoretically, the higher the FATR, the greater is the efficiency of fixed assets management and the larger is the scope of profitability. The computed values of correlation coefficient between FATR and ROCE in a substantial portion of the sample companies conform to the theoretical argument. Table 1 also exhibits that in case of multinational companies, out of thirty correlation coefficients between FATR and ROCE fourteen coefficients were positive, out of which six coefficients were found to be statistically significant while the remaining sixteen coefficients were negative, which were not found to be statistically significant. However, in case of domestic companies, all the thirty

correlation coefficients between FATR and ROCE, were positive, out of which twenty-one coefficients were found to be statistically significant.

Table 1 also depicts that out of sixty correlation coefficients between FATR and RONW in the selected companies, forty-three coefficients were positive, out of which twenty-one coefficients were found to be statistically significant whereas the remaining seventeen correlation coefficients were negative, out of which four negative coefficients were found to be statistically significant.

**Table 1: Correlation between Fixed Assets Management and Profitability of Companies**

	Company	Correlation coefficient between FATR and ROCE			Correlation coefficient between FATR and RONW		
		Pearson	Kendall	Spearman	Pearson	Kendall	Spearman
Multinational Company	Abbott	-0.330	-0.333	-0.400	-0.549*	-0.543**	-0.779**
	Astrazeneca	-0.007	0.276	0.329	0.025	0.314	0.329
	Fulford	-0.072	0.172	0.259	0.044	0.230	0.295
	Glaxosmithkline	0.685**	0.352	0.586*	0.773**	0.467*	0.675**
	Merck	-0.322	-0.249	-0.352	-0.402	-0.287	-0.433
	Novartis	-0.160	-0.038	0.030	-0.387	-0.172	-0.157
	Organon	-0.464	-0.067	-0.187	-0.527*	-0.162	-0.300
	Pfizer	-0.063	-0.181	-0.221	-0.043	-0.105	-0.107
	Sanofi	0.541*	0.287	0.449	0.487	0.230	0.368
	Wyeth	0.652**	0.429*	0.579*	0.417	0.219	0.332
Domestic Company	Aurobindo	0.929**	0.771**	0.886**	0.796**	0.581**	0.729**
	Cadila	0.164	0.038	0.038	0.207	-0.038	-0.048
	Cipla	0.844**	0.657**	0.839**	0.697**	0.524**	0.711**
	Dr Reddy's	0.868**	0.689**	0.836**	0.839**	0.574**	0.836**
	Ipca	0.139	0.039	0.127	0.166	0.019	0.095
	Lupin	0.597*	0.562**	0.700**	0.738**	0.524**	0.661**
	Piramal	0.872**	0.657**	0.818**	0.776**	0.429*	0.611*
	Ranbaxy	0.759**	0.437*	0.554*	0.612*	0.243	0.339
	Sun	0.164	0.249	0.354	0.090	0.134	0.175
	Wockhardth	0.835**	0.792**	0.896**	0.093	0.437*	0.576*

Note: \* Significant at 5 per cent level, \*\* Significant at 1 per cent level,

Source: Compiled & computed from 'Capitaline Corporate Database' of Capital Market Publishers (I) Ltd., Mumbai.

The computed values of correlation coefficient between FATR and RONW in a substantial portion of the sample companies conform to the accepted principle the higher the profitability. Table 1 discloses that, in case of multinational companies, out of thirty correlation coefficients between FATR and RONW fifteen coefficients were positive, of which three coefficients were found to be statistically significant and the remaining fifteen coefficients were negative, out of which four coefficients were found to be statistically significant, while in case of domestic companies, out of thirty correlation coefficients between FATR and RONW, twenty-eight coefficients were positive, of which eighteen coefficients were found to be statistically significant.

Table 2 exhibits that out of 60 correlation coefficients between ITR and ROCE in the selected companies, forty-one coefficients were positive, out of which 25 coefficients were found to be statistically significant while the remaining 19 correlation coefficients were negative, which were not found to be statistically significant. It is an accepted principle that the higher the ITR, the greater is the efficiency of inventory management and the larger is the scope of profitability. The computed values of correlation coefficient between ITR and ROCE in a substantial portion of the sample companies conform to the accepted principle. Table 2 also discloses that in case of multinational companies out of 30 correlation coefficients between ITR and ROCE, twenty coefficients were positive, out of which 10 coefficients were found to be statistically significant and the remaining 10 coefficients between ITR and ROCE were found negative and statistically insignificant. In case of domestic companies out of thirty correlation coefficients between ITR and ROCE 21 coefficients were positive, out of which 15 coefficients were found to be statistically significant whereas the rest nine correlation coefficients between ITR and ROCE were negative and not statistically significant.

**Table 2: Correlation Between Inventory Management and Profitability of Companies**

	Company	Correlation coefficient between ITR and ROCE			Correlation coefficient between ITR and RONW		
		Pearson	Kendall	Spearman	Pearson	Kendall	Spearman
Multinational Company	Abbott	0.212	0.162	0.179	0.093	-0.086	-0.068
	Astrazeneca	0.424	0.402*	0.563*	0.391	0.402*	0.563*
	Fulford	0.769**	0.670**	0.845**	0.707**	0.651**	0.820**
	Glaxosmithkline	0.607*	0.200	0.504	0.698**	0.390*	0.650**
	Merck	0.107	-0.029	-0.018	-0.035	-0.105	-0.146
	Novartis	-0.160	-0.038	0.030	-0.387	-0.172	-0.157
	Organon	-0.464	-0.067	-0.189	-0.527*	-0.162	-0.300
	Pfizer	-0.063	-0.181	-0.221	-0.043	-0.105	-0.107
	Sanofi	0.541*	0.287	0.449	0.487	0.230	0.368
	Wyeth	0.652**	0.429*	0.579*	0.417	0.219	0.332
	Domestic Company	Aurobindo	0.863**	0.555**	0.681**	0.696**	0.383*
Cadila		-0.158	-0.019	-0.043	-0.220	0.038	-0.038
Cipla		0.231	0.162	0.382	0.047	0.105	0.236
Dr Reddy's		0.864**	0.486*	0.614*	0.874**	0.448*	0.514*
Ipca		0.281	0.211	0.268	0.378	0.191	0.277
Lupin		-0.116	-0.200	-0.307	-0.354	-0.276	-0.414
Piramal		0.824**	0.600**	0.793**	0.641**	0.600**	0.786**
Ranbaxy		0.783**	0.534**	0.648**	0.672**	0.379	0.472
Sun		-0.252	-0.181	-0.250	0.186	0.086	0.146
Wockhardth		0.664**	0.483*	0.677**	0.094	0.554**	0.748**

Note: \* Significant at 5 per cent level, \*\* Significant at 1 per cent level,

Source: Compiled & computed from 'Capitaline Corporate Database' of Capital Market Publishers (I) Ltd., Mumbai.

Table 2 shows that out of 60 correlation coefficients between ITR and RONW in the selected companies, 41 coefficients were positive, out of which 19 coefficients were found to be statistically significant while the remaining 19 correlation coefficients were negative, out of which only one coefficient was found to be statistically significant. Thus, the analysis of correlation between ITR and RONW revealed that a considerable portion of the sample companies corroborates the theoretical argument. Table 2 also discloses that out of thirty correlation coefficients between ITR and RONW in the selected multinational companies, 16 coefficients were positive, of which eight coefficients were found to be statistically significant while the remaining 14 coefficients were negative which were not found to be statistically significant. In case of domestic companies out of 30 correlation coefficients between ITR and RONW 25 coefficients were positive, out of which 11 coefficients were found to be statistically significant whereas the rest five correlation coefficients were negative as well as found to be statistically insignificant.

Table 3 reveals that out of 60 correlation coefficients between DTR and ROCE, forty-one coefficients were positive, out of which 19 coefficients were found to be statistically significant and the remaining 19 coefficients were negative, of which only six coefficients were found to be statistically significant. Generally speaking, the faster the DTR the lower is the relative investment in receivables and the higher is the efficiency as well as profitability.

**Table 3: Correlation between Debtors Management and Profitability of Companies**

	Company	Correlation coefficient between DTR and ROCE			Correlation coefficient between DTR and RONW		
		Pearson	Kendall	Spearman	Pearson	Kendall	Spearman
Multinational Company	Abbott	0.208	0.143	0.318	0.066	0.048	0.039
	Astrazeneca	-0.399	-0.143	-0.193	-0.427	-0.219	-0.261
	Fulford	0.109	0.191	0.236	0.023	0.134	0.189
	Glaxosmithkline	0.731**	0.429*	0.618*	0.750**	0.429*	0.625*
	Merck	-0.840**	-0.581**	-0.786**	-0.855**	-0.505**	-0.718**
	Novartis	0.055	0.010	0.046	-0.131	-0.048	-0.025
	Organon	-0.328	-0.200	-0.282	-0.535*	-0.371	-0.546*
	Pfizer	-0.308	-0.253	-0.314	0.199	-0.010	0.036
	Sanofi	0.016	-0.010	-0.032	0.057	0.010	0.004
	Wyeth	0.310	0.181	0.286	0.548*	0.390*	0.600*
Domestic Company	Aurobindo	0.914**	0.657**	0.789**	0.820**	0.695**	0.775**
	Cadila	-0.758**	-0.562**	-0.729**	-0.684**	-0.467*	-0.650**
	Cipla	0.744**	0.581**	0.729**	0.525*	0.448*	0.564*
	Dr Reddy's	0.530*	0.029	0.143	0.574*	0.163	0.283
	Ipca	0.061	-0.057	-0.130	-0.054	-0.115	-0.206
	Lupin	0.340	0.219	0.350	-0.354	-0.276	-0.414
	Piramal	0.717**	0.448*	0.600*	0.607*	0.524**	0.686**
	Ranbaxy	0.724**	0.402*	0.555*	0.702**	0.402*	0.550*
	Sun	0.225	0.143	0.214	0.454	0.295	0.364
Wockhardth	0.775**	0.638**	0.810**	0.685**	0.456*	0.608*	

Note: \* Significant at 5 per cent level, \*\* Significant at 1 per cent level,

Source: Compiled and computed from 'Capitaline Corporate Database' of Capital Market Publishers (I) Ltd., Mumbai.



The computed values of correlation coefficient between DTR and ROCE in the majority companies under study conform to the principle. While considering only multinational companies, out of thirty correlation coefficients between DTR and ROCE, 16 coefficients were positive, of which three correlation coefficients were found to be statistically significant whereas the remaining 14 coefficients were negative, out of which three correlation coefficients were found to be statistically significant. In case of domestic companies under study, out of 30 correlation coefficients between DTR and ROCE, 25 coefficients were positive, out of which 16 coefficients were found to be statistically significant while the remaining five correlation coefficients were negative, of which three coefficients were found to be statistically significant.

Table 3 also shows that out of 60 correlation coefficients between DTR and RONW, 38 coefficients were positive, out of which twenty-two coefficients were found to be statistically significant and the remaining 22 coefficients were negative, of which only eight coefficients were found to be statistically significant. Thus, the outcomes derived from the analysis of correlation between DTR and ROCE in the majority companies under study conform to the theoretical argument that the higher the efficiency of debtors management, the higher is the profitability. While considering only MNCs, out of 30 correlation coefficients between DTR and RONW, 17 coefficients were positive, of which three correlation coefficients were statistically significant whereas the remaining thirteen coefficients were negative, out of which five correlation coefficients were found to be statistically significant. However, in the selected domestic companies, out of 30 correlation coefficients between DTR and RONW, 21 coefficients were positive, out of which 16 coefficients were found to be statistically significant while the remaining nine correlation coefficients were negative, of which three coefficients were found to be statistically significant.

### Conclusion

a) In 72.5 per cent cases a positive correlation between FATR and the selected profitability measures was observed, out of which in 55.17 per cent cases the positive association was found to be statistically significant. Thus, in a substantial portion of the sample companies strong evidence of positive relationship between efficiency of fixed assets management and profitability was noticed during the study period. In the majority of the selected domestic companies strong evidence of positive relationship between efficiency of fixed assets management and profitability was observed while this trend was absent in case of multinational companies under study.

b) There was a positive relationship between ITR and the selected profitability measures in 68.33 per cent cases, out of which in 53.66 per cent cases the relationship was found to be statistically significant. Hence, these results provide strong evidence of positive contribution of inventory management towards improving profitability in a substantial portion of the sample companies during the study period. While the majority of both the domestic and multinational companies under study showed strong evidence of positive relationship between efficiency of inventory management and overall profitability (as indicated by ROCE), in the selected domestic companies strong evidence of positive association between efficiency of inventory management and owners' profitability (as indicated by RONW) was much observed as compared to the multinational ones.

c) In 65.83 per cent cases a positive association between DTR and the selected profitability measures was found, out of which 51.89 per cent cases were found to be statistically significant. Thus, net outcome of the study conforms to the hypothesis in the majority cases that the higher the efficiency of credit management, the higher the profitability. In the selected domestic companies strong evidence of positive relationship between efficiency of debtors management and profitability was much observed as compared to the multinational companies under study.

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## Attitude of Youth towards Advertising: A Study on College Students of Aizawl

**E Nixon Singh**

Professor and Head, Department of Management, Mizoram University, Aizawl, Mizoram, India

**Carolyn Vanlalhriati**

Research Scholar, Department of Management, Mizoram University, Aizawl, Mizoram, India

### Abstract

*Advertising is a potent tool of marketing as it aims to influence the audiences by informing or reminding them about the existence of the product in the market and persuade them to make the buying decision. Advertiser's primary objective is to reach the prospective customers and influence their awareness, attitudes and buying behavior. Attitudes of College youth towards Advertising has been studied in this paper based on the conceptualized framework to determine the influence of four independent variables namely product information, credibility, hedonic/pleasure and good for economy on attitudes towards advertising. Data were collected from college youth in Aizawl with the help of self-administered questionnaire survey. The result of the analysis reveals that two of the four hypotheses were supported.*

**Key words:** *Buying Behaviour, Credibility, Information, Product*

### Introduction

Advertising is one of the major tools that all business firms use for persuasive communication and its effectiveness depends on the extent to which the advertising message is received and accepted by the target audience (Singh and Kaur, 2011). Advertiser's primary objective is to reach the prospective customers and influence their awareness, attitudes and buying behavior. According to Goldsmith and Lafferty (2002), the major aim of advertising is to create positive attitude towards the ads and the brand until consumer purchases that product and through this positive attitude create emotional response in the mind of consumers. Attitude towards advertising is an important concept as it is one of the determinants of attitude towards specific advertisements (Tan and Chia, 2007; Lutz, 1985) which is further believed to influence the way a consumer responds towards any particular advertising.

Therefore, this paper attempted to examine the attitude of college youth towards advertising on the basis of four variables/constructs which were developed from the extant literature. Product Information, Credibility, Hedonic/Pleasure and Good for Economy were developed as independent variables which are assumed to have positive influence on the dependent variable Attitude towards Advertising. Correlation and Regression analysis were employed for analyzing the data.

### Conceptual Framework

Based on the review of relevant literature, the conceptual framework was designed and developed with four independent variables and one dependent variable-attitude towards advertising. The independent variables include product information, credibility, hedonic/pleasure and good for economy which are designed to create either positive or negative influence to the dependent variable-Attitude towards Advertising. Table 1 provides the summary of the constructs for attitude towards advertising and the sources from which they are extracted.

**Product Information:** One of the most vital functions of advertising is to provide information (Rubin, 2002) which is also supported by the opinion of Calfee and Ringold (1994) that advertising provides product information which leads to consumer education. Information is thus considered as a valuable incentive in marketing because recipients reacts very

positively to advertisements that transfer incentives (Varney,2003; Ling, Piew and Chai, 2010). Product Information affects consumers’ attitude towards advertising by providing information about product improvement, newly launched products, and so forth (Eze and Lee, 2012).

**Table 1: Summary of the constructs and their sources**

Variables	Measures	Sources
Product Information	PI1: Advertising on two-wheelers provided valuable information about the product. PI2: Advertising tells me which brands of two-wheelers have the features I am looking for. PI3: Advertising helps me keep up to date about the products available in the two-wheelers market place	Tan and Chia (2007); Ling, Piew and Chai (2010)
Credibility	C1: I find advertising on two-wheelers is credible. C2: I find advertising on two-wheelers is trustworthy. C3: I think advertising on two-wheelers is believable.	Ling, Piew and Chai (2010)
Hedonic	H1: Quite often, advertising on two-wheelers are amusing and entertaining. H2: I think advertising on two-wheelers are enjoyable. H3: Advertising on two-wheelers are pleasing.	Ling, Piew and Chai (2010);Tan and Chia (2007); Eze and Lee(2011)
Good for Economy	GE1: In general, advertising helps our nation’s economy. GE2: Advertising helps raise our standard of living. GE3: In general, advertising promotes competition which benefits the consumer.	Tan and Chia (2007);Ling Piew and Chai (2010)
Attitude towards Advertising	A1: I would describe my overall attitude towards advertising favorable. A2: I support advertising because it plays an important role in my buying behavior A3: Overall I like advertising.	Tan and Chia (2007), Ling Piew and Chai (2010) Eze and Lee (2011)

**Credibility:** MacKenzie and Lutz (1989) define credibility in the context of advertising industry as consumers’ general perception towards the truthfulness, reliability, trustworthiness and believability of advertisement. Similarly, Adler and Rodman (2000) generally define credibility as the believability of the addressor and its perception in the listener’s mind. Lafferty and Goldsmith (1999) reported that advertising credibility is the key factor that affects the formation of attitude and behavior and it can be affected by various factors, particularly the company’s credibility and the person who deliver the message (Goldsmith, Lafferty and Newell, 2000)

**Hedonic/Pleasure:** Advertising can be considered as a source of entertainment or pleasure (Alwitt and Prabhakar 1992; Pollay and Mittal, 1993). Sound and movement are included in the broadcast ads to create emotional impact (Speck and Elliot, 1997) and a study conducted by Jones (1999) has revealed that the most successful ads campaigns are believed to contain a specific feature in which the advertiser are able to hold viewers’ attention by making the ads engaging, entertaining, lighthearted and amusing to look at. Consumer like and prefer to see advertisements that have more entertainment and pleasurable elements (Alwitt and Prabhakar 1992; Pollay and Mittal, 1993). In other words, the more pleasurable or entertaining the advertising is, the more it is favored by the consumers. Thus, the positive belief in hedonic/pleasure is considered to create the positive attitude towards the advertising.

**Good for Economy:** The concept of ‘good for economy’ has been suggested by Belch and Belch (2008) as the point of view that advertising speeds up the acceptance of new products, fosters full employment, reduces the average cost of production, encourage healthy competition between the producers and raises the standard of living on average. Moreover, advertising has been viewed by its supporters as the life blood of business. It provides information about the product and

services to the consumers and even support them to have a better standard of living (Belch and Belch, 2008). Petrovici et al.,(2007) suggest that the ability of the advertisers to supply truthful and dependable information about their products to the audience is claimed to be the economic benefit of advertising.

**Attitude towards Advertising:** Fishbein (1967) has defines attitude as “a learned predisposition of human beings”. Similarly, Lutz (1985); Eze and Lee (2011) define attitude towards advertising as a learned predisposition to react in a consistently favorable or unfavorable manner to advertising whereas Kotler (2000) affirmed that attitude is an individual personal evaluation, emotional feeling attached and action plan towards some objects or ideas. Ling, Piew and Chai (2010) in their study revealed that determinants of attitude such as Credibility, informative, hedonic/pleasure and good for economy has a strong positive influenced on attitude towards advertising therefore, in this study Product information, credibility, hedonic/pleasure and good for economy will be included.

**Hypotheses**

- H1: Product Information will have a positive influence on attitude towards advertising.
- H2: Credibility will have positive influence on attitude towards advertising.
- H3: Hedonic/Pleasure will have positive influence on attitude towards advertising.
- H4: Good for Economy will have positive influence on attitude towards advertising.

**Data and Methodology**

Self-employed questionnaire survey method was employed as the basic research method in this study. The questionnaire was taking on from different sources of the existing literature. Five point interval Likert scale ranging from ‘1= Strongly Disagree’ to ‘5= Strongly Agree were used to scale the questions because this scaling technique is suitable for self administered survey method (Hair, Bush and Ortinau, 2004). The collection of primary data approach was employed. The samples were collected from selected five colleges in Aizawl representing different zones of the city that is, North, South, East, West and Central Zone by using stratified random sampling. A total of 50 questionnaires were collected from each of the five Undergraduates Colleges (constituting a total of 250 samples) on the basis of simple random sampling.

**Table 2: Demographic Profile of the Respondents**

Demographic variables		No of Respondents	Percentage
Gender	Male	194	77.6
	Female	56	22.4
<b>Total</b>		<b>250</b>	<b>100</b>
Age	15-19 years	53	21.2
	20-24 years	190	76.0
	25-29 years	7	2.8
	Above 30 years	0	0
<b>Total</b>		<b>250</b>	<b>100</b>

Source: Primary Survey

**Results and Analysis**

Table 2 describes the demographic characteristics of the respondents. A total sample of 250 was considered for the study an out of that 77.6 percent of the respondents were male, 76 percent of the respondents belongs to the age group of 20-24 years.

### Mean, Standard Deviation and Reliability value for Variables

Table 3 presents the mean values, standard deviation values, number of items for each variable and their reliability. For independent variables, hedonic/pleasure yield the highest mean (C=3.64), followed product information (PI=3.51), credibility (C=3.47) and good for economy (GFE=3.46). Since all the variables yielded a mean value of more than 3, we can conclude that all these variables are useful in determining the attitudes towards advertising.

Furthermore, the table below also depicts the number of items for all the variables and their reliability which is measured by using Cronbach's Alpha. The purpose of the reliability measure is to test the internal consistency of the items within the variable. All the variables except for Hedonic/pleasure, yield a reliability of more than 0.7 supportive to the opinion of Nunnally(1978) that the values for Cronbach's alpha of 0.7 or higher is satisfactory. The values for Hedonic/pleasure is lower as compared to other variables i.e. 0.61 but it is still considered acceptable marking that Cronbach (1951) stated that a value higher than 0.5 was acceptable level for good internal consistency.

**Table 3: Mean, Standard Deviation and Reliability Value for Variables**

Variables	Mean	Std. Deviation	N(items)	Cronbach's Alpha
Product Information	3.51	0.95	3	0.75
Credibility	3.47	0.92	3	0.84
Hedonic	3.64	0.67	3	0.61
Good for Economy	3.46	0.94	3	0.72
Attitude towards Advertising	3.51	0.93	3	0.76

### Correlation Analysis of Variables

Pearson Correlation analysis is employed to measure the extent of relationship between two or more variables. Table 4 reveals the correlation matrix of the variables. The result of the two-tail test at 0.01 and 0.05 significant levels show a significant correlation among the independent variables and the dependent variable, except for hedonic/pleasure. The result revealed that product information (PI) is positively related to all the other independent variables (except for hedonic) and the dependent variable. Product information (PI), credibility (C) and good for economy (GFE) are found to be positively related to attitude towards advertising (ATA) while no relation is found between hedonic/pleasure (H) and attitude towards advertising (ATA).

**Table 4: Pearson correlation Coefficient matrix**

	PI	C	H	GFE	ATA
PI	1				
C	.462**	1			
H	.029	.246**	1		
GFE	.295**	-.009	.253**	1	
ATA	.702**	.452**	.099	.138*	1

\*\* . Correlation is significant at the 0.01 level (2-tailed).

\* . Correlation is significant at the 0.05 level (2-tailed).

### Regression Analysis

Regression determines the cause and effect relationship between two variables which indicates that the change in the value of an independent variable also causes a change in the value of the dependent variable. It is presented in the form of an algebraic equation whereby the value of one variable (dependent) is predicted or estimated based on the value of the other variable (independent).

**Table 5: Multiple Regression Analysis (R and R Square)**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.720 <sup>a</sup>	.519	.511	1.96991	2.337

*Predictors: (Constant), Good for Economy, Credibility, Hedonic, Product Information*  
*Dependent Variable: Attitude towards Advertising*

The result of table 5 R= 0.720 and R square = 0.511 reveals that 51.1 % of the variation in attitude towards advertising can be predicted by all predictors the variation in independent variable.

**Table 6: Multiple Regression Analysis (ANOVA Test)**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	1017.021	4	254.255	65.520	.000 <sup>b</sup>
	Residual	942.975	243	3.881		
	Total	1959.996	247			

*Dependent Variable: Attitude towards Advertising*

*Independent Variables: Product Information, Credibility, Hedonic/Pleasure, Good for Economy*

Table 6 shows that the overall regression model was significant,  $F(4,243) = 65.52$ ,  $p < 0.01$ ,  $p = 0.511$ . Thus, it can be concluded that at least one of the four independent variables can be used to model attitude of college youth towards advertising. Since the multiple regression analysis was carried out to test the hypotheses, the following regression coefficient table presents the results of the hypotheses tested.

**Table 7: Multiple Regression Analysis (Regression Coefficient)**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	2.104	.849		2.478	.014
	Product Information	.645	.053	.661	12.133	.000
	Credibility	.131	.055	.129	2.398	.017
	Hedonic	.091	.067	.066	1.354	.177
	Good for Economy	-.071	.049	-.072	-1.441	.151

*Dependent Variable: Attitude towards Advertising*

*Independent Variables: Product Information, Credibility, Hedonic/Pleasure, Good for Economy*

From table 7, the p value of the t-test ( $p = 0.000$ ) for product information is less than the alpha value of 0.05. Therefore, the product information will have positive influence on attitude towards advertising. The p value of the t-test ( $p = 0.017$ ) for the credibility is less than the alpha value of 0.05. Therefore, credibility will have positive influence on attitude towards advertising. The p value of the t-test ( $p = 0.177$ ) for the hedonic/ pleasure is greater than the alpha value of 0.05. Therefore, the hypothesis is rejected and hedonic/pleasure does not have positive influence on attitude towards advertising. The p value of the t-test ( $p = 0.151$ ) for good for economy is greater than the alpha value of 0.05. Therefore, the hypothesis is rejected and good for economy does not have positive influence on attitude towards advertising.

## Conclusion

To conclude, there is a positive effect of product information on attitude towards advertising with a p value of 0.000. The finding is consistent with the finding of Eze and Lee (2012) who concluded from their study on consumers' attitude towards advertising in Malaysia. Similarly, there is a positive relationship between credibility and attitude towards

advertising with a p value of 0.017 which revealed that the more trustworthiness, believable and credible the advertising is, the more positive attitude will be created in the minds of the viewers. The finding is also consistent with the findings of Haghirian and Maldberger (2005) who revealed that credibility of an advertising message has positive influence on consumer attitude towards advertising. Even though researchers such as Ling, Piew and Chai (2010); Ramaprasad and Thurwanger (1998), Pollay and Mittal (1993) concluded that hedonic/ pleasure has a positive influence on attitude towards advertising. The finding of the present study is inconsistent with them with a p value of 0.177. Similarly, the result of good for economy with a p value of 0.152 is inconsistent with the findings of Munusamy and Wang (2007; Tan and Chia (2007); Ling, Piew and Chai (2010) who support that good for economy have positive influence on attitude towards advertising. It is expected that findings of the study would help the public in perceiving the positive and negative contents of the advertising which would change their attitude towards advertising. Moreover, the advertiser would gain knowledge for creating a favorable consumer's attitude.

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## Socio-Economic Status of Rickshaw Pullers in Manipur

**Kh. Tomba Singh**

Professor, Department of Commerce, Manipur University, Manipur, India

### Abstract

*This paper is the outcome of an investigation of Socio-economic status of 108 rickshaw pullers in Manipur. The paper has two objectives .First, to study the socio-economic status of rickshaw drivers in Manipur and second, to compare their income and expenditure level of present and previous occupation. Statistical analytical tools like t-test and other descriptive statistics have been used to quantify qualitative variables of the Socio-economic status of rickshaw pullers. The rickshaw pullers have been facing steep competition from diesel auto and Tata magic auto. Many of the passengers have opted to travel by auto instead of rickshaw and as a result rickshaw pullers are not in very comfortable position.*

**Keywords:** Socio-economic status, Occupation, Income, Expenditure

### Introduction

Socio-economic Status is a measurement of a person living in the society based on his or her income, occupation, educational qualification to know his or her position in the society socially and economically. When analyzing a family's SES, the household income, earners' educational qualification, and occupation are examined, as well as combined income, versus with an individual, when their own attributes are assessed. Socio-economic status is broadly categorized into three types, viz. high SES, middle SES, and low SES to describe the three areas a family or an individual may fall into. In order to place a family or individual into the above mentioned categories any or all of these three variables (income, education, and occupation) can be assessed. Socio-economic status depends on a combination of variables, including occupation, education, income, wealth, and place of residence." ([www.en.wikipedia.org](http://www.en.wikipedia.org)).

### Overview of Transport Sector in Manipur

The transport sector plays an important role in the growth and development of Manipur. There are four major modes of transportation namely, cycle rickshaw, auto rickshaw, Tata magic, Maruti vans in the city to provide the needs of transportation services to the urbanites. Among all these auto rickshaw has the highest percentages. The uses of cycle rickshaw is decreasing day by day as it is based on human energy and used for short distance services. Tata magic is another mode for passengers for long trips. Taxi service and buses have less significant role in the city. Transportation modes can be classified in various forms according to its type of usage, ownership of vehicles or system, service types depending on the area where it operates. **Ownership of vehicles or system:** Transportation vehicles may be owned and service provided by an organization unrelated to transportation (factory, school), or by an individual who operates the vehicle (auto-rickshaw or cycle-rickshaw operator) or by an individual who does not operate but lease it out to the operator (owner) or by an agency (taxi company or tourist agency). The leased operator and owner operators are available in Imphal.

### Review of Literature

Kurosaki (2007) stated that there are three reasons for the choice of the rickshaw. First, in terms of theoretical foundation of poverty, the existing empirical micro or macro studies on poverty have been focusing on personal distribution of income or consumption. Second, the informal transportation sector in India's megalopolis is one of the most important economic activities in which the urban poverty is concentrated. Third, another rationale for studying rickshaw pullers in Manipur was the necessity to collect information useful for planning urban transportation in the burgeoning megalopolis of the state. Chakrabarty (2013) stated that though Indian economy has witnessed tremendous growth lately, vast sections of our society have remained excluded from Indian growth story due to various socioeconomic factors. Ali (2009) stated that India has

made a remarkable progress in different sectors of the economy since last three decades. However, the benefit could not percolate to bottom level. However, different strategies have been made from time to time to improve the economic status of poor and population engaged in unorganized sector, but their conditions are still unsatisfactory. People who belong to lower segment of the society, their deterioration continue day by day particularly in rural masses where More than 70% population resides. Unemployment, illiteracy, and unhygienic health conditions is common. Geens (2011) stated that many rickshaw pullers rely on their meager wage to feed themselves and their families, as well as to pay the owner/broker that the rickshaw belongs to. This feudalistic manner of work can only be described as exploitative; once in this vicious circle, the rickshaw wallahs cannot escape until they quit or die. Nandhi (2011) stated that the cycle rickshaw pullers undergo heavy physical work during carrying passengers and have to work in hot summer and rainy season. Rickshaw used to be the first choice among the daily commuters for transportation to their desired destination.

The cycle rickshaw is a small-scale local means of transportation having three wheels. They are often used to carry passengers by negotiated fare and widely used in major cities of the South-Asia, South East-Asia particularly in India for shorter distance (Madan 1971 and Ali 2012).

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

1. To study the socio-economic status of rickshaw drivers in Manipur,
2. To compare their income and expenditure level of present and previous occupation,

#### **Hypotheses of the Study**

1. There is no significance difference between earnings before the present occupation and earnings after the present occupation as rickshaw pullers.
2. There is no significant difference between expenditure before the present occupation and expenditure after the present occupation as rickshaw pullers.

#### **Data and Methodology**

To achieve the objectives of the study, primary data has been collected from 108 numbers of rickshaw pullers from Singjamei, Babupara, Governor Road, Kangla, M.G. Avenue, Khoyathong, Nagamapal, Lamphel, Kasturi Bridge, Uripok, Keishampat, New Chekon, Moirang Bazaar Ningthoukhong Bazaar, LilongBazaar, Thoubal Bazaar and Kakching Bazaar. Simple random sampling technique was used for selection of respondents. A pre-designed questionnaire was prepared to get elicited information. Data were analyzed using SPSS Version 21 Hypothesis were tested t -test.

#### **Limitations of the Study**

The rickshaw pullers are very reluctant to give the information needed exactly due to hesitation. The sources of secondary data are very limited. Further, majority of the rickshaw pullers are not well educated and hence there is a communication gap.

#### **Results and Discussion**

From table 1 it can be stated that the maximum no. of rickshaw pullers are within the age group of 35 and above and maximum of them have been migrated from other places and minimum number are under the age of 25 years. The maximum rickshaw pullers are educated upto 8<sup>th</sup> standard only. About 92.31% of the migrated rickshaw pullers are staying in the rented house. The expenditure incurred by most of them before their present occupation is Rs. 100 and they even incurred upto Rs.800 by some few pullers. The family of the pullers is of 5 and above members (i.e., 50.93%) and only 10.18% are having family members of 1-3.

**Table 1: Socio - Economic Characteristics of the respondents**

Variables	Group	Place of birth		Total
		Local	Migrated	
Age of respondent	Under 25	1	4	5
	25-30	3	15	18
	30-35	10	13	23
	35 and Above	23	39	62
	Unmarried	3	9	12
Education qualification	V	7	7	14
	VIII	11	23	34
	X	12	16	28
	XII	5	6	11
	XII above	1	7	8
	Below V	1	12	13
Ownership of house	Rented	3	36	39
	Own	34	35	69
Income before present occupation per day	0-100	14	30	44
	100-200	10	18	28
	200-300	9	15	24
	300-400	3	3	6
	400 and above	4	2	6
Expenditure before the present occupation per day	0-100	17	37	54
	100-200	12	25	37
	200-300	4	7	11
	300-400	1	0	1
	400 and above	2	3	5
No.of family members	1-3	3	8	11
	3-5	17	25	42
	5 and above	17	38	55
Income after present occupation per day	100-300	20	24	36
	300 and above	25	47	72
Expenditure before the present occupation per day	0-100	1	6	7
	100-200	17	31	48
	200 and above	19	34	53
Daily savings	0-100	9	13	22
	100-200	21	44	65
	200 and above	7	14	21
Ownership of rickshaw	Hired	21	53	74
	Owned	16	18	34

Source: Primary data

The some rickshaw pullers earn approximately Rs. 300 per day (i.e., 41.67%) and some earn Rs. 450 per day at the maximum and Rs. 150 per day at minimum. 68.52% of pullers hire rickshaws. They hire rickshaws and pay the rent every day. 31.48% of the rickshaw pullers used their own rickshaws.

**Table 2: T-test of the earnings before and from the present occupation**

Category	N	Mean	SD	t-value	P value
Earnings before the Present Occupation	108	132.6852	213.31	7.637	0.000
Earnings from the Present Occupation	108	296.7593	60.77		

5% level of significance

From the table 2, it can be seen the t-value is 7.637, p-value = 0.000 which is less than cut off value 0.05 at  $df = 107$ . So, the null hypothesis is rejected and the alternative hypothesis is accepted. Hence, there is a significant difference in the earnings of rickshaw pullers before the occupation and earnings after the occupation. In otherwords, by engaging themselves in the present occupation they could earn more to live their lives. The mean earnings of Rickshaw pullers the present occupation was much lower as compared to their earnings from the present occupation. The mean earnings of the rickshaw pullers surveyed clearly indicate that their incomes have been doubled in the present occupation as compared to their income before engaging themselves in the present occupation.

**Table 3: T-test of the expenditure before and from the present occupation**

Category	N	Mean	SD	t-value	P value
Expenditure before the Present Occupation	108	99.6296	121.06170	5.546	0.000
Expenditure from the Present Occupation	108	171.4815	55.37999		

5% level of significance

From the table 3, it can be seen the t-value is 5.546, p-value = 0.000 which is less than cut off value 0.05 at  $df = 107$ . So, the null hypothesis is rejected and the alternative hypothesis is accepted. Hence there is a significant difference in the expenditure before the present occupation and expenditure from the present occupation of rickshaw pullers. It can be seen that the mean expenditure of rickshaw pullers has been increased to a large extent after they engage themselves in the present occupation which clearly reflects that their purchasing power has been considerably increased.

### Conclusion

The results of the study depicted that the socio-economic condition of rickshaw pullers we can go a deep further. So far all of them are not enjoying the advantages of PDS Ration Card, that is to say only a few of them possess the PDS Ration Card. Only a few of them are living in a pucca houses and their toilet condition are also mostly of kuccha. Almost all of the rickshaw pullers those who are migrated are living in a rented house paying rent ranging from Rs. 300 to Rs. 2000. It is also found that maximum of the rickshaws used by them are on the basis of rented. It has also been found that the rickshaw pullers business faced a steep competition from diesel auto and Tata magic too. Many of the passengers have opted to travel in auto instead of rickshaw. This is really a setbacks for them leading to low earnings and ultimately to low standard of living. There is union for rickshaw puller which is in operation throughout the state but it hardly does anything in matter of accidents, social security, etc. So far rickshaw pullers could be considered the neglected section of the society. The government has not taken up any initiatives for their upliftment and development. The government needs to focus particular attention to this section of people.

### Suggestions

Rickshaw pullers played a significant role in transportation sector of Manipur in the past. They had contributed to the economy in a much larger volume as compared to the present. It has been found that due to industrialization and fast

changing world, they are deteriorating day by day. In fact they have come to a situation of extinction. Since some section of the society are still in this sector, special attention needs to be given. The following suggestions might help in their upliftment, development and growth :

- Basic facilities like housing, food, education for their children, healthcare, social security needs have to be provided for them at least minimum standards of living through some special schemes.
- The government also should provide some funds through the associations for their upliftment and must check whether the funds are utilizing properly or not by maintaining proper accountability and responsibility.
- Since the rickshaw business faced steep competition from other mechanical transportation modes specially, the diesel auto, it is found that they want to leave the job and start some other jobs or business on trade. If it is so, some kind of loan facilities needs to be provided.
- When the whole country talks about Liberalization, Privatization and Globalization, the famous LPG, it seems that it has nothing to do with the rickshaw pullers. In fact they are excluded and neglected. The governments must start some especially schemes to help them in living a good standard through their association and must try to implement them efficiently.
- The associations also must try to help the members not only when they died but also when they are alive by providing some financial help especially when they are sick.
- So, if all these suggestions are taken into consideration by the concerned authorities than researcher hope the standard of living of the rickshaw pullers can be somewhat developed.

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## **Corporate Social Cause & Advertising Expenditure on Profitability of Dutch Bangla Bank Limited: An Empirical Study**

**Md. Farijul Islam**

Lecturer, Department of Marketing, Faculty of Business Studies, Jagannath University, Dhaka, Bangladesh.

**Md. Zahir Uddin Arif**

Associate Professor, Department of Marketing, Faculty of Business Studies, Jagannath University, Dhaka, Bangladesh.

### **Abstract**

*The purpose of the research paper is to investigate the statistical relationship and impact of corporate social cause (CSC) & promotional expenditure especially advertising expenditure on the key financial performance parameter i.e. the profitability of financial service firm mainly Dutch Bangla Bank Limited (DBBL) in the context of Bangladesh that attempts to contribute to the existing literatures of CSC initiatives taken by financial service firm- DBBL and its ability to influence its financial performance i.e. profitability. For the aim of assessing the interaction and influence, the study has used mainly secondary sources of data from the annual reports of DBBL account for 10 (ten) years ranging from the year 2005 to 2014 and the reports from Bangladesh Bank. As statistical analytical tools, multivariate analysis in the form of multiple regression has been used to depict the relationship and impact of CSC & advertising expenditure on profitability of DBBL and the developed hypotheses have been tested by using univariate analysis in the form of two tailed test under parametric test. Finally, the major outcomes have demonstrated evidence that there is a statistically significant relationship between CSC and profitability and the relationship between advertising expenditure and profitability has been proved as statistically insignificant and the impact of CSC has been greater than advertising expenditure on profitability of DBBL. As a result, this study has strongly recommended the banking sector to take corporate social cause related expenses apart from promotional expenditure as this is one of the key considerations and parameters that incurs positive influence on profitability.*

**Keywords:** Advertising Expenditure, Corporate Social Cause (CSC), Profitability.

### **Introduction**

From the perspective of modern marketing philosophy, corporate social cause (CSC) which is also known as corporate social responsibility (CSR) from the perspective of other disciplines of business has emerged as a new chapter in the 21<sup>st</sup> century because this issue appeals to a great extent for the overall improvement of the society and business. This has become increasingly a household aspect due to the fact that social interest is a key priority and a key player in the arena of business. In the perspective of Bangladesh, it is not a very recent and new orientation because the financial service organizations are now shifting from profit generating activities to social welfare activities that will ensure value maximization both for the service providers and service receivers. It is believed that corporate social cause (CSC) in another sense which is also considered as corporate social responsibility (CSR) can increase company profits and thus most of the large companies are actively involved in it. But few decision makers of different organizations are aware of the research on this important phenomenon. Nevertheless, profit growth in the service sector especially in the banking sector is becoming complicated due to its intangibility in nature. Most of the executives believe that CSC can improve profits. Social issue can promote their products and services in the competitive marketplace which can result in higher sales of banking products and services that give birth of profit maximization and wealth maximization. Also, CSC activities focusing on sustainability issues may retain costs lower and improve efficiencies as well. On the other hand, financial service providers

are spending huge money for the purpose of promotional expenditure in order to generate profits by selling banking products and services. The purpose of promotional expenditure is to communicate the promises and benefits of products and services to the right customers that are able to create awareness among service receivers that enhance brand loyalty and positively impact on firm's financial performance. Advertising is a common communication weapon and frequently used for promotion. It also acts as an independent variable in explaining the changes of sales and profitability of the firm. The fundamental objectives of an advertising program are to stimulate sales amongst former, present and future consumers and to retain the loyalty of former and present consumers. Financial organizations embrace advertising to achieve sales that lead to higher margin, uphold goodwill, and ensure high market share but in true sense this expenditure many times fails to achieve their long-cherished desire profitability. Finally, profitability is the driving force of the service providers that helps to survive and compete in the competitive business arena. As a result, the study has taken an initiative to investigate the relationship and impact of corporate social cause (CSC) & promotional expenditure especially advertising expenditure on the key financial performance parameter like the profitability of financial service firm especially Dutch Bangla Bank Limited (DBBL) in the context of Bangladesh. The study has also attempted to contribute to the existing literatures of corporate social cause initiatives taken by DBBL and its ability to influence the financial performance of DBBL in the context of Bangladesh.

### **Review of Literature**

Mainly profit oriented service providers spend a huge amount of their profits for promotional purpose but in true sense the expenditures do not get the desired output because of the fact that their spending amounts are not properly targeted according to the changing scenarios. As a result, social cause activities are addressing burning issues at present that are given more priority than traditional promotions. Recently it is found less work on this newly emerged issue and paucity of sufficient research works and extensive literature review in the context of developing countries like Bangladesh. Mackey et al. (2007) have said that the market value of a company increases that shows the responsible behavior toward society which ultimately increases the financial performance of the company. Waddock et al. (1997) have asserted that there are some neutral relations in the connection which may indicate that a lot of variables in the relationship between CSC and financial performance make the connection coincidental.

Bedi (2009) studied on financial performance and social responsibility considering Indian scenario. For the purpose of the study, 37 companies have been taken as sample size. Regression analysis has been used to test the hypothesis. The result of the study revealed that there is positive relationship between CSC and financial performance. 26 out of 37 companies have spent lesser amount on social projects, 11 companies have spent more than their estimated budget of CSC. Siegel and Vitaliano (2007) have examined the theory that firms are strategically involved in profit-maximization through CSC. Their analysis highlighted specific attributes of business firms & categories of CSR activities i.e. socially responsible activities actually ensure profit maximization. They have concluded that high-profile CSC activities like improvement of working conditions for employees or voluntary efforts to minimize pollution are more likely undertaken when such socially responsible activities can be more easily integrated into a firm's differentiation strategy.

Friedman (1970) identified that the only social responsibility of a firm is to maximize its profit conducting business in an openly and freely competitive environment without participating in any deceptive or fraudulent activity. He has opined that the corporate executive is basically an active agent of the owners of a firm. However, any noble action by the executive toward the welfare purpose of the society amounts to spend money of someone else but decreases returns to the stockholders, increases the price to the consumers or keeps lower the wages to some employees. Friedman also pointed out that stockholders, consumers or employees can separately spend their own money on social activities if they wish to do so. Friedman, however, has also noted that there are many circumstances in which manager of a firm may involve in actions that serve the long-run benefits of the owners of the firm and that have also a positive social affect indirectly.



According to Yang, Lin and Chang (2010), previous empirical researches have indicated an unclear relationship between CSC and financial performance. In another study, Sarbutts (2003) has established that there are different arguments about the relationship between CSR engagements and their financial performance of a firm. Sarbutts (2003) has also argued that if CSC influences a company's reputation, it is very likely that this will also influence the company's financial performance. Arias and Petterson (2009) examined the relationship between CSC's promotion and corporate performance in the multinational corporations. The study revealed that MNCs invest continually in CSC activities that help to promote improved reputation and also to facilitate customer loyalty. They have concluded their study by reporting that in most of the cases, investment in CSC activities will enhance profitability of corporations.

Based on existing literatures, it can be expressed that the relationship and impact of CSC & advertising expenditure on the profitability of financial service firm especially DBBL in Bangladesh is yet to be examined. So the present study has taken an initiative to study the corporate social cause initiatives taken by DBBL and its ability to influence the financial performance of DBBL in the context of a developing country like Bangladesh.

### **Objectives of the Study**

1. To examine the relationship between CSC expenditure and financial performance parameter, i.e. the profitability of DBBL as the financial service provider.
2. To investigate the relationship between advertising expenditure and financial performance parameter, i.e. the profitability of DBBL as the financial service provider.
3. To demonstrate whether statistically the impact of CSC expenditure is greater than advertising expenditure on the profitability of DBBL as the financial service provider.

### **Research Hypotheses**

1. There is a statistically significant relationship between CSC and the profitability of DBBL.
2. There is a statistically significant relationship between advertising expenditure and the profitability of DBBL.
3. There is a statistically greater impact of CSC expenditure than advertising expenditure on the profitability of DBBL.

### **Data and Methodology**

For the purpose of the study, Dutch Bangla Bank Limited (DBBL) has been taken into consideration as sample from the banking sector as sampling unit among the 30 renowned commercial banks listed in the Dhaka Stock Exchange Limited in Bangladesh. Here non-probability judgmental sampling technique has been used to select the sample. The data and information for this study have been collected from secondary sources both for literature review to grasp the concept of CSC and advertising as well as profitability of banking service sector and statistical analysis mainly from the 10 years' annual reports of DBBL ranging from the year 2004-2005 to 2014-2015 and the reports from Bangladesh Bank, the central bank of the country. Two types of research designs have been used for conducting this study. At first an exploratory research has been conducted for literature review and hypotheses development. Secondly, conclusive research in the form of causal research design has been conducted to test the hypotheses and to show the cause and affect relationship between variables and based on the output, to draw conclusion for decision making regarding the aspects of variables. Statistical analytical tools like univariate analysis and two sample t test have been used under parametric test in order to test the developed hypotheses and multivariate analysis such as Pearson correlation and multiple regression have been done for showing the relationship between independent (CSC and advertising expenditure) and dependent (profitability) variables because there is more than one independent variable influencing on dependent variable. Finally data have been analyzed with the help of SPSS version 17 to get the desired output.

**Results and Analysis**

**Table 1: Scenario of Financial Parameters (CSC Expenditure, Advertising Expenditure and Profitability of DBBL)**  
(Amount in million Taka and ratios are in percentage).

Year	Profit after Tax	CSC Exp.	Advertising Exp.	Total Exp.	Sales	PAT Ratio	CSC Ratio	Ad.Exp.Ratio.
2014-2015	2206.6	1813.6	366.0	12544.0	20741	10.63	14.0	5.00
2013-2014	2000.8	785.4	345.7	8114.3	20050	9.97	10.0	5.00
2012-2013	2314.1	527.7	107.3	6088.2	18213	12.70	9.00	2.00
2011-2012	2154.8	341.8	76.0	4310.0	14114	8.05	8.00	2.00
2010-2011	2002.0	168.8	38.6	2960.1	14010	13.34	14.0	1.50
2009-2010	1137.6	159.2	52.6	2122.13	8910	12.75	10.0	3.00
2008-2009	821.6	171.0	26.3	1703.16	7275	11.28	10.0	2.00
2007-2008	479.8	39.2	31.6	1351.21	6367	7.5	6.0	3.00
2006-2007	362.1	38.7	38.0	988.4	5181	6.98	6.0	4.00
2005-2006	377.8	36.2	29.5	631.5	3434	10.97	7.0	5.00

Source: Annual Reports of DBBL from 2005 to 2015 and Bangladesh Bank Annual Report 2015

**Table 2: Pearson Correlation Analysis of Dependent and Independent Variables**

		CSC Expenditure	ADV Expenditure	Profitability
Corporate Social Cause (CSC) Expenditure	Pearson Correlation	1	.903**	.631
	Sig. (2-tailed)		.000	.051
Advertising (ADV) Expenditure	Pearson Correlation	.903**	1	.583
	Sig. (2-tailed)	.000		.077
Profitability	Pearson Correlation	.631	.583	1
	Sig. (2-tailed)	.051	.077	

\*\* . Correlation is significant at the 0.05 level (2-tailed).

Source: Authors' Calculation through SPSS Analysis

Pearson (r) correlation coefficient has been carried out using SPSS so that the nature of strength and direction of the relationship between independent variables and dependent variable has been shown. Based on the output in the Table 2, it can clearly be seen the correlation coefficient value between corporate social cause (CSC) and profitability,  $r = .63$ , i.e. there is a statistically and moderately strong positive correlation between CSC and profitability which is significant at 5% level of confidence. This means that for the increase of BDT.1 in CSC expenditure, it will lead to increase BDT. .63 in profitability. On the other hand, in the Table-2 the study has also revealed the correlation coefficient value between advertising expenditure and profitability,  $r = .58$ , i.e. there is a positive correlation between advertising expenditure and profitability which is significant at 5% level of confidence. This means that for the increase of BDT. 1 in advertising expenditure, it will lead to increase BDT. .58 in profitability. So the study can encapsulate from the above analysis that the impact of CSC expenditure is more effective and significant than advertising expenditure on the financial performance i.e. the profitability of DBBL.

**Table 3: Model Summary of Multiple Regression Analysis**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Change Statistics				
					R Square Change	F Change	df1	df2	Sig. F Change
1	.777	.604	.490	2.05253	.604	5.330	2	7	.039
a. Predictors: (Constant), Corporate Social Cause Expenditure, Advertising Expenditure.									
b. Dependent Variable: Profitability									

Source: Authors' Calculation through SPSS Analysis

Table 3 shows that R value is 0.777. The R Square (R<sup>2</sup>) value is .604 which indicates a good model fit of the data and which also means that 60.4% of the variance in the dependent variable of the bank i.e. the profitability performance of DBBL can be accounted for by a variation in the independent variables namely CSC expenditure and advertising expenditure.. According to Tabachnick and Fidell (2001), a good model should have R Square (R<sup>2</sup>) value greater than .45. Model is well fitted because F-change shows 5.33 which signifies the model fitness of the data. According to Andy (2000), a good model should have a large F-ratio greater than one (1).

**Table 4: Coefficient Analysis of Multiple Regressions**

Model		Unstandardized Coefficients		Standardized Coefficients	Sig.
		B	Std. Error	Beta	
1	(Constant)	1.262	3.890		.755
	Corporate Social Cause	.993	.307	.798	.014
	Advertising Expenditure	.224	.506	.109	.671
a. Dependent Variable: Profit after Tax					

Source: Authors' Calculation through SPSS Analysis

The regression analysis performed for testing the effect of CSC on the profitability of DBBL is shown in the above Table 4. The value of β is 0.798 (which is positive) and P-value or significance level is .014 which is less than 0.05). Results clearly demonstrate that there is moderately a positive relationship between CSC and profitability. It means that when DBBL increases its spending on CSC, its profitability will also increase. Because of this positive relationship between CSC and profitability, DBBL will spend more on CSC especially in the developing country like Bangladesh. However, the regression analysis performed for testing the effect of advertising expenditure on the profitability of DBBL is also explicated in the above Table 4. The value of β is 0.109 (which is positive) but P-value or significance level is 0.671 (which is greater than 0.05). Results clearly reveal that there is a positive relationship between advertising expenditure and profitability but not significant relationship between them. It means that when DBBL increases its spending on advertising, its profitability may increase minimally. Because of this positive relationship between advertising expenditure and profitability, DBBL may also spend amount on advertising as promotional tool especially in the financial service industry of Bangladesh.

**Therefore, the estimated multiple regression equation is**

$$\hat{Y} (\text{Profitability}) = 1.26 + .798 (\text{CSC Expenditure}) + .109 (\text{Advertising Expenditure})$$

According to this equation, profitability performance of DBBL is expected to change BDT. .798 by the change of BDT. 1 in CSC expenditure when the rest of the independent variable (advertising expenditure) is held constant or otherwise controlled. Similarly, profitability of DBBL is expected to change BDT. .109 by the change of BDT. 1 in advertising expenditure which is considerably less and not significant than CSC expenditure. This means that these two independent

variables are important in explaining their impact on the profitability performance of DBBL in the banking service sector of Bangladesh. It can be easily concluded about the third hypothesis that the alternative hypothesis  $H_3$  is accepted because of the acceptance of the first one ( $H_1$ ) and rejection of the second one ( $H_2$ ). Finally, the study can draw the line that the impact of CSC expenditure on the profitability of DBBL is greater than advertising expenditure which is accepted.

### Conclusions and Recommendations

The implication of the present study is that corporate organizations need spontaneous supports and cordial co-operations from society in order to grow, prosper and sustain in the fiercely competitive arena of business due to the fact that society is a key influential stakeholder in business operations and profit generation. Recent analyses indicate that financial service providers especially banking sector can strategically engage in socially responsible activities to increase private profit maximization apart from wealth and value maximization. Thus the service firm's stakeholders may value the service firm's social efforts and the firm can undoubtedly obtain extra benefits from these beneficial activities. The main focus of the study is to demonstrate the relationship and impact of CSC on the key parameter of financial performance, i.e. the profitability of the banking service sector especially Dutch Bangla Bank Limited in Bangladesh. Moreover, it can be strongly agreed that financial service providers apart from making profit, should do their CSC activities to improve the society and its environment which lead to create positive image of banks and all other stakeholders in the minds and hearts of consumers. The Government can play pivotal role to encourage the financial corporations to spend for the welfare of the society and its surroundings where they operate their businesses to generate profits. The study also strongly recommends the service providers not to spend much on advertising for creating awareness and persuasion among consumers rather they should deploy more amount on CSC because this will contribute to the overall socio-economic development of the country apart from working only as promotion.

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## Resource Mobilization by Mutual Funds in India: An Analysis

Rajat Sharmacharjee

Assistant Professor, Department of Commerce, Assam University, Silchar

### Abstract

*Since inception, Indian mutual fund industry has been playing a key role in resource mobilization, thereby accelerating the pace of economic development. It provides avenues of investment to those investors who lack the knowledge of choosing and analyzing investment opportunities, by its expert personnel. Efficient resource mobilization is a key to economic development of any country. In India, the mutual fund industry is performing this function in an efficient way. Today mutual fund industry is gaining special attention as it is managed by professional experts and regulated by strong regulators viz. SEBI. In the present paper, an attempt is made to study the growth of resource mobilization by Indian mutual fund industry scheme-wise, category-wise and sector-wise from 2000-01 to 2014-15.*

**Key Words:** Resource Mobilization, Debt, Equity, Open ended, Interval, Close -ended.

### Introduction

Resource mobilization is the process of securing new and additional resources for the organization. It also involves making better use of, and maximizing, existing resources. Resource mobilization implies the movement of monetary resources from the non or less productive sector to the productive sector of the economy. It is a significant indicator of the growth of mutual funds. Gross resource mobilization varies according to the nature of organization and schemes offered by them. Various other factors like household investments in banks, insurance funds, and share market etc. are also playing a vital role in resource mobilization of mutual funds in India.

Resource mobilization and its efficient allocation is one of the important pre-requisites of economic development of a country. In maintaining stability to the financial system and efficiency to the resource allocation process, the role of mutual funds is worth mentioning. Mutual funds increase the mobilization of investable funds of the society by pooling the interest of a great number of small savers towards the financial system of the country ( Vijaya & Talwar, 2015).

### Review of Literature

Vidyashankar (1990) found that investors preferred mutual funds to bank or company deposits as it provides better investor protection because of SEBI interference. Bansal (1991) recognized the role of mutual funds as an important intermediary between the investors and the capital market. Gangadhar (1992) observed that open ended mutual fund schemes attract investor's attention because of the feature of its flexibility and liquidity. Mathur (1996) concluded that the concept of mutual funds is gaining practical relevance in India and as a result large number of funds have been floated in the recent past. Tripathy (1996) opined that in the globalised era, mutual funds should devise newer products and policies in order to mobilize more resources from the investors. It should give emphasis on transparency in operation, better disclosure and introducing schemes in order to meet varied needs of investors. Sankaran (2008) pointed out that regulations should be strengthened for ensuring better service to the investors. Parihar, Sharma and Singh (2009) stated that mutual funds are financial intermediaries concerned with mobilizing savings of those who have surplus and the canalization of these savings in those avenues where there is a demand for funds. Vijaya & Talwar (2015) concluded that mutual funds have recorded an exponential growth in the post liberalization period in terms of resources mobilization. Lohana, P. M (2014) found that in today's volatile market environment, mutual funds are looked upon as a transparent and low cost investment vehicle, which attracts investors' attention promoting the growth of the industry. Singh, J (2006) found that positive growth has been registered by mutual funds in terms of resource mobilization. Private sector acquired the lion's share and income/ debt

schemes outperformed the growth & balanced schemes in resource mobilization. These studies provided scope for further research in the area of resource mobilization by Indian mutual fund industry giving special focus on scheme wise, category wise and sector wise mobilization of resources by mutual funds in India.

### Objectives of the Study

1. To study the trend of gross resource mobilization by Indian mutual fund industry.
2. To analyze the scheme-wise resource mobilization by Indian mutual fund industry.
3. To analyze the category-wise resource mobilization by Indian mutual fund industry.
4. To analyze the sector-wise resource mobilization by Indian mutual fund industry.

### Research Methodology

The study is based on secondary data. The present study aims at analyzing the growth of resource mobilization by mutual funds in India for the past fifteen (15) years i.e. from 2000-01 to 2014-15. For the purpose of the study, necessary data have been collected from various books, journals and websites of AMFI, SEBI, NSE and RBI. Analysis of data was done with the help of statistical tools such as percentages, growth index, AGR and CAGR.

### Results and Discussion

Table 1 depicts the trends in gross resource mobilization, redemptions and net inflow/outflow of resources by mutual funds during the period 2000-01 to 2014-15.

**Table 1: Trend in Gross Resource Mobilization**

(₹ Crores)						
Period	Gross Mobilization	Redemption	Net Inflow / Out flow	Asset at the end of the period	AGR (%)	Growth Index of Gross Resource Mobilisation 2000-2001=1
2000-01	92,957	83,829	9,128	90,587	-	1
2001-02	1,64,523	1,57,348	7,175	1,00,594	11.05	1.77
2002-03	3,14,706	3,10,510	4,196	1,09,299	8.65	.3.39
2003-04	5,90,190	5,43,381	46,808	1,39,616	27.74	6.38
2004-05	8,39,708	8,37,508	2,200	1,49,600	7.15	9.08
2005-06	10,98,149	10,45,370	52,779	2,31,862	54.99	11.87
2006-07	19,38,493	18,44,508	93,985	3,29,292	42.02	20.95
2007-08	44,64,376	43,10,575	1,53,801	5,05,152	53.41	48.25
2008-09	54,26,354	54,54,650	-28,296	4,17,300	-17.39	58.65
2009-10	1,00,19,023	99,35,942	83,080	6,13,979	47.13	108.29
2010-11	88,59,515	89,08,921	-49,406	5,92,250	-35.39	95.76
2011-12	68,19,678	68,41,702	-22,024	5,87,217	-0.85	73.71
2012-13	72,67,885	71,91,346	76,539	7,01,443	19.45	78.55
2013-14	97,68,100	97,14,318	53,782	8,25,240	17.65	105.57
2014-15	1,10,86,257	1,09,82,969	1,03,288	10,82,757	31.21	119.82
CAGR	<b>40.71%</b>			<b>19.39%</b>		

Source: Compiled and calculated from various annual reports of SEBI

It is evident from the table that the mutual fund industry witnessed a CAGR of 40.71 percent in respect of gross resource mobilization (₹ 90,587 crores in 2000-01 to ₹ 1, 10, 86,257 crores in 2014-15) and a CAGR of 19.39 percent in respect of assets at the end of the period (₹ 92,957 crores in 2000-01 to ₹ 10,82,757 crores in 2014-15). It is also seen that the total amount of redemption as well as net inflow/out flow of the industry has increased significantly during the period under study. However, the increase in the amount of redemption and negative net inflow of the industry in 2008-09 (-28,296 crores), 2010-11 (-49,406 crores) and 2011-12 (-22,024 crores) are due to the impact of financial crisis which greatly hit the Indian stock market. It is, further, noticed that there was wide fluctuations in the annual growth rate (AGR) and even it was negative in the years of financial crisis in 2008-09 (- 17.19), 200-11 (- 35.39) and 2011-12 (- 0.85). However, the growth index of gross resource mobilization was found more than unity (>1) in all the years during the period under the study, indicating that the mutual fund industry performed well in this respect.

**Table 2: Scheme wise Net Resource Mobilization by Mutual Funds**

(₹ Crores)

Period	Open-ended	Close-ended	Interval	Total
2000-01	12,318	-3,190	NA	9,128
2001-02	9,220	-2,045	NA	7,175
2002-03	12,187	-7,991	NA	4,196
2003-04	46,033	775	NA	46,808
2004-05	-3,972	6,172	NA	2,200
2005-06	25,783	26,996	NA	52,779
2006-07	23,900	70,085	NA	93,985
2007-08	1,33,453	20,348	NA	1,53,801
2008-09	28,128	-34,191	-22,233	-28,296
2009-10	1,06,627	-36,132	12,585	83,080
2010-11	-1,23,218	71,658	2,154	-49,406
2011-12	-14,996	3,440	-10,468	-22,024
2012-13	1,03,723	-26,539	-645	76,539
2013-14	-10,454	59,742	4,494	53,782
2014-15	1,55,282	-47,529	-4,465	1,03,288
<b>Total</b>	<b>5,44,013</b> <b>(86.76%)</b>	<b>1,01,599</b> <b>(16.20%)</b>	<b>-18,588</b> <b>(- 2.96%)</b>	<b>6,27,024</b>
<b>CAGR</b>				<b>18.92%</b>

Source: Compiled from [www.sebi.com](http://www.sebi.com)

N.A: Not available. Figures in brackets indicate percentages. All figures indicate net inflow or outflow of funds.

It is clear from Table 2 that open ended schemes outperformed closed ended and interval schemes in respect of net resource mobilization. It is clear that except in 2004-05, 2010-11 and 2013-14 where due to high redemption open ended schemes added nothing in the total resource mobilization but in other years it added significantly over the close-ended and interval schemes. It was noticed that out of the total net resource mobilized by the industry of ₹ 6,72,024 crores, open ended schemes alone mobilized ₹ 5,44,013 crores ( 86.76 %) followed by closed ended schemes of ₹ 1,01,599 crores and interval schemes of ₹ -18,588 crores (- 2.96%).

Table 2 also shows that though open-ended schemes were able to mobilize ₹ 12,318 crores in 2000-01, but due to high redemptions in case of close-ended schemes (₹ 3,910 crores), ultimately the net resource mobilized stood at ₹ 9,128 crores. The same was the case in 2014-15 where open ended funds mobilized ₹ 1,55282 crores but high redemptions were found in case of closed ended funds (₹ 47,529 crores) and interval funds (₹ 4,465 crores) . Hence net resource mobilization stood at ₹ 1, 03, 288 crores (CAGR 18.92 percent).

**Table 3: Category-wise Net Resource Mobilization by Mutual Funds**

(₹ Crores)

Period	Income/Debt Oriented Schemes	Growth/ Equity Oriented Schemes	Balanced Schemes	ETF	Fund of Funds	Total
2000-01	7,091	-745	2,782	NA	NA	9,128
2001-02	13,064	-535	-5,354	NA	NA	7,175
2002-03	5,781	43	-1,628	NA	NA	4,196
2003-04	39,603	7,218	-13	NA	Na	46,808
2004-05	-5,245	7,100	345	NA	NA	2200
2005-06	16,621	35,231	927	NA	NA	52,779
2006-07	64,068	28,206	1,711	NA	NA	93,985
2007-08	1,03,867	46,933	5,768	-2,767	NA	1,53,801
2008-09	-32,161	4,024	61	-998	778	-28,296
2009-10	81,208	2,149	-693	783	-367	83,080
2010-11	-40,343	-13,138	1,345	3,637	-907	-49,406
2011-12	-25,653	121	382	3,024	102	-22,024
2012-13	90,182	-1,45,87	216	1,202	-474	76,539
2013-14	63,339	-9,268	-1,986	596	1,101	53,782
2014-15	22,554	71,033	9,826	776	-901	1,03,288
<b>Total</b>	<b>4,03,976</b> <b>( 68.82)</b>	<b>1,63,785</b> <b>( 27.90)</b>	<b>13,689</b> <b>( 2.33)</b>	<b>6,253</b> <b>( 1.06)</b>	<b>-668</b> <b>( -0.11)</b>	<b>5,87,035</b>
<b>CAGR</b>						<b>18.92%</b>

Source: Compiled from www.sebi.com

Figures in brackets indicate percentages. All figures indicate net flow or outflow of funds.

It is clear from table 3 that income / debt oriented schemes shared the whole amount of resource mobilized because of out flow of funds from growth / equity oriented schemes & balanced schemes. The highest share in the amount mobilized was found in 2007-08. The income/debt oriented schemes shared 68.82 percent in the net amount of resource mobilized, the share of growth / equity oriented schemes was 27.90 percent, balanced schemes 2.33 percent, ETP 1.06 percent. The fund of funds got a negative share (-0.11 percent) because of high outflow of funds. But in an overall basis during the period of the study under consideration, the income/debt oriented schemes outperformed their counterpart, in respect of net resource mobilization.



Table 4 shows that in Indian mutual fund industry private sector occupies a dominant position in respect of net resource mobilization. During the 15 years period, out of total net inflows of the industry ((₹ 5,87,035 crores), the private sector alone shares ₹ 5,47,128 crores (93.20 %) followed by the share of public sector of ₹ 39,907 crores (6.80%). However, the industry witnessed a CAGR of 18.92 percent during the study period. It is also observed that the private sector mutual funds enjoyed a growth index more than unity (>1) in 11 times and public sector in 8 times during the 15 years study period. It indicates that the private sector outperformed the public sector in respect of resource mobilization during the study period.

**Table 4: Sector-wise Net Resource Mobilization by Mutual Funds**  
(₹ Crores)

Period	Private Sector	Growth Index 2000-01=1	Public Sector	Growth Index 2000-01=1	Total
2000-01	9,850	1	-722	1	9,128
2001-02	13,050	1.32	-5,875	-8.14	7,175
2002-03	12,069	1.22	-7,873	-10.91	4,196
2003-04	42,544	4.30	4,264	5.91	46,808
2004-05	7,599	0.77	-5,399	-7.48	2,200
2005-06	42,976	4.35	9,803	13.58	52,779
2006-07	79,038	8.00	14,947	20.71	93,985
2007-08	1,33,304	13.49	20,497	28.40	1,53,801
2008-09	-34,018	- 3.44	5,,722	7.93	-28,296
2009-10	54,928	5.55	28,152	39.02	83,080
2010-11	-19,215	-1.94	-30,191	-41.85	-49,406
2011-12	-15,446	-1.56	-6,578	-9.12	-22,024
2012-13	67,911	6.86	8,628	11.96	76,539
2013-14	48,838	4.93	4,944	6.85	53,782
2014-15	1,03,700	10.47	-412	-0.57	1,03,288
<b>Total</b>	<b>5,47,128</b> <b>(93.20%)</b>		<b>39,907</b> <b>(6.80%)</b>		<b>5,87,035</b> <b>(100)</b>
<b>CAGR</b>					<b>18.92%</b>

Source: Compiled from www.sebi.com

Figures in brackets indicate percentages. All figures indicate net flow or outflow of funds.

#### Summary of Major Findings

1. The gross resource mobilization has increased significantly from ₹ 92,957 crores in 2000-01 to ₹ 1,10,86,257 crores in 2014-15 at a CAGR of 40.71 percent.
2. There was considerable increase in the amount of redemption and net inflow of the mutual fund industry. The amount of redemption which was ₹ 83,829 crores in 2000-01 increased to ₹ 1,09,82,964 crores in 2014-15 and net inflow increased from ₹ 9,128 in 2000-01 to ₹ 1,03,288 crores in 2014-15 at a CAGR of 18.92 percent.
3. The growth index of gross resource mobilization was found more than unity (>1) during the study period.
4. The Indian mutual fund industry has registered significant growth in AUM. The total amount of AUM increased to ₹ 10,82,757 crores in 2014-15 from ₹ 90,587 crores in 2000-01 at a CAGR of 19.39% over the period.

5. With respect to scheme wise net resource mobilization, open ended schemes (86.76%) out-performed the closed-ended schemes (16.20%) and interval schemes (-2.96%) during the study period.
6. Category-wise, income/debt oriented schemes (68.82%) outperformed the other schemes viz. growth/equity oriented (27.90%), balanced (2.33%), ETF (1.06%) and fund of funds schemes (-0.11%). The mutual fund industry should introduce attractive scheme options with minimum risk and maximum return in respect of balanced, ETFs and fund of fund investing overseas schemes.
7. The private sector mutual funds (93.20%) outperformed the public sector mutual funds (6.80%) in respect of resource mobilization during the period under the study. Hence, the public sector should give more emphasis so as to introduce innovative schemes with assured return, safety and liquidity to attract investors.

### Conclusion

The mutual fund industry is a fast growing sector of the Indian capital market. Since its inception in 1964, the industry has grown phenomenally in terms of number, size of operations, investors' base and scope. Also the liberalization, privatization and globalization (LPG) measures have stimulated its growth in India.

During the last fifteen years (2000-2015), there has been considerable growth in resource mobilization and asset under management. During the period in spite of facing the depressed market conditions caused by global financial crisis many times, the AUM and gross resource mobilization registered a CAGR of 19.39 percent and 40.71 percent respectively. The income/ debt funds, growth/equity funds and balanced funds are managed more schemes in terms of assets under management as well as resource mobilization by mutual fund industry in India. Among various sectors operating in mutual fund industry, private sector mutual funds has become the leader of the market when compared with UTI mutual fund and other public sector mutual funds in terms of resources mobilization. Open ended schemes acquired the lion's share in resource mobilization with compared to closed ended and interval schemes. However, as mutual funds are playing a positive role in mobilizing idle resources to productive uses, thereby, giving scope of earnings to investors, the industry should give emphasis on retaining and winning investors' confidence, so as to ensure its survival and growth.

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## Performance of Non-Life Insurance Industry in India with Reference to Health Insurance

**Pranay Jyoti Goswami**

Associate Professor, Department of Commerce, Assam University, Silchar

**Sonali Roy**

Research Scholar, Department of Commerce, Assam University, Silchar

### Abstract

*The paper attempts to assess the financial performance of the Indian non - life insurance industry from 2005 to 2015 with special reference to health insurance, taking into consideration gross premium, net premium, claims incurred and claims ratio as the key financial indicators. The study reveals that the public sector insurers continue to dominate in terms of amount of premium underwritten but growth and penetration rates of private sector insurers' and standalone health insurers' have been increasing at a very rapid pace. Health Insurance continues to be one of the most rapidly growing sectors in India. It is the second largest non-life insurance segment with a share of 26.73 per cent in 2014-15. In terms of claims ratio, out of the three sectors namely public, private and standalone, the public sector insurers' exhibit the highest ratio.*

**Keywords:** Health Insurance, Gross Premium, Net Premium, Claims Incurred, Net Retention Ratio.

### Introduction

Insurance sector in India is primarily divided into life and non-life, apart from a very small segment comprising re-insurance. Non-life insurance deals with exposures of risks to goods and property and includes health, automobile, homeowners' and renters', personal property, fire, marine and inland marine policies, etc. The growth of non-life insurance sector has been mostly coming from the motor and health segments. Health Insurance is the newest emerging product segment in the sector. The history of health insurance in India traced back to 1923 when the 'Workmen's Compensation Act' was passed. According to this act, an employer was required to pay compensation to his workers who received injuries or contracted occupational diseases during the course of their work. The government insurance companies started first health insurance in 1986, under the name mediclaim; thereafter mediclaim has been revised to make it an attractive product.

### Review of Literature

Reekie (2004) provided a broad overview of how insurance companies can be involved in the Health Care market and found that health Insurance products that can be introduced by an insurance company to produce profits for the shareholders of the insurance company. Sinha (2005) portrayed an overview of the Indian insurance market, and also highlighted the phenomenal growth experienced recently. By comparing growth, penetration, density and other insurance variables, it has been found that for insurance market, India has a huge catch-up potential. Akila, M. (2013), provided an insight into the health insurance sector in India. Over the last 50 years India has achieved a lot in terms of health improvement. But still India is way behind many fast developing countries such as China, Vietnam and Sri Lanka in health indicators. Kumar et.al. (2013) concluded that the health insurance in India is at a growing stage and there is wider scope for expansion if insurers provide specialized policy in order to make equitable, affordable and quality health care accessible to the people, especially the poor and the vulnerable sections of the society. Shahi, et.al. (2013) found that the market trend and penetration level of health insurance business are changing over a period of time. The growth rate and market share of private health insurance has been increasing and public health insurers has been decreasing, due to number of increasing private health insurers, competition and coverage of rural areas with new and innovative products.

From the above review of literature, it is clear that the present study is the first ever attempt to analyse the performance of the three different categories of non-life insurers in health segment.

### Objective of the study

The purpose or objective of the study is to assess the financial performance of the Indian non - life insurance industry from 2005 to 2015 with special reference to health insurance.

### Data and Methodology

The study is mainly based on secondary sources of data. Secondary data were collected from various sources like Annual Reports published by IRDA, Books, Newspapers, Journals and Websites. Analysis has been carried out by using and comparing some of the key financial indicators like gross premium, net premium, incurred claims, incurred claims ratio and net retention ratio. Percentages and Averages are also used for analytical purpose.

### Result and Analysis

On 31<sup>st</sup> March, 2015, 28 general insurance companies have been granted registration for carrying on non-life insurance business in India. Of these, six are in public sector and the rest are in private sector. Of the private sector insurers, 5 have been granted registration to carry on operations in the health segment exclusively. Among the public sector insurance companies, while the four namely National Insurance Co. Ltd., The New India Assurance Co. Ltd., The Oriental Insurance Co. Ltd. and United India Insurance Co. Ltd. carry on multi-line operations, there are two specialized insurance companies: one for credit insurance and the other for crop insurance. In spite of high growth of Indian non life insurance premium as compared to that of global, its share in global non-life insurance premium is small at 0.69 per cent and India ranks 20th in global non-life insurance market.

**Table 1: Gross Direct Premium Income of Non-Life Insurers in India (Rs. in crore)**

Insurer	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Public	14,997.06	16,258.90 (8.41)	16,831.84 (3.52)	18,030.75 (7.12)	20,643.45 (14.49)	25,151.83 (21.84)	30,560.74 (21.50)	35,022.12 (14.60)	38,599.71 (10.21)	42,549.48 (10.23)
Private	5362.66	8,646.57 (61.24)	10,991.89 (27.12)	12,321.08 (12.09)	13,977.00 (13.44)	17,424.63 (24.67)	22,315.03 (28.07)	27,950.53 (25.25)	32,010.30 (14.52)	35,090.09 (9.62)
Standalone	NA	22.51	171.16 (660.37)	558.01 (226.02)	1,076.44 (92.91)	1,536.00 (42.69)	1,659.78 (8.06)	1,726.21 (4)	2,172 (25.82)	2,828 (30.20)
Specialised Insurer	NA	1,182.33	1,503.48 (27.16)	1,578 (4.96)	2,334 (47.91)	2,835 (21.46)	3,582 (26.35)	4,454 (24.34)	4,698.74 (5.49)	4,102.10 (-12.7)
Total	20,359.72	26,110.31 (28.24)	29,498.37 (12.97)	32,487.84 (10.13)	38,030.89 (17.06)	46,947.46 (23.45)	58,117.55 (23.79)	69,152.86 (18.99)	77,480.75(1 2.04)	84,569.67 (9.15)

Source: IRDA Annual Reports 2005-2015

Note: 1. Figures within bracket represent growth in percentage over the years.

Non-life insurance industry underwrote total premium of Rs. 84,569.67 crore in India for the year 2014-15 as against Rs. 20,359.72 crore in 2005-06, registering a CAGR of 17.14 per cent. Public sector insurers showed growth in 2014-15 at 10.23 per cent; over the previous year's growth rate of 10.21 per cent. Private general insurers registered growth of 9.62 per cent, which is lower than 14.52 per cent achieved during the previous year. The standalone health insurers registered only a growth of 30.20 per cent in 2014-15, which is higher than 25.82 per cent achieved during the previous year. The specialized insurers revealed a decline in the growth rate in 2014-15 at (12.70) per cent in comparison to previous year, which had shown a growth rate of 5.49 per cent (Table 1).

The premium collection in health segment has continued to surge ahead at Rs. 20,096 crore in 2014-15 (23.76 per cent of market share in total gross premium) from Rs. 2,220.75 crore in 2005-06 (10.91 per cent of market share in total gross premium), registering a CAGR of 27.73 per cent. The CAGR of public sector insurers, private sector insurers and standalone health insurers are 25.03 per cent, 27.40 per cent and 82.97 per cent respectively. The growth in the Health Segment has far out-paced the growth rate achieved by the non-life industry as a whole (Table 2).

**Table 2: Gross Direct Premium Income of Non-Life Insurers in India (Health Segment)****(Rs. in crore)**

Insurer	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Public	1,724.56	2,158.65 (25.17)	3,127.37 (44.88)	3,863.47 (23.54)	4,981.16 (28.93)	6,912.56 (38.77)	8,148.23 (17.87)	9,592.15 (17.72)	10,841 (13.02)	12,882 (18.83)
Private	496.19	1,160.64 (133.91)	1,767.05 (52.25)	2,224.54 (25.89)	2,330.21 (4.75)	3,031.47 (30.09)	3,660.79 (20.76)	4,382.52 (19.71)	4,482 (2.27)	4,386 (-2.14)
Standalone	NA	22.51	171.16 (660.37)	558.01 (226.02)	1,076.44 (92.91)	1,536.00 (42.69)	1,659.78 (8.06)	1,726.21 (4)	2,172 (25.82)	2,828 (30.20)
<b>Total</b>	<b>2,220.75</b>	<b>3,341.80</b> (50.48)	<b>5,065.58</b> (51.58)	<b>6,646.02</b> (31.20)	<b>8,387.81</b> (26.21)	<b>11,480.03</b> (36.86)	<b>13,468.8</b> (17.32)	<b>15,700.88</b> (16.57)	<b>17,495</b> (11.43)	<b>20,096</b> (14.87)

Source: IRDA Annual Reports 2005-2015

Note: 1. Figures within bracket represent growth in percentage over the years.

The market share of public sector insurers in health segment has been increasing steadily but the share of private sector in health segment remains more or less same over the period (Table 3).

**Table 3: Market Share of Health Segment in Total Gross Direct Premium Income of Non-Life Insurers in India****(in per cent)**

Insurer	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Public	11.50	13.28	18.58	21.43	24.13	27.48	26.66	27.39	28.08	30.27
Private	9.25	13.42	16.07	18.05	16.67	17.40	16.40	15.68	14	12.50
Standalone	-	100	100	100	100	100	100	100	100	100
<b>Total</b>	<b>10.91</b>	<b>12.80</b>	<b>17.17</b>	<b>20.46</b>	<b>22.05</b>	<b>24.45</b>	<b>23.17</b>	<b>22.70</b>	<b>22.58</b>	<b>23.76</b>

Source: IRDA Annual Reports 2005-2015

Table 4 reveals that the share of standalone health insurers in health segment has been increasing steadily over the years and because of the competition from the standalone health insurers, perhaps the share of public sector insurers in health segment has been gradually decreasing. Public sector insurers still dominate the market. The progress of private sector insurers in terms of market share in health segment is not at all encouraging.

**Table 4: Insurer Wise Market Share in Gross Direct Premium Income (Health Segment) of Non-Life Insurers in India (in per cent)**

Insurer	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Public	77.66	64.60	61.74	58.13	59.39	60.21	60.50	61.09	61.97	64.10
Private	22.34	34.73	34.88	33.47	27.78	26.41	27.18	27.91	25.62	21.82
Standalone	-	.67	3.38	8.40	12.83	13.38	12.32	11	12.41	14.08
<b>Total</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>	<b>100</b>

Source: IRDA Annual Reports 2005-2015

**Table 5: Net Premium Income (Earned) of Non-Life Insurers in India****(Rs. in crore)**

Insurer	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Public	11,434.33	12,366.69 (8.15)	13,408.28 (8.42)	14,937.52 (11.40)	16,955.66 (13.51)	20,199.80 (19.13)	24,928.42 (23.41)	29,557.17 (18.57)	33,436.81 (13.12)	38,454.84 (15.01)
Private	2,275.75	3,679.83 (61.70)	5,879.19 (59.77)	7,907.41 (34.50)	9,044.53 (14.38)	11,434.93 (26.43)	14,459.19 (26.45)	18,303.99 (26.59)	22,459.20 (22.70)	24,383.35 (8.57)
Standalone	NA	4.89	116.37 (2279.75)	323.09 (177.64)	680.39 (110.59)	988.21 (44.05)	1,161 (18.45)	1,081 (-6.89)	1,538.11 (42.28)	2,149.45 (39.75)
Specialised Insurer	1,093.97	1,153.2 (5.41)	1,181.9 (2.49)	1,268 (7.28)	1,600 (26.18)	1,951 (21.94)	2,086 (6.92)	2,272 (8.92)	2,555.21 (12.46)	2,617.65 (2.44)
<b>Total</b>	<b>14,804.05</b>	<b>16,051.41</b> (8.42)	<b>20,585.74</b> (28.25)	<b>24,436.02</b> (18.70)	<b>28,280.58</b> (15.73)	<b>34,565.87</b> (22.22)	<b>42,634.61</b> (23.34)	<b>51,214.16</b> (20.12)	<b>59,989.33</b> (17.13)	<b>67,605.29</b> (12.69)

Source: IRDA Annual Reports 2005-2015

Note: 1. Figures within bracket represent growth in percentage over the years.

Net premium income (earned) of non-life insurance industry has been increasing at a tremendous growth rate. Net premium earned in 2014-15 stands at Rs. 67,605.29 crore in comparison to Rs. 14,804.05 crore in 2005-06, registering an growth of 356.67 per cent over the period of last ten years (2005-2015) with a CAGR of 18.38 per cent (Table 5).

Out of the total net premium income of Rs. 67,605.29 crore earned in 2014-15, the health segment has contributed Rs. 18,779.16 crore with a market share of 27.78 per cent (Rs. 12,014.06 crore from public sector with a market share 31.24 per cent, Rs. 4,615.65 crore from private sector with a market share of 18.93 per cent and Rs. 2,149.45 crore from standalone health insurers with a market share of 100 per cent), registering a growth of 29.66 per cent from previous year (Table 6). The net premium earned in 2014-15 stands at Rs. 18,779.16 crore in comparison to Rs. 1,486.05 crore in 2005-06, registering an impressive growth of 1163.70 per cent over the period of last ten years (2005-2015) with a CAGR of 32.56 per cent. The CAGR of public sector insurers, private sector insurers and standalone health insurers are 29.55 per cent, 34.65 per cent and 113.98 per cent respectively.

**Table 6: Net Premium Income (Earned) of Non-Life Insurers in India (Health Segment) (Rs. In crore)**

Insurer	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Public	1168.79	1,317.20 (12.7)	2,175.69 (65.17)	3,094.87 (42.25)	3,937.98 (27.24)	5,457.25 (38.58)	6,805.84 (24.71)	7,980.91 (17.26)	9,138.27 (14.50)	12,014.06 (31.47)
Private	317.26	598.45 (88.63)	960.07 (60.43)	1,599.51 (66.60)	1,815.42 (13.50)	2,281.05 (25.65)	2,666.52 (16.90)	3,117.59 (16.91)	3,806.99 (22.11)	4,615.65 (21.24)
Standalone	NA	4.89	116.37 (2279.75)	323.09 (177.64)	680.39 (110.59)	988.21 (45.24)	1,161 (17.48)	1,081 (-6.89)	1,538.11 (42.28)	2,149.45 (39.75)
<b>Total</b>	<b>1,486.05</b>	<b>1,920.54 (29.24)</b>	<b>3,252.13 (69.33)</b>	<b>5,017.47 (54.28)</b>	<b>6,433.79 (28.23)</b>	<b>8,726.51 (35.63)</b>	<b>10,633.36 (21.85)</b>	<b>12,179.5 (14.54)</b>	<b>14,483.37 (18.91)</b>	<b>18,779.16 (29.66)</b>

Source: IRDA Annual Reports 2005-2015

Note: 1. Figures within bracket represent growth in percentage over the years.

The net incurred claims of the non-life insurers' stands at Rs. 55,232.04 crore for 2014-15 as against Rs. 12,886.44 crore for 2005-06, registering a CAGR of 17.55 per cent. While the public sector insurers have reported a growth at 13.48 per cent in the incurred claims, the same was higher for private insurers at 8.71 per cent and for the standalone health insurers it stands at 31.52 per cent in 2014-15. However, the overall growth in incurred claims during 2014-15 at 12.31 per cent has been significantly lower than 15.57 per cent, recorded during the previous year (2013-14) (Table 7).

**Table 7: Claims Incurred (Net) of Non-Life Insurers in India (Rs. in crore)**

Insurer	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Public	10,569.85	10,538.75 (-0.29)	12,124.81 (15.05)	13,637.79 (12.48)	14,967.23 (9.75)	19,599.14 (30.95)	22,253.56 (13.54)	25,061.37 (12.62)	27,817.96 (11)	31,567.75 (13.48)
Private	1548.22	2,502.89 (61.66)	4,246.31 (69.66)	6,064.78 (42.82)	7,307.25 (20.49)	9,937.31 (36)	12,761.49 (28.42)	14,562.24 (14.11)	17,874.11 (22.74)	19,430.46 (8.71)
Standalone	NA	1.50	91.98 (6032)	283.20 (207.89)	591.47 (108.85)	854.35 (44.44)	978.18 (14.49)	673.17 (-31.18)	1,016.03 (50.93)	1,336.62 (31.55)
Specialised Insurer	768.37	737.86 (-3.97)	513.56 (-30.4)	884.85 (72.30)	1,864.37 (110.70)	1,707.59 (-8.41)	1,700.63 (-0.41)	2,257.41 (32.74)	2,470.52 (9.44)	2,897.21 (17.27)
<b>Total</b>	<b>12,886.44</b>	<b>1,3781 (6.94)</b>	<b>16,976.66 (23.19)</b>	<b>20,870.62 (22.94)</b>	<b>24,730.32 (18.49)</b>	<b>32,098.39 (29.79)</b>	<b>37,693.86 (17.43)</b>	<b>42,554.19 (12.89)</b>	<b>49,178.62 (15.57)</b>	<b>55,232.04 (12.31)</b>

Source: IRDA Annual Reports 2005-2015

Note: 1. Figures within bracket represent growth in percentage over the years.

The total net incurred claims of the non-life insurers in health segment during 2014-15 stands at Rs. 18,202.94 crore, the share of public sector being 72.58 per cent, private sector being 20.07 per cent and that of standalone insurers being 7.35 per cent, as against Rs. 2,687.49 crore in 2006-07, reporting a CAGR of 27.01 per cent. The year 2008-09 is showing the highest growth at 52.49 per cent and the year 2011-12 is showing the lowest growth at 14.83 per cent (Table 8). The CAGR of public sector insurers, private sector insurers and standalone health insurers are 26.01 per cent, 25.14 per cent and 133.74 per cent respectively.

**Table 8: Claims Incurred (Net) of Non-Life Insurers in India (Health Segment) (Rs. in crore)**

Insurer	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Public	NA	2,078.38	2,444.65 (17.62)	3,608.70 (47.62)	4,719.82 (30.79)	5,801.83 (22.92)	6,823.21 (17.60)	8,237.05 (20.72)	9,704.12 (17.81)	13,212.20 (36.15)
Private	NA	607.61	910.29 (49.81)	1,364.29 (49.87)	1,674.21 (22.72)	1,942.34 (16.01)	2,072.62 (6.71)	2,464.20 (18.89)	3,335.61 (35.36)	3,654.12 (9.55)
Standalone	NA	1.50	91.98 (6032)	283.20 (207.89)	591.47 (108.85)	854.35 (44.44)	978.18 (14.49)	673.17 (-31.18)	1,016.03 (50.93)	1,336.62 (31.55)
<b>Total</b>	NA	2,687.49	3,446.92 (28.26)	5,256.19 (52.49)	6,985.5 (32.90)	8,598.52 (23.09)	9,874.01 (14.83)	11,374.42 (15.19)	14,055.76 (23.57)	18,202.94 (29.50)

Source: IRDA Annual Reports 2005-2015

Note: 1. Figures within bracket represent growth in percentage over the years.

The incurred claims ratio (net incurred claims to net premium) of the non-life insurance industry at 81.70 per cent during 2014-15 is more than the previous year's (2013-14) figure of 81.98 per cent. Among private sector, public sector, standalone insurers and specialized insurers, the specialized insurers have a comparatively higher incurred claims ratio at 110.68 per cent (96.68 per cent in 2013-14). The same for public sector insurers stands at 82.09 per cent (83.19 per cent in 2013-14), for private sector insurers the ratio stands at 79.69 per cent (79.58 per cent in 2013-14) and for standalone insurers it stands at 62.18 per cent (66.06 per cent in 2013-14) (Table 9).

**Table 9: Incurred Claims Ratio of Non-Life Insurers in India (in per cent)**

Insurer	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Public	92.44	85.22	90.43	91.30	88.27	97.03	89.27	84.79	83.19	82.09
Private	68.03	68.02	72.23	76.70	80.79	86.90	88.26	79.56	79.58	79.69
Standalone	-	30.67	79.04	87.65	86.93	87.17	84.25	62.27	66.06	62.18
Specialised Insurer	70.24	63.98	43.45	69.78	116.52	87.52	81.52	99.36	96.68	110.68
<b>Total</b>	<b>87.05</b>	<b>85.88</b>	<b>82.47</b>	<b>85.41</b>	<b>87.45</b>	<b>92.86</b>	<b>88.41</b>	<b>83.09</b>	<b>81.98</b>	<b>81.70</b>

Among the various segments, health insurance has a low claim ratio at 96.93 per cent in 2014-15 in comparison to the previous year (97.05 per cent in 2013-14). There has been a substantial reduction in the incurred claims ratio in the health segment from 139.93 per cent in 2006-07 to 96.93 per cent in 2014-15 (Table 10).

**Table 10: Incurred Claims Ratio of Non-Life Insurers in India (Health Segment) (in per cent)**

Insurer	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Public	NA	157.79	112.36	116.60	119.85	106.31	100.25	103.21	106.19	109.97
Private	NA	101.53	94.81	85.29	92.22	85.15	77.73	79.04	87.62	79.17
Standalone	NA	30.67	79.04	87.65	86.93	86.45	84.25	62.27	66.06	62.18
<b>Total</b>	<b>NA</b>	<b>139.93</b>	<b>105.99</b>	<b>104.76</b>	<b>108.57</b>	<b>98.53</b>	<b>92.86</b>	<b>93.39</b>	<b>97.05</b>	<b>96.93</b>

Net Retention ratio may be defined as net written premium divided by gross-direct premium. It is a measure of the companies' ability to bear risks. All the insurers registered an upward trend except for specialized insurers. The average net retention ratio in the year 2014-15 is the highest at 74.92 per cent and lowest in the year 2005-06 at 59.34 per cent. Among all the insurers the public sector insurers are the ones with the highest net retention at 90.38 per cent and the specialized insurers are the ones with the lowest net retention at 63.81 per cent for the year 2014-15 (Table 11).

**Table 11: Net Retention Ratio of Non-Life Insurers in India (in per cent)**

Insurer	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Public	76.24	76.06	79.66	82.84	82.13	80.31	81.57	84.39	86.62	90.38
Private	42.44	42.56	53.49	64.18	64.71	65.62	64.79	65.49	70.16	69.49
Standalone	-	21.72	67.99	57.90	63.21	64.34	69.95	62.62	70.81	76.01
Specialised Insurer	-	97.54	78.61	80.35	68.55	68.82	58.23	51.01	54.38	63.81
<b>Total</b>	<b>72.71</b>	<b>61.47</b>	<b>69.79</b>	<b>75.21</b>	<b>74.36</b>	<b>73.63</b>	<b>73.36</b>	<b>74.06</b>	<b>77.42</b>	<b>79.94</b>

The net retention ratio for health segment has been showing an upward trend i.e. from 66.92 per cent in 2005-06 to 93.45 per cent in 2014-15. The ratio for the year 2014-15 is 93.45 per cent as compared to previous year's ratio of 82.78 per cent, registering a growth of 10.67 per cent. In health segment, private sector insurers are having the highest net retention at 105.24 per cent whereas the standalone health insurers are having the lowest net retention at 76.01 per cent for the year 2014-15 (Table 12).

**Table 12: Net Retention Ratio of Non-Life Insurers in India (Health Segment) (in per cent)**

Insurer	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15
Public	67.77	61.02	69.57	80.10	79.06	78.95	83.52	83.20	84.29	93.26
Private	63.94	51.56	54.33	71.90	77.91	75.24	72.84	71.14	84.94	105.24
Standalone	-	21.72	67.99	57.90	63.21	64.34	69.95	62.62	70.81	76.01
<b>Total</b>	<b>66.92</b>	<b>57.47</b>	<b>64.20</b>	<b>75.49</b>	<b>76.70</b>	<b>76.01</b>	<b>78.95</b>	<b>77.57</b>	<b>82.78</b>	<b>93.45</b>

### Findings and Conclusion

Standalone health insurers are witnessing a steeper growth in terms of total premium underwritten (both in total and as well as in health segment) as compared to the public sector and private sector insurers. The reason of such a trend being the new entries of four more standalone health insurers i.e. Apollo Munich Health Insurance Co. Ltd., Max Bupa Health Insurance Co. Ltd., Religare Health Insurance Co. Ltd and Cigna TTK Health Insurance Co. Ltd. Before these four came into existence there was only one standalone health insurer and it was Star Health and Allied Insurance Co. Ltd. Such abnormal growth in premiums earned by standalone health insurers could be further attributed to the aggressive attempts like introduction of innovative products and use of various distribution channels made by them to penetrate the market. The same trend is noticed in net premium earned as well.

The net incurred claims analysis portray that the net claims of public sector is the highest followed by the private sector and then by the specialized insurers and then by the standalone health insurers for total non-life business. The situation is the same for health segment of the non-life insurance sector (excluding specialized insurers). Incurred claims ratio in health segment of public sector insurers is higher than that of other categories of insurers in all the years under study. However, there are some fluctuations in the ratio for all the categories of insurers. Public sector insurers' ratio at 109.97 per cent for 2014-15 indicate that the insurers have given more money away as claims than what they have collected as premium. This is not good for the company. Whereas the ratios of private sector insurers and standalone health insurers at 79.17 per cent and 62.18 per cent respectively, means that the insurers have given lesser amount as claims than what they have collected. It means that they are making profits. In other words, customers are benefited the most from the public sector insurers in claim settlement.

The net retention ratio of non-life insurers in total as well as in health segment has been showing an upward trend except for specialized insurers. The high net retention of the public sector insurers in total and of the private sector insurers in health segment enables them to use more premiums in investments, which is the main reason for their greater investment income. So, in order to increase their investment income and profitability, all the insurers need to enhance their net retention. The standalone health insurers are growing aggressively posing a strong competition for the public sector insurers who are still dominating because of their already existing huge base. Health Insurance continues to be one of the most rapidly growing sectors in the Indian Insurance Industry. It is the second largest non-life insurance segment with a share of 26.73 per cent in 2014-15 (25.32 per cent in previous year). There is significant room for further growth as the penetration in non-life insurance sector (premium to GDP) is only 0.7 % in 2014 which is far below the international benchmarks and much geography in the country is still untapped.



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## Role of Commercial Banks in Promoting Financial Inclusion in Assam

**Parag Shil**

Assistant Professor, Department of Commerce, Assam University, Silchar

**Mili Kar**

Faculty, School of Management, National Institute of Technology, Agartala

### Abstract

*Financial inclusion plays a major role in driving away the poverty from the country. Though, in India, financial inclusion first featured in 2005 but the nationalisation of major commercial banks in 1969 was an important landmark in the history of financial inclusion in India so as to provide banking services among the masses. It was assumed that the nationalised banks can act as a catalyst to serve into the rural areas. To some extent, this has happened. But the fact remains that despite a much focussed expansion of branches in the rural and semi-urban areas, it has not been able to reach out to the poor farm households and therefore a re-think has started as to what more can be done. The branches of commercial banks have increased from 8,826 in the year 1969 to 93,659 branches as at the end of March 2012. The average population per branch office has decreased from 64,000 to 13,000 during the same period. However, there are certain under-banked states such as Bihar, Orissa, Rajasthan, Uttar Pradesh, Chattisgarh, Jharkhand, West Bengal and a large number of North-Eastern states, where the average population per branch office continues to be quite high compared to the national average. The present study attempts to explore the role of commercial banks in promoting financial inclusion in Assam. The study emphasises on the performance evaluation so as to make an impact analysis of state level progress with the national level.*

**Key words:** financial inclusion, commercial banks, performance, role, credit-deposit ratio.

### Introduction

In Indian financial system, the concept of financial inclusion was first incorporated in 2005 introduced by K.C. Chakraborty, the chairman of Indian Bank and is considered an important vehicle of inclusive growth which plays a major role in driving away the poverty from the country through delivering the financial services at an affordable cost. GOI (2008) (as cited in Singh, et.al, 2014) defines Financial inclusion as *the process of ensuring access to financial services and timely and adequate credit where needed by vulnerable groups such as weaker sections and low income groups at an affordable cost*. In this regard, apart from traditional banking services, Indian banking system has started various financial services, viz. no frills account, general credit cards, biometric smart card, micro insurance, ATMs, internet banking, debit and credit cards to promote the banking habits among the households particularly rural India. Even though, lack of access to financial services among the poor and low income groups due to low awareness about the available financial services, poor functioning and complex structure of Indian financial systems etc. create the need and scope of financial inclusion. It is integral to the inclusive growth process and sustainable development of the country. Rural India still remains a laggard in financial inclusion despite the massive campaign to bring *unbanked* population into the banking fold. Indian population is largely under-banked and the market is still untapped with a very low level of financial inclusion leaving room for further penetration. In a report of Confederation of Indian Industry (Mutual Fund Summit, 2011), it is observed that the GDP growth has slowed down, sluggish at 5% in 2012-13, with savings and investment rates following a downward trend. In 2010-11, the savings and investment rates were 34% and 36.8%, respectively, which declined to 30.8% and 35%, respectively, in 2011-12 and 31.8% and 35.4% in 2012-13 relatively higher than 2011-12. The gross domestic savings of households and private corporate sector in 2009-10 was accounted 23.5 percent and 8.1 percent of GDP at CMP (Current

Market Prices). While, that of gross investment of households registered 11.7 percent of GDP at CMP. As per Census 2011 reported in Indian Institute of Banking and Finance (Annual Report 2012-13), the overall percentage of households availing of banking services in India stood at around 59% which reveals still over 40% of total households lacks access to formal banking services indicating further scope of banking penetration to tap the market.

### Review of Literature

Financial inclusion is delivery of banking services at an affordable cost to the vast sections of disadvantaged and low income groups. Unrestrained access to public goods and services is the upshot of an open and efficient society. As banking services are in the nature of public good, it is essential that availability of banking and payment services to the entire population without discrimination is the prime objective of the public policy (Leeladhar, 2006). In some articles it is found that there are 403 million mobile users in India in which 54% has bank account. In which rural average among the adult population is 39% against 60% in Urban India. Himachal Pradesh is only state to achieve full financial inclusion (Raman, 2012). Financial inclusion will require a holistic approach on the part of banks in creating awareness about financial products, education and advice on money management, debt counselling, savings and affordable credit. Banks would have to evolve strategies to expand the outreach of their services in order to promote financial inclusion (Srijanani, 2012).

### Financial Inclusion in Indian Scenario

Bank nationalization in India marked a radical change in the focus of banking from class banking to mass banking. The rationale for creating Regional Rural Banks was also to take the banking services to poor people. The branches of commercial banks and the RRBs have increased from 8321 in the year 1969 to 93,659 branches as at the end of March 2012 (RBI Bulletin, 2006). The average population per branch office has decreased from 64,000 to 13,000 during the same period. However, there are certain under-banked states such as Bihar, Orissa, Rajasthan, Uttar Pradesh, Chattisgarh, Jharkhand, West Bengal and a large number of North-Eastern states, where the average population per branch office are quite high compared to the national average (Srijanani, 2012; Chakraborty, 2012; Leeladhar, 2006). To improve banking penetration in the North-East region, initiative has been taken by the RBI to increase the bank branches, offering forex facilities, handling government business or for meeting currency requirements etc.

History of financial inclusion in India is much older than the formal adoption of the objective with the three-fold dimensions, viz., branch penetration, credit penetration and deposit penetration. To witness that, the nationalization of banks, Lead Bank Scheme, incorporation of Regional Rural Banks, Service Area Approach and formation of Self-Help Groups - all these were initiatives aimed at taking banking services to the masses. The brick and mortar infrastructure expanded; the number of bank branches multiplied ten-fold - from 8,000+ in 1969, when the first set of banks were nationalized, to 99,000+ today. Despite this wide network of bank branches in the country, banking has still not reached a large section of the population. Out of the 600,000 habitations in the country, only about 36,000+ had a commercial bank branch. Just about 40 per cent of the population across the country has bank accounts. People having debit cards comprise only 13 per cent and those having credit cards only a marginal 2 per cent of the population (Chakraborty, 2012). The overview of nationwide banking scenario is presented in table-1 below:

**Table-1 : Progress of Banks in Financial Inclusion in India**

Sl No.	Particulars	Year ended March 2010	Year ended March 2011	Year ended March 2012	CGR (in %)
1.	Total no. of Branches	85,457	91,145	99,242	5.11
2.	Number of Rural Branches	33,433	34,811	37,471	3.87
3.	Banking outlets in villages with population >2000	37,791	66,447	1,12,130	43.70
4.	Banking outlets in villages with population <2000	29,903	49,761	69,623	32.54

Source: Compiled (Chakraborty, 2012) and computed

Table 1 depicts the progress of banks in delivering the financial services over the years. The data reports a positive compounded growth rate (CGR) with respect to all the parameters. Also, the data reveals that Banks have taken serious initiative to open up outlets in villages with population >2000 and the number has recorded 43.70 percent CGR. One of the

measures of the level of financial inclusion is the Financial Inclusion Index. This index is based on three basic dimensions of an inclusive financial system –banking penetration, availability of the banking services and usage of the banking system. Firstly, banking penetration is definitely the most critical parameter for measuring the depth of financial inclusion and is measured as a ratio of bank accounts to the total population. The second parameter, availability of banking services provides an indication to the number of bank outlets available per 1000 people to deliver financial services. The bank outlets may include the brick and mortar branches, ATMs, business correspondents, etc. The third parameter seeks to determine the usage of banking services going beyond mere opening of accounts. Therefore, this is evaluated on the basis of outstanding deposits and credits. Accordingly, the volume of outstanding deposit and credit as proportion on the net district domestic product is used for measuring this dimension.

Rachana (2011) mentioned a State-wise Index of Financial Inclusion as indicated by RBI. Also, RBI considered three basic dimensions of an inclusive financial system -- banking penetration, availability of the banking services and usage of the banking system. In the group of 23 states for which a 3-dimensional IFI (Index of Financial Inclusion) has been estimated by using data on three dimensions of financial inclusion, Kerala leads with the highest value of IFI followed by Maharashtra and Karnataka. Gujarat lagged behind at 11th place. According to the value of the index (Khan, 2012), Indian States can be classified into three categories, i.e., states having high, low and medium extent of financial exclusion. According to the empirical findings (Leeladhar, 2006; Chakraborty, 2012; Khan, 2012; Srijanani, 2012), Kerala, Maharashtra and Karnataka are some of the States having wider extent of financial inclusion as compared to other States of India. Tamil Nadu, Punjab, Andhra Pradesh, Himachal Pradesh, Sikkim and Haryana fall under the category of medium financial exclusion. The extent of financial exclusion is found to be significantly low in North-Eastern and Eastern States, i.e., Assam, Nagaland, Manipur, Odisha, Bihar, West Bengal, etc. Though the index and findings of the report in reference are based on empirical study, they are possibly not way off the ground realities. However, to boost up financial inclusion for inclusive growth, the government has been taking several initiatives to include the mass people in banking and financial services. In this light, govt has recently introduced financial schemes, viz., Pradhan Mantri Jan Dhan Yojana and as well as some social security and insurance schemes, i.e., Pradhan Mantri Jeevan Jyoti Bima Yojana, Pradhan Mantri Suraksha Bima Yojana and Atal Pension Yojana in May 2015.

### **Objectives of the study**

The study has framed following objectives:

- To exhibit population group-wise distribution of bank branches,
- To analyse the role of commercial banks in deposit mobilisation and credit intermediation,
- To study the state-level performance against the national norms,
- To present an overview of district-wise banking operation.

### **Data and Methodology**

The study is based on secondary data which have been obtained from various journals, websites, reports etc. One of the benchmarks employed to assess the degree of reach of financial services to the population of the country is quantum of deposit accounts (current & savings) and advances. Penetration of bank branches is another indicator of banking sector outreach. National norms have been applied against various indices to analyse the achievement of the state during the period. The study has employed compounded growth rate, annual growth rate and simple descriptive statistics.

### **Result and Analysis**

#### **Status of Bank Branches**

Table-2 delineates that there is an increase in numbers of offices in all areas. Table also shows that penetration of bank offices is highest in rural areas as indicated by the percentage share to total than that of semi-urban and urban areas which is a positive indication of including the excluding sectors in enjoying the banking services. But, during 2011-12 the

penetration of bank offices is significantly high in urban and semi-urban areas than that of rural areas. Also, the indicator of compounded annual growth rate (CAGR) supports the findings and shows that urban area has recorded highest CAGR of 10.42 percent followed by semi-urban area (7.46 percent) and rural area (1.36 percent).

The penetration of bank branches in Assam is shown below:

**Table-2 : Population group-wise distribution of offices of commercial banks in Assam**

Year	Rural	Semi-urban	Urban	Total
2010-11	806 (51.57)	402 (25.72)	355 (22.71)	1563
2011-12	817 (49.79)	432 (26.33)	392 (23.89)	1641
CAGR (in %)	1.36	7.46	10.42	4.99

Source : Compiled from RBI Statistical Tables Relating to Banks in India 2011-12

Note: The figures in parenthesis indicate proportion to total in percentage

### **Performance of commercial banks in deposit mobilisation and credit intermediation**

The year wise business of commercial banks in terms of deposits, advances, priority-sector advance, agri-advances and lending to weaker-section in Assam has indicated below:

**Table-3 : Segment-wise business of commercial banks in Assam (Rs. In Lacs)**

Segment	Year end 2011-12	Year end 2010-11	Year end 2009-10	Year end 2008-09	% age growth of 2011-12 over 2010-11	% age growth of 2010-11 over 2009-10	% age growth of 2009-10 over 2008-09
Deposits	6208705.10	5390412.01	4485921.10	3480422.09	15.18	20.16	28.89
Advances	2369183.80	1996851.02	1766423.42	1495901.32	18.65	13.04	18.08
Priority Sector Advances	1186099.73	988768.01	856349.64	839944.76	9.88	15.46	1.95
Agri- Advance	405857.00	303540.46	261052.01	195521.04	33.71	16.28	33.52
Lending to weaker section	521172.31	612891.59	549067.95	191448.68	-14.86	11.62	186.80

Source: Compiled from SLBC North-East Reports

It can be vivid from the above table that there is increasing performance of banks in all segments over the years except in the segment of lending to weaker section. During 2011-12 the business of commercial banks in the segment of lending to weaker section has been registered a negative annual growth by (-) 14.86 percent. Although there is increase in the amount of business of commercial banks but if we look into the growth trend of all the segments, it can be analysed that there is ups and downs of growth in year-of-years.

### **State-level performance against national norms**

The understanding of year-wise performance against national norms is imperative in order to gauge how state is doing well in attaining the national norms in respect of CD ratio, credit plus investment-deposit ratio, priority sector lending against total advances, agricultural advances to total advances and weaker sector lending to total advances. Table- 4 depicts the performance of Assam against national norms.

**Table- 4 : Performance of Assam against national norms**

Parameters	National Norms (%)	Position as on 31.03.2012 (%)	Position as on 31.03.2011 (%)
C D Ratio	60	44.13	39.71
Credit + Inv. : Deposit Ratio	60	50.30	44.53
Pri. Sector Adv. to Total Adv.	40	50.40	55.54
Agri Adv. To Total Adv.	18	25.81	19.11
Lending to Weaker Section to Total Adv.	10	22.15	60.46

Source: Compiled

Performance of Assam can be analysed in discharging financial services against national level which indicate the state position in national scenario. There is rising trend in terms of ratios of achievement during the past two years which implies better position of the state indicating growing coverage of financial inclusion. CD ratio indicates that in the state level, bank

is advancing 44.13 percent of its deposit as credit than that of previous year accounted 39.71 percent. Also, 50.30 percent of total deposit acceptance the bank is lending out along with investment in other sectors. Further, out of total advances, banks in Assam offering 50.40 percent to priority sector, 25.81 percent to agricultural sector and 22.15 percent to weaker section of the society which signifies a modest attempt by state level to extend the banking services for inclusive growth.

### **District-wise banking operation**

District-wise banking operation will help us to figure out their contribution in aggregate and also to indicate performers and laggards and is exhibited in table- 5:

**Table-5 : District-wise banking operation in Assam (Rs. In crore)**

District	As on March 2012			As on March 2013			As on March 2014		
	Deposit	Credit	C: D Ratio	Deposit	Credit	C: D Ratio	Deposit	Credit	C: D Ratio
Dhubri	117	483	49.01	1336	521	39.00	1520	559	36.78
Kokrajhar	101	308	43.50	1215	325	26.74	1341	361	26.92
Bongaigaon	98	318	32.52	1122	390	34.75	1289	483	37.47
Chirang	55	195	33.85	651	257	42.24	794	235	29.59
Goalpara	78	330	35.40	896	352	39.28	1027	398	38.75
Barpeta	145	632	52.51	1606	710	44.20	1873	847	45.22
Nalbari	96	487	60.88	1097	522	47.54	1202	595	49.50
Baksa	34	169	41.24	386	194	50.25	534	219	41.01
Kamrup	158	790	27.06	1968	882	44.86	2316	973	42.06
Kamrup Metro	2880	9796	42.38	32947	11323	34.36	35435	11822	33.36
Darrang	70	366	49.42	823	443	53.82	945	508	53.76
Udalguri	46	299	34.05	498	336	67.46	607	392	64.58
Sonitpur	233	1112	40.49	2666	1267	47.52	3011	1449	48.12
Lakhimpur	95	583	49.86	1050	652	62.09	1194	737	61.73
Dhemaji	48	298	34.01	501	328	65.46	546	355	65.02
Morigaon	64	359	37.30	724	408	56.49	802	481	59.98
Nagaon	279	1208	32.95	3272	1356	41.44	3798	1585	41.73
Golaghat	114	565	30.37	1372	634	46.28	1608	756	47.01
Jorhat	276	1116	61.60	3242	1271	39.20	3507	1524	43.46
Sivasagar	202	871	56.35	2332	974	41.80	2628	1167	44.41
Dibrugarh	547	1480	43.38	6737	1687	25.04	6066	1939	31.96
Tinsukia	278	954	50.60	3143	1107	35.22	3621	1311	36.21
Karbi Anglong	102	380	25.23	1178	380	32.25	1532	440	28.72
Dima Hasao	46	115	43.15	487	102	21.15	530	109	20.57
Karimganj	143	472	47.64	1649	535	32.44	1927	579	30.05
Hailakandi	60	205	34.29	684	242	35.38	811	278	34.28
Cachar	379	1284	64.74	4149	1377	33.18	4606	1612	35.00
Assam	67454	25171	37.32	77730	28575	36.79	85070	31714	37.28
Mean	250	932	42.73	2879	1058	42.20	3151	1175	41.75
Maximum	2880	9796	64.74	32947	11323	67.46	35435	11822	65.02
Minimum	34	115	25.23	386	102	21.15	530	109	20.57

Source : Compiled from Statistical Handbook, Assam (various issues)

Credit is an engine of growth because it helps to create additional purchasing power in the hands of the mass of the economy and in an economy the penetration of credit could be measured in terms of credit deployed against the deposit received, usually denoted as C D Ratio. It is the proportion of loan-assets created by banks from the deposits received ultimately leading to capital formation. Therefore, the higher the ratio, the higher the loan-assets created from deposits and vice-versa. Table 5 illustrates that aggregate C-D ratio of Assam has slightly fall down from 37.32 percent in March, 2012 to 37.28 percent in March 2014 and over this three year period there is a meagre fluctuation. The data of district-wise average C-D also supports the same performance. While the business operations has been increased this is also evident in terms of deposit received as well as credit deployment. The receipt of deposits has increased from Rs.67454 crores in March 2012 to Rs.85070 crores in March 2014 registering an CGR by 26.12 percent. Against which almost similar, i.e., 25.99 percent additional loan-asset has been created from the increase of credit from Rs.25171 crore in March 2012 to Rs.31714 crore in March 2014.

The district-wise banking operation illustrates that, mean C-D ratio as on March 2014 is 41.75. While, C-D ratio ranges from 20.57 to 65.02 for the same year and 12 out of 27 districts (i.e., 44.44 percent) have able to generate increased operation than the district average in terms of credit to deposit ratio. The highest C-D ratio 65.02 in March 2014 has been registered by Dhemaji district and the lowest C-D ratio 20.57 is registered by Dimahasao district. In the operation of deposit collection and lending credit, Kamrupmetro has registered highest contribution but their corresponding C-D ratio is blow the district average indicating under-performer in capital formation as compared to other districts.

### Conclusion

The banking industry in India has shown remarkable growth in volume and complexity during the last few decades and the same is also noticed in case of Assam. Despite making noteworthy improvements in all the areas relating to financial viability, profitability and competitiveness as supported by the state norms against national norms, there are concerns that banks have not been able to include vast segment of the population, especially the underprivileged sections of the society, into the fold of basic banking services and the performance statistics of Assam also supports that, the concentration of the banking service penetration is urban centric leaving less attention in the rural area. Therefore, much attention is required to improve the banking habits among the rural people for the socio economic development of the state. The above findings and conclusion of the study has been drawn from a very short span as well as against limited parameter viz., bank branches, credit-deposit ratio and other lending ratio. Evaluation with respect to other financial inclusion parameters such as, performance of electronic benefit transfer, direct benefit transfer, impact of technological innovations particularly ATMs etc. remained beyond the purview of the study.

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## Entrepreneurship Development through Micro and Small Enterprises: A of Closed Tea Gardens in Jalpaiguri District of North Bengal

**Abhigyan Bhattacharjee**

Associate Professor, Department of Management, NEHU, Tura Campus

**Arun Kumar Banerjee**

Research Scholar, Department of Management, NEHU, Tura Campus

### Abstract

*The closure of tea garden has taken a deep root in the North Bengal district of West Bengal which is a very burning socio-economic issue of the region. Closures of tea garden have led to some social evils like child and women trafficking, starvation death and many others. Rural entrepreneur is one of the most important inputs which can help the area to come up from this situation by providing the various avenues like proper finance, skill development, marketing assistance etc. Due to lack of education, majority of rural people are unaware of technological development to prudent use of the local resources. The present study tries to highlight the problems of the willing person who are interested to start small business and how a turnaround is possible in the closed tea garden by creation of employment opportunities through the micro enterprises. A study is conducted in the Bagrakote tea estate in Malbazar near Jalpaiguri city under the management of Duncan Tea Company which is closed for more than six months. A survey technique through interview schedule has been adopted for the study for eliciting responses. Findings and conclusion were drawn thereon.*

**Key Words:** *Micro Entrepreneur, closed tea garden, Skill, Financing.*

### Introduction

The contributions of small enterprises to the economic development process is considerably higher than the medium and large scale industries as it generates more jobs per unit of amount of investment (Saxena, 2012). The greater use of indigenous technology promote local inter sectoral linkages, particularly with agriculture which provide growing share of the employment and incomes to the poorer section of rural population by providing non-farm goods and services that simultaneously contribute to the increases in agricultural output as well as the general improvements in living standards of rural people. The Jalpaiguri district of West Bengal is agriculture based economy leading to the growth of various agro based industries in and around the region. Significant deposits of dolomite and other minerals like limestone, coal, stone etc. makes the district prospective for industrial development. The district has also rich reserve of forest resources which help the people for their survival. The tea industry in the district is a main source of employment generation for the entire district and even the modernization of these industries have led to the various other ancillary units in manufacturing as well as in service sector (Banerjee, 2011).

Although tea industry is the backbone of the district but a chronic problem of closing and abandonment of tea gardens have rendered thousand jobless. The closure of tea garden has taken roots in the North Bengal and posed as a very burning socio-economic issue in the North Bengal region as the closures of the tea garden have led to child and women trafficking, starvation death and many others. This crisis has not just affected the owners of the tea estates but the workers are also concerned as they are thrown into worse-off situations of extreme vulnerability especially women, children and the aged. Lack of basic infrastructure like medical, education and other facilities with no earnings for livelihood have resulted in deaths due to starvation, suicides and have compelled children to drop-out from schools. On an average, every year at least 25 percent of the closed tea garden workers, along with their families are quitting jobs from gardens in search of an alternate livelihood and migrating to nearby areas and states.

There is enough scope of developing the micro and small enterprises by the people of these areas where the gardens are closed which can prevent the migration to the other states and trafficking of women and children of these closed gardens. The natural resources from the forest can be used for employment generation with other support like finance, training, technology and marketing assistance supplementing with the Government initiative to boost the micro entrepreneurship in the region.

### **Review of Literature**

Though there are enough evidences of writings on closed tea gardens in Jalpaiguri District of North Bengal and the poor condition of tea workers but very few scholars have highlighted the condition of these workers through the intervention of establishment of micro & small enterprises nearby the closed tea garden. These type of micro & small entrepreneurs have their own character & basically from the manufacturing, services & agriculture sectors. While the provision of funds is a necessity but it is not sufficient enough to ensure the success of the micro enterprises especially those from the rural area (Mishra et.al, 2004). Many micro firms lack collateral documents to support their loan application to get the sufficient capital which affects the growth of this type of business in the area.

The most common financial challenges faced by the micro enterprises are the lack of capital and access to credit. The government has initiated various funds to help the micro entrepreneurs in getting funds to start the business as well as to expand the business. Most of the financial institutions and government agencies normally require the borrower to prepare detailed working paper together with the cash flow projections. Being a micro enterprise entrepreneur with a lack of knowledge in the financial and accounting aspect, is also another challenge faced.

Prajapati & Laila (1981) explained that the diversity marketing in craft industry is a biggest challenge for the rural handicraft product. It was recommended conducting the regular market survey to compile market information for design workable solutions to solve market problems. The study by (Thaimani, 1987) focused on the lack of market awareness as the main obstacle for any village enterprises to put up their products in urban markets. Dak (1989) has also listed out the reasons for failure of village crafts such as poor designs, low quality materials and inefficient market approaches and these weaknesses are exploited by machine made urban craft units, who apparently lockout village crafts from global markets. Florence (2005) has suggested strategic measures to improve markets for village crafts which are often supply of scattered, insufficient and unsystematic data on production and sales and these are the major obstacles to develop quantitative marketing strategies. Sanyal et al (2010) performed the study on Leather Industry by using the Constant Market Share (CMS) analysis and found the change in export from (1991-2006) and conveys that the leather export has been seen decreasing due the change in demand in the world, change and market competitiveness.

### **A cursory look of Industrial Scenario of Jalpaiguri**

The district of Jalpaiguri occupies a prime position in the domain of North Bengal. It stretches over an area of 6227 sq. Kms and has its headquarters in Jalpaiguri. The economy is chiefly agrarian although industrial belt is gradually expanding in the district. Apart from sprawling tea gardens, the other major agrarian products of the district are jute, paddy, potato etc. The forests covering 179000 hectares of land which is 27.8% of the total geographical areas is another major resource of the district, as reported by MSME, Govt of India (2012). As per the data of MSME on West Bengal as on March 2012, there are 4755 registered units with an investment of Rs 28964 lakhs and number of employment is 23278. Jalpaiguri is undoubtedly an agriculture based economy but significant deposits of dolomite and other minerals like limestone, coal, stone etc. Along with a forest resources can makes the district prospective for industrial development. The district is not a very favourable position as far as the availability of suitable infrastructure, a strong capital base, abundance of resources like land, labour and entrepreneurship, assured markets for the products and many other factors even though, there is a possibilities of setting the new small and micro enterprises by the local youth. The district is climatically suitable for mushroom production and especially button mushroom which has tremendous export potential. Thus, considering the resources, the existing infrastructure and the general framework of the district, few industries, both

resource based and demand based have been reported by MSME, Govt of India (2012) after detailed discussion with various agencies like DIC, Bank, various State Govt. Departments and other local bodies, which are as follows:

**Resource based Industries** - Rice mill, Rice processing, Tomato sauce, chilli sauce Fruit preservation, and processing Mushroom canning, Jam, jelly from pineapple, orange, lemon Pickles and chutneys from mango, meat processing, tanning of leather, leather processing, casted building blocks from dolomite, lime stone and sand, spice grinding, honey collection, stone crushing and many others.

**Demand Based Industries** – Manufacturing of agricultural tools, Agro service centres, Moulded plastic articles, Automobile repairing, Smoke testing units, Clay Bricks, Repairing and servicing of Diesel pump sets, Bread Biscuits, Handicraft products, Wooden furniture, Cane furniture, Handloom product, Readymade garments, Silk and Textile printing, Terracotta items, Mosaic tiles, Paper cup and plates, Repairing of cycle and Bi-cycle.

### **The Closed Tea Garden of Jalpaiguri: An Overview**

As per the ongoing study conducted jointly by NESPON, Siliguri and Nagarik Mancha since 2007 on “Chronic Problem of North Bengal Tea Garden” during the last 15 years more than 1400 people have died in 17 closed tea gardens of North Bengal and it was found that severe malnutrition was the main cause of death. It is reported that about 100 starvation deaths since January 2014 to June 2014 in the tea gardens of Dooars, North Bengal (Gupta & Bhattacharya, 2014). Unofficially, there were many deaths of workers in other tea estates which remain reported unreported. A majority of these starvation deaths have occurred in Dooars tea gardens in Jalpaiguri. The most affected are the families who were working in the closed tea gardens and loss of their only source of income created famine like situation in these gardens resulting high mortality within the community. Over the last decade, the death toll in tea gardens has been rising significantly. In the past few months, 50 people have died in Red Bank tea estate, 22 have died in Bundapani and 6 have died in Raipur tea estate.

The condition of Dheklapara tea estate is very worst which is closed for 12 years and 39 people have lost their lives in the last four years (Chakraborty, 2015). The conditions of the workers continue to be deplorable with abysmally low income due to absence of alternative job or the source of income.

### **Statement of the Problem**

The area of Jalpaiguri region is covered with tea gardens and the local tea pluckers who are migrated from other states in British period depends upon the tea gardens for their livelihood. Very little effort is being given to other jobs inclusive of small business and other services. The areas where topographically agriculture is an improbable option and where setting up of industries is ruled out, the only remedies to prohibit the starvation is to promote the micro and small entrepreneurship by the concern government with the help of Banks, industrial centres, marketing federation and training institutes. The other vital problem is that during the time of running the garden, the employees or the labourer and their family members are not in a position to foresight the situation as to how to earn the two square meal if the tea gardens cease to provide income and go sick. Even there is no machinery working in the area from the government or NGO to educate them for establishment of micro enterprises utilising the local resources. Given the problem at hand, the present study is an attempt to understand the likely intervention of micro and small enterprises as an alternative employment platform for the employees of closed tea garden of Jalpaiguri region who are rendered jobless.

### **Objectives of the Study**

- 1) To find out the various reasons responsible for slow development of entrepreneurship in the tea garden area.
- 2) To find out the remedies to solve the problems of rural entrepreneurs in the tea estate.

### **Data and Methodology**

The population for the study comprises of the respondents drawn from near the Bagarkote Tea Estate of Malbazar near Jalpaiguri city which is under the management of Duncan Tea Company. The population for the study comprise of the respondents, namely, (a) Unemployed persons (From closed tea garden of Bagarkote Tea Estate and persons who are

ordinarily unemployed); (b) Tea Garden Labourers from the area; (c) Other Labourers not working in Tea gardens and (d) Self employed individuals.

Data used for the study have been collected from primary source through the use of personal interview schedule. The data collected mainly relates to the interest of the person to start the small business with age wise bifurcation and type of occupation. The respondent were also asked to elaborate different types of problem they are facing to start the small business in the field of financing, marketing of the product and services and other required skills. All relevant data collected were tabulated and analysis drawn thereon. A purposive random sample of 100 respondents consisting males and females from different age groups in four different age ranges (less than 20 years to more than 40 years) has been taken for the study. The study period for the research work is from April –September, 2015.

**Results and Analysis**

The collected information through the interview schedule has been tabulated with the following outcomes:

**Table-1: Respondents Interested for starting Micro/Small Business**

S.No	Age( Yrs)	Total	M	F	YES			NO		
					Total	M	F	Total	M	F
1	≤ 20	21	15	6	5	5	-	16	10	6
2	21- 30	35	20	15	24	16	8	11	4	7
3	31- 40	28	18	10	20	15	5	8	3	5
4	40 +	16	10	6	8	7	1	8	3	5
Total		100	63	37	57	43	14	43	20	23
%		100	63	37	100	75	25	100	47	53

Source: Primary Data

Data reflected from Table 1 reveals that out of the total sample, 57 individuals are interested to start the small business, out of which, 75% are male and 25% are female against the combined sample of 63% male and 37% female. This indicates that male family members are more interested to start the small business.

**Table- 2: Occupation Wise Interested for Micro/Small Business**

S.No	Age (Year)	Unemployed Persons	Tea Garden Labour	Other Labour	Self Employed	Total Interested Respondents
1	≤ 20	5	--	--	NA	5
2	21 – 30	16	2	6	NA	24
3	31 – 40	10	1	9	NA	20
4	40 +	4	--	4	NA	8
5	Total	35(62)	3(5)	19(33)	NA	57(100)

\*(Taking 57 interested respondents=100%) extracted from Table 1  
brackets resemble percentages

Source: Primary Data \*\*Figures in

From Table 2 it may be observed that the persons willing to start the business consists of 62% of unemployed persons, 5% of tea garden labourers and 33% of non tea garden labourers. The Table 2 also reflects that out of the total respondents, only 5% of Tea Garden labourers are interested in starting micro or small enterprises. This is very unsatisfactory looking towards the position of tea gardens.

**Table- 3: Reason for Not Starting Business by Unemployed Persons**

S.No	Reason	≤ 20	21—30	31—40	41 +	Total	%
1	Insufficient Capital	---	10	7	1	18	50
2	Unaware of Various Scheme	---	2	2	3	7	20
3	Lack of Proper Business Skill & Knowledge	3	---	--	---	3	10
4	Unaware of Market and Consumer	2	4	1	---	7	20
5	Total	5	16	10	4	35	---

\*(Taking 35 Unemployed persons=100%) extracted from Table 2

Source: Primary Data

\*\*Figures in brackets resemble percentages

From Table 3, it may be inferred that more than 50% of the unemployed persons think that lack of fund is one of the main reason for non starting of business, followed by unaware of market conditions and various Government schemes for development of micro enterprises (20% each) and 10% of unemployed thinks that they do not have business skills and knowledge to start the new avenues.

As observed from Table 4, out of 16 persons who approached the Banks, 13 have been assured of assistance and Bank has insisted for collateral security or guarantee for the loan from 11 (85%) persons. It has also been observed that out of 16 persons only 4 (25%) persons are hopeful of getting assistance from Banks, which is not at all satisfactory considering the need of the situation.

**Table 4: Activities for Remedies**

S.No	Activities	YES	%	NO	%
1	Approach Bank for capital	16	89	2	11
2	If yes, What is the fate of after approach				
	A) Assurance given for financial help	13	81	3	19
	B) Bank insisting for security and/or Guarantee	16	100	---	---
	C) Hopeful to get loan from Bank	4	31	9	69
3	Aware of any Training centre for Skill- Development run by Government	---	---	3	100
4	Try to develop the Skill from other private sources	1	33	2	67
5	Collecting of information about demand of proposed product or services in the local / outside market	19	68	9	32

Source: Primary Data

### Conclusion

Thus, a majority of the unemployed youths are illiterate or semi-literate and are not aware of the system to be an entrepreneur. They also lack the skills to become an artisan and craftsman due to the absence of institutional facilities and training centres in the area. There are plenty of raw material available in the forest like bamboos, leaves, furniture wood, cane, honey etc, but due to the lack of manufacturing and technological skills, these resources could not be used. The government should take immediate measure to encourage the people for small and micro business by providing all facilities and motivate the youth. The Govt. should provide separate financial fund for rural entrepreneurs in closed and abandoned tea gardens and arrange special training programmes for rural entrepreneurship. Handicrafts of North Bengal reflect the cultural heritage, customs and traditions of the State. Suitable and effective steps should be taken to provide training, improved tools, design development, technological improvement, raw material support, providing bank financing and marketing assistance to boost the growth of this sector. A strong vigil is also required on the Govt. machinery for fulfilment of the requirements of these unemployed youths to start the business for employment generation. Last but not the least skill development avenues should be created in the villages with public private model along with emphasis on corporate social responsibility (CSR) by the corporate houses in the region.

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## Stride in Development of Entrepreneurship in Manipur: A Study of Fruit and Vegetable Processing Units

Dr A. S. Yarso

Assistant Professor, Department of Commerce, Assam University, Silchar

### Abstract

*Entrepreneurs of Manipur are reasonably progressive and willing to take new initiatives, but it must be noted that the present entrepreneurship development in the state particularly with reference to fruit and vegetable processing sector is unsatisfactory due of several problems in the state. The objectives of the present study are to find the stride in development of entrepreneurship by evaluating the performance of entrepreneurs and to suggest strategies for greater development of entrepreneurship in fruit and vegetable sectors. The study is based on survey of eight entrepreneurs of fruit and vegetable processing units in the state of Manipur. The collected data through field survey were analyzed and presented under the headings: socio-economic profile of the entrepreneurs, location and the localization of entrepreneurial units, entrepreneurial performance, summary of findings and suggestions.*

**Key words:** *Infrastructure, Linkages, Diversification Proximity.*

### Introduction

Success or failure of small enterprises depends upon the managerial capabilities of an entrepreneur who is involved in business. Because of its different size and nature of operating characteristics different from large and medium scale enterprise, small enterprises (SEs) requires unique management approach in a more personalized manner. The entrepreneur of SEs is taking overall responsibilities in all aspects as a manager, a decision maker and also a financier. Managerial & entrepreneurial capabilities must, therefore, be blended in the SEs owner's total skills as these will make the difference between success and failure. Hence, the most important consideration would be to find a man who is efficiently and effectively blending the entrepreneurial spirit and the managerial capabilities (Batra, 2002). Entrepreneurs of Manipur were reasonably progressive and willing to take new initiatives and have started adopting modern agricultural practices as well as cultivating new crops and high yielding variety crops. The states has many commercially viable towns, such as, Imphal east, Imphal west, Churachanpur, Thoubal, Bishnupur, Senapati, Ukhrul, Pallel and Tamenglong which are strategic markets for fresh and processed agricultural produce. There was an undercurrent of entrepreneurship willing to come out and set up different processing units and value addition centres. Fruit & vegetable processing sectors are considered as one of the emerging components of food processing industries. The investment of every crore of Rupees may provide direct employment for thousands of people. Hence, the possibility to generate the employment through this sector will be high in these sectors.

### Review of Literature

A good number of literature related to the study are available. However, a few of these which are relevant for the study have been discussed here. Yarso(2015) found that most of the fruit processing units of Manipur were adopting the traditional method of marketing and so they were unable to meet the need and the desire of the customers. Marketing efforts were so unorganized even to counter the competitor from well established national brands. Shete (2000) had argued that worldwide, food processing industries are considered as 'sunrise industries' and have the potential to attract domestic and foreign investment. Yarso (2005) opined that the entrepreneurs are currently suppressed due to difficult law and order situation and social unrest. These are some of the related literatures on the subject for the present study.

### **Objectives of the Study**

1. To identify the emerging entrepreneurial class and to evaluate the performance of entrepreneurs in order to understand the stride in entrepreneurship development in the state.
2. To suggest strategies for greater development of entrepreneurship in fruit and vegetable processing sector in particular and SEs in general.

### **Data and Methodology**

The questionnaire used in the study included 13 components of socio-economic profile and performances of entrepreneurs. The components that have been taken into consideration were 1) Organisation, 2) Family Occupation, 3) Qualification, 4) Product, 5) Location of units, 6) Reasons for localization, 7) Sources of funds, 8) Participation in EDP, 9) Uses of quality control technology, 10) Geographical market segmentation, 11) Market surveys, 12) Management of entrepreneurial units, 13) Institutional support. The present study is confined to the list of fruit and vegetable processing units obtained from the office of the Deputy Director (F&VP) Eastern Region, Kolkata. Out of the 13 units in Manipur, as per the list provided, 8 units were selected for the study; because two units were dealing with sweetened aerated water and packaging, raw material importing from outside the state, one unit was just the relabeling unit and another unit was found to be sick; whereas one unit could not be contacted.

### **Fruit and Vegetable Processing Units Selected for the Study**

1. Ratna Fruit India: Ratna Fruit India was located at Uripok Polem Leikai, Imphal West District and was commissioned for processing in the year, March, 1992 under the brand name 'RATNA' with FPO Licence No. 7779. It was set up with the main objectives of self-employment and socio-economic upliftment of the state. There were 6 full time workers employed by the unit. The chief items produced were juice and squash of orange and pineapple.
2. Manipur Hill Fruits Processor: The brand name 'CHANDNI' with the FPO Licence No. 8320 was marketed by M/S Manipur Hill Fruits Processor, located at Pungdongbam, B.P.O. Yourbung, P.O. Lamlong, Imphal East District. The unit has started processing fruits and vegetables from 20<sup>th</sup> February, 1991 and has 7 full time and 6 part time workers. Employment and income generation were the main objectives of the unit. Pineapple, orange and lemon squash along with lemon pickle and tomato sauce were the main items of products manufactured by the unit.
3. Thangjam Agro Industries: The unit was located at Chingmeirong, Imphal East District & has marketed its products under brand name 'LIKLA' with FPO Licence No. 8327 since June, 1991. The main objective was to capture market outside the state by taking the advantage of cheap and abundant availability of fruits & vegetables in Manipur. The unit has 6 full time & 4 part time employees. Squash of orange, pineapple and lemon were the main products of the unit.
4. Manipur Fruit Juice Crushers: The unit was located at M.G. Avenue, Imphal and has marketed under brand name 'MANIFRU' with FPO Licence No. 3564 since 1981. The main objective of the unit was to generate employment and economic upliftment of the state. The unit has 8 full time and 10 part time workers.
5. A Family of Food Products: The brand name 'SANA' with FPO Licence No. 8321 was marketed since October 10, 1990 by M/S A Family of Food Products, located at Sega Road, Takhellambam Leikai, Imphal West. The unit has 4 full time and 7 part time workers. The main objectives of the unit were to solve the unemployment problems and to improve the economy of the state. Juice and squash of orange and pineapple, guava jelly and pineapple jam were the main products of the unit.
6. The Universal Wonder-Fruits, Lamsang: The brand name 'IMA' was marketed by M/s The Universal Wonder-Fruits, located at Lamsang Bazar, Imphal West. The main objectives of the unit were to generate employment and to generate income in order to improve the economy of the state. Juice and squash of orange and pineapple and pickle of chilli and mango were the main products of the unit.



7. Manipur Fruit Processing and Cold Storage Cooperative Society Ltd: The brand name 'HEIRANG' with FPO Licence No. 4011 was marketed by the Manipur Fruit Processing and Cold Storage Cooperative Society Ltd, located at Kombirei Road, Lamphelpat, Imphal West, since 24<sup>th</sup> February, 1975. The main objectives of the unit were to help growers with better prices by eliminating multi-middlemen practices and to enable people to get fresh and processed fruits and vegetables at favourable price throughout the year. The unit has 12 full time and 9 part time employees. Squash of orange, pineapple and lemon were the main products manufactured by the unit.

8. WAIFRUIT (Agrotech and Aqua Products): The unit was located at YVU Bhawan, Indo-Burma Road, Thoubal Wangmataba, Thoubal and has marketed under brand name 'WAIFRUIT' with FPO Licence No. 9724 since 1<sup>st</sup> August, 1995. The main objectives of the unit were to generate employment opportunities and to generate income mainly from outside the state by selling the product and also to produce good quality diet. The unit employed 11 full time and 42 part time workers. Squash of orange, pineapple and lemon were the main products of the unit.

### Result and Discussion

This section makes analysis and interpretation of data based on the responses of sample entrepreneurs. Table 1 shows the socio-economic profile of sample entrepreneurs of fruit and vegetable units in Manipur.

**Table-1: Socio-Economic Profile of the Entrepreneurs**

Bases	Indicators	No. of Response	Response (%)
Forms of Organisation	Sole Proprietorship	6	75.0
	Cooperative	2	25.0
Family Occupation	Service	5	62.5
	Business	3	37.5
Educational Qualification	Matriculation	1	12.5
	Intermediate	2	25.0
	Graduate	4	50.0
	Post Graduate & Above	1	12.5
Sources of Financing	Bank and FIs	6	75.0
	Family	2	25.0
Attitudes and Functions of Govt. Agencies	Encouraging	2	25.0
	Discouraging	5	62.5
	No Response	1	12.5

Source: Field Survey

**Forms of Organizations:** Out of the selected samples for the study, it has been found that 75 per cent of entrepreneurs were under the sole proprietorship form of organization and remaining 25 per cent were under the co-operative form of organization in Manipur. It was found that in the state, there were no units in form of partnership form of organization.

**Family Occupation Wise Profile of Entrepreneurs:** From the survey, it was found that 62.5 per cent of the entrepreneurs belong to service holder family and remaining 37.5 per cent of entrepreneurs fall to the business family. First generation entrepreneurs have been playing an important role in the entrepreneurship activities of the state.

**Educational Qualification Wise Profile of Entrepreneurs:** Table 1 also reveals the level of educational qualification of entrepreneurs. The overall analysis suggests that the 50 per cent of the selected sample were operated by the graduate entrepreneurs, followed by 25 per cent with intermediate. The master degree holders and the matriculate category of entrepreneurs were 12.5 per cent each. Therefore, it has clearly shown that the educated unemployed youths have been opting fruit and vegetable processing industries as a source for their livelihood.

**Sources of Funds:** From the survey it was found that 75 per cent of the entrepreneurs' sources of initial finance for establishing their respective enterprise were from banks and financial institutions and only 25 per cent were from family sources. Among the banks and financial institutions, MANIDCO, SIDBI, SBI, CBI was playing the important role for providing financial assistance to the units.

**Government Attitude towards the Enterprise**

One of the components in the questionnaire is the institutional support for fruit & vegetable processing units in Manipur. There is a mixed response of encouraging and discouraging attitude of government towards the enterprise. The 62.5 per cent of entrepreneurs are not satisfied with the government in relation to sanction of loans, grant in aids, subsidize and benefits while 25 per cent of units are satisfied with the government. The remaining 12.5 per cent of the respondents have no response in this regard. Hence, the study reveals that only one fourth of the sample units are in receipt of institutional support in the state and this could be one of the reasons for the retardation of entrepreneurship development in fruit and vegetable processing sector in the state.

**Location of Units:** The localization factors play an important role in ensuring good markets for the products of small enterprise in general and fruit and vegetable processing sector in particular. The study reveals that 75 per cent of sample enterprises are located inside the town and remaining 25 per cent are outside the town. It is because of the fact that infrastructure facilities available inside the town leads to increase in the localization of more enterprises inside the town than the outside. However, the enterprise located inside the town are now facing the problem of expansion and diversification whereas the units located outside face the problems of transportation and marketing.

**Reasons for Localizations of the Enterprise at the Site:** It has been found that Entrepreneurs selected the present location of the enterprise because of the different reasons. It was found that 37.5 per cent of the entrepreneurs selected the present location because of the three reasons, namely, proximity to market centre, availability of raw materials and the availability of infrastructural facilities while 25 per cent selected the present location because of proximity to market centres and another 25 per cent selected the location due to availability of raw materials. Remaining 12.5 per cent of the respondents selected the present location due to availability of infrastructural facilities.

**Entrepreneurial Performance of Fruit and Vegetable Processing sector**

To evaluate the performance of entrepreneurs of fruit and vegetable processing sector in Manipur, questions relating to participation in EDP, use of quality control technology, geographical market segmentation, market surveys and management of entrepreneurial units were asked to the entrepreneurs. Based on their responses the table 2 is prepared.

**Table-2: Entrepreneurial Performance of Fruit and Vegetable Processing sector in Manipur**

Bases	Indicators	No. of Response	Response (%)
EDP Attended	Yes	4	50.0
	No	3	37.5
	No Response	1	12.5
Application of Quality Control Technology	Yes	5	62.5
	No	2	25.0
	No Response	1	12.5
Geographical Market Segmentation	Local	5	62.5
	Regional	2	25.0
	All India Level	1	12.5
Market Surveys	Yes	2	25.0
	No	5	62.5
	No Response	1	12.5
Management of Entrepreneurial Unit	Self/Wife	6	75
	Professional Manager	2	25

Source: Field Survey

**Participation in Entrepreneurship Development Programme (EDP):** Entrepreneurs consisting of 50 per cent of the samples have attended EDP at least once but the 37.5 per cent of the respondents have not and the remaining 12.5 per cent have no response. This shows that 50 per cent of the entrepreneurs have not participated in any EDP which is a matter of great concern.

**Application of Quality control Technology:** The observations based on study shown that 62.5 per cent of the respondents are using quality control technology for upgrading their products. But 25 per cent of the entrepreneurs have not yet used; whereas the remaining 12.5 of the respondents have no response in this regard.

**Geographical market segmentation:** It was found that 62.5 per cent of the entrepreneurs of the selected samples were being confined to the local market only. Interestingly, 25 per cent of the respondents have sold their product at the regional market as well; whereas 12.5 per cent of the respondents have even sold their product at the national level.

**Market Surveys:** Conducting market surveys is the foremost important activities of a manufacturing unit, as customer is regarded as the king as per modern marketing concept. Customers' choices with regard to quality, quantity, size, etc. are to be determined in advance through market surveys. It was found that only 25 per cent of respondents conduct market survey; whereas, 62.5 per cent of the respondents did not conduct market surveys and 12.5 per cent of the respondents have no response related to market surveys.

**Management of Entrepreneurial Unit:** Managerial skill plays an important role for the success or failure of business enterprise. It was found that the 75 per cent of the sample units have been managed by men folk and by wife in their absence. It was also found that 25 per cent of the respondents appoint professional manager to run the enterprise

#### **Summary of Findings**

1. Among the different form of business organizations, sole proprietorship is the most popular form of organization in the case of fruit and vegetable processing sector in the state of Manipur.
2. Since the service holder families are contributing more than the business families in entrepreneurship development in Manipur, it can be stated that the first generation entrepreneurship has been playing an important role in the entrepreneurship development in fruit and vegetable processing sector in the state.
3. Out of 8 sample units, 6 units are located inside the town and 2 units are located outside the capital city. So, there is concentration of more enterprise in urban area which has resulted in regional imbalances on the one side and increasing production cost per unit on the other.
4. Marketing efforts are not well organized to counter the competition from well established national brands. Hence, more than 50 per cent of the market is captured by the national brands manufactured in other parts of the country. The reason is that market requirement was hardly assessed by the entrepreneurs, as most of the processing units do not conduct market survey to know the needs and requirements of the customers.
5. In the era competition, quality of the product plays an important role for the success/failure of an enterprise. It has been found that 62.5 per cent of the selected samples employed quality control technology; but still local product seems to be inferior in quality as compared to national brand. The technologies used by the entrepreneurs of fruit and vegetable units were outdated; most of the processing plants have been established many years back. This affects their efficiency and increases the cost of maintenance and repair.
6. Entrepreneurship development in the state was dominantly guided by rule of thumb even in this era of competition, as the first hand enquiry revealed that nearly 50 per cent of the entrepreneurs in this study have not participated in any EDP which is a matter of great concern.

#### **Conclusion**

Entrepreneurship development with reference to fruit & vegetable processing sectors in Manipur were unsatisfactory. This is because of reasons identified along with social, economic or political problems in the state that retard entrepreneurship development. Geographical location is a hurdle for infrastructural development. On the other hand, the state is rich in

natural resources & ideal for the growth of large, medium and small enterprises. But there is a need for basic infrastructure so as to ensure smooth and sustained industrial growth. Infrastructural deficiencies in terms of transport, communication, power and post harvest facilities were high. The state must provide funds & roads in core areas so as to encourage entrepreneurship development in fruit & vegetable sector. The state should have an integrated approach of Government, NGO's & entrepreneurs for preserving, processing and marketing of fruit and vegetable products of the state which is lost due to spoilage. Most of the processing units were located in the valley during the study period. But fruits & vegetables were purchased mainly from the hill districts by the units. Hence, setting up of juice extraction centre in the hill districts of Manipur could be one of the prospects of developing entrepreneurship in the state and therefore will cut down the spoilage percentage and transportation cost which is very high in Manipur.

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## Role of E-Banking Delivery Channel in Developing Loyalty: A study on Salaried Employees

**Deepjyoti Choudhury**

Assistant Professor, Department of Business Administration, Assam University

**Dibyoyoti Bhattacharjee**

Professor, Department of Statistics, Assam University

### Abstract

*Banks all over the world are nowadays seeking alternative ways to provide and differentiate amongst their varied services. Generally in traditional banking there was a single delivery channel of the banking services to the customer i.e. only branch banking. Whereas in modern day banking there are different alternative delivery channels which are mostly branchless banking dependent on technology better known as electronic banking. Now we know that positive value added services generate loyalty among customer towards the service or the product. Again since electronic banking services are one of the value added services for a bank customer, an attempt has been made in the paper to find out the role of such delivery channel services in developing loyalty among the customers. Here the study is administered on a specific group of population i.e. the salaried employees. The study revealed that there is a positive effect of E-Banking services on both Behavioural loyalty and Attitudinal Loyalty and also as a whole on customer loyalty among the salaried employees.*

*Key words: Salaried Employees, E-Banking, Loyalty, Delivery Channel, Banking services*

### Introduction

The urge for automation in banks and the cut through competition lead to the development of different alternative banking delivery channels. This was possible because of development of sophisticated information communication technology and networking models. Competition and the constant changes in technology and lifestyles have changed the face of banking. Nowadays, banks are seeking alternative ways to provide and differentiate amongst their varied services. Customers, both corporate as well as retail, are no longer willing to queue in banks, or wait on the phone, for the most basic of services (Komal & Rani, 2012). (Patrick, 2003) Says, core banking applications helped a bank to shift from 'branch banking' to 'bank banking.' One of such most discussed developments is electronic banking delivery channel. In the context of banking, the distribution channel is known as delivery channel. According to (Kotler & Armstong, 1999), a distribution channel is a set of interdependent organizations (intermediaries) involved in the process of making a product or service available for use or consumption by the consumer or business user. Generally in traditional banking there was a single delivery channel of the banking services to the customer i.e. only branch banking. Whereas in modern day banking there are different alternative delivery channels which are mostly branchless banking dependent on technology better known as electronic banking.

### Background Literature

As the context of the study is concentrated on Electronic Banking Services and its effect on Customer loyalty, hence it is natural to understand the concept of Customer loyalty and E-Banking Services.

### Concept of Electronic Banking

Electronic banking is a high-order construct, which consists of several distribution channels. It should be noted that electronic banking is a bigger platform than just banking via the Internet (Nasri, 2011). The definition of Electronic Banking varied from time to time. (Neisture, 2003) defined Electronic Banking as provision of banking products and

services through electronic delivery channels. E-banking is defined as the automated delivery of new and traditional banking products and services directly to customers through electronic, interactive communication channels (Salehi, 2010) . Electronic banking, also known as electronic funds transfer (EFT), is simply the use of electronic means to transfer funds directly from one account to another, rather than by check or cash ( IN.gov). Some common types of E-Banking Delivery Channels are Internet Banking, Mobile Banking, ATM/Debit Card, and Credit Card.

**E-banking Service Characteristics**

The characteristics of E-banking have been summarized into four categories: **Ease of Use, Cost Saving, Usefulness** and **Self control** from the view point of customer benefits.

**Table 1: Characteristics of E-Banking Services**

Characteristics	Findings	Author(s)
<b>Ease of Use</b>	Ease of use is one of the important to use internet banking.	(Soon, Soon, & Na, 2013), (Davis, 1989)
<b>Cost Saving</b>	E-banking services offer a perfect opportunity for minimizing costs.	(Clèmes, Gan, & Du, 2012), (Auta, 2010 , (Singh, 2013)
<b>Usefulness</b>	Usefulness is the most critical variables in predicting whether a technology tends to be used or not.	(Davis, 1989), (Soon, Soon, & Na, 2013)
<b>Self control</b>	Self control transaction have more potential for greater customer satisfaction and retention	(Ho & Ko, 2008), (Iyenger & Belvalkar, 2009)

**Concept of Loyalty**

Customers are always been important for business. With the high rate of competition in every market, it is critical to retain the customer/ loyal customers (Singh & Khan, 2012). Customer satisfaction isn't enough anymore, it is needed to cross the bridge from customer satisfaction to customer loyalty. (Rai & Srivastava, 2012) highlighted that competition has resulted in fewer possibilities for differentiation & to tackle such pressure to utilise the intangible human interface involved in service & thus include customer loyalty in strategic objectives.

According to (Oliver, 1999) **Loyalty** is defined as a deeply held commitment to re buy or re-patronize a preferred product/service consistently in the future ,thereby causing repetitive same-brand or same brand-set-purchasing , despite situational influences and marketing efforts having the potential to cause the switching behaviour.Customer loyalty can be defined as the adherence of customers to a company. Even if businesses make mistakes, loyal customers will not leave (Ganiyu, Uche, & Elizabeth, 2012). Again (BOBÁLCA, 2013) says that loyalty is a phenomenon which the result of behavioural preferences for a specific brand from a set of similar ones. In some researches customer loyalty was thought of more a behavioural concept (Hallowell, 1996), (Homburg & Giering, 2001). But other researchers found that behavioural conceptualisation does not correctly differentiate true loyalty from fake loyalty (Day, 1969). Thus few studies emphasised on attitudinal concept of loyalty (Oliver R. L., 1997), (Berne, Mujica, & Yague, 2001). Hence to evaluate loyalty both the behavioural and attitudinal concepts are required to be measured.

**Attitudinal Loyalty** can be defined as a consumer's identification with a particular service provider and preference of a product or service over alternatives (Shih I, 2011).Attitudinal loyalty is investigated in terms of attitudes, preferences, commitment and intentions (Söderlund, 2006). It is defined as a consumer's desire to continue his relationship with the company in spite of the lower prices of the competing companies and to recommend the products or the services to his friends (BOBÁLCA, 2013).

**Behavioural Loyalty** is defined as Customers' intentions for repeat patronage, repeat purchase, and actual purchase behaviour (Shih I, 2011).The behavioural perspective fits with the concept of retention, under the assumption that no matter

what the sources of loyalty are, this means an unspecified number of repeated acquisitions from the same supplier, in a specific period of time.

**E-loyalty**

The rapid change in technology and use of World Wide Web has changed company’s strategy from loyalty to E-Loyalty. The concept of e-loyalty extends the traditional loyalty concept to online consumer behaviour (Muhammad & Hashmi, 2005). (Schultz, 2000) defined customer/brand loyalty in cyberspace as an evolution from the traditional product driven, marketer controlled concept towards a distribution driven, consumer controlled, and technology facilitated concept. The e-loyalty may be defined as the act or a deeply held so called intension to repeat purchase of a product or services of preferences in a consistent manner from an online vendor in the upcoming near future, even though there is a presence of other factors or circumstance that can cause switching behaviour or a change of customer mind to purchase another product (Oliver, 1999).

The term e-loyalty is applicable to consumers who are likely to buy from the same website, rather than switch to other websites (Winnie, Lo, & Thurasamy, 2014). E-loyalty is defined as perceived loyalty of customers towards websites and their intention to visit the same website on their second purchase (Winnie, Lo, & Thurasamy, 2014).

**Relationship between Electronic Banking Services and Customer Loyalty**

Electronic banking has emerged to provide more value to the customers and hence it would have an impact on loyalty. Different studies shows how E-banking services are developing loyalty among the customers and the factors associated with such loyalty development. Few of the studies that can be highlighted are:

**Table 2: Relationship between Electronic Banking Services and Customer Loyalty**

Author(s)	Findings
(Jansson & Letmark, 2005)	Increased use of Internet Banking effects loyalty. When customers were visiting the branch, loyalty developed in the interaction between customer and personnel, while today, when using Internet banks, loyalty is more likely to derive from things as user-friendly sites combined with personal contact when the customer needs it.
(Camhi, 2013)	A recent survey suggested that banking customers care more about convenience than customer service or fees in choosing a bank, and mobile banking customers are some of the most loyal a bank can find
(Hamid, 2012)	There was a significant positive effect of E-Banking Services on Customer value and Customer loyalty.
(Alam & Khokar, 2006)	Internet can be used to support activities in creating loyal customers.
(Agaga & Nor, 2012)	Customer e-loyalty is directly affected by satisfaction, trust, and sense of belonging among internet banking users.
(Miles, 2002)	In a special report of the wall street Journal, it was stated that banks’ online bill pay made customers more satisfied with banks’ service and more likely to stay with a bank and shop for more profitable products.
(Wallace, Giese, & Jhonson, 2004)	Offering a multi channel portfolio of service could be a means of satisfying customers’ needs & could lead to increased customer satisfaction and hence increased customer loyalty.

**Research Framework and Hypothesis**

From the literature above we find that there exist some relationship between Electronic banking services and loyalty development. But the difference of the current study with previous studies is that, firstly most of the previous studies have taken internet banking as the banking delivery channel whereas in the current study all the electronic delivery channels are considered. Secondly the current study deals with specific group of population i.e. the salaried employees. The target population is chosen as salaried employees because number of literature suggest, salaried employees are in a better position to adopt electronic banking delivery channels to cite (Pandian & Sharma, 2012, Gupta & Bansal, 2012). Here we assume

that E-banking delivery channels services as independent variable and loyalty as dependent variable. Hence the hypothesis can be given as:

H: Customers using E-banking delivery channel services are more loyal to the same compared to those customers who are not using those channels.

**Research Methodology**

Regression analysis is done when both dependent and independent variable are metric variable (Parasuraman, Krishnan, & Grewal, 2006) and thus though E banking delivery channel services (independent variable) and Loyalty (dependent variable) are qualitative, are converted to ordinal or metric data by Likert scales. 7-point Likert scales, ranging from 1 (strongly disagree) to 7 (strongly agree) have been adopted. The study involved both primary and secondary sources. For primary sources structured questionnaires were used consisting of 24 questions based on (Hamid, 2012), (Ho & Ko, 2008).

E-banking services are measured by 16 items divided into 4 characteristics: Ease of Use, Usefulness, Cost Saved and Self control. The other variable Customer Loyalty was measured by 8 items but 1 item deleted to increase the reliability. Thus 7 items are divided into 2 characteristics Attitudinal Loyalty and Behavioral loyalty.

According to the objective, we are concerned with those subjects who use electronic banking delivery channels and at the same time are salaried employees. An error of 5 % will require a sample of approximately 400 units. The sample was collected from all districts of Southern Assam, based on post stratified random sampling to maintain proportional allocation of sample from each bank under consideration. Reliability tests were conducted to ensure the validity and precision of the statistical analysis and accordingly Cronbach’s Alpha( $\alpha$ ) for the main constructs were calculated and was found that all the two main constructs fall in the acceptance range i.e.  $\alpha > 0.6$  as cited by (Jan, Abdullah, & Shafiq, 2013), (Azad & Esmaeili, 2012) and many others.

**Table: 3 Descriptive Statistics**

No.	Constructs	No of Items	Mean Average of All Items	Std. Deviation Average of All Items	( $\alpha$ )Coefficient
1	E-Banking Services	16	2.59	1.247	0.785
2	Customer Loyalty	07	2.395	1.193	0.731
3	All Constructs	23	2.49	1.220	0.854

The gender wise distribution of the sample is such that the sample comprises of 359 males against 41 females with percentages 89.8% and 10.2% respectively. Most of the respondents were found to belong to government employees with 68.3% followed by private sector 15.5% and public sector with 48.5%. The reason may be attributed to less private jobs availability in the study area. Age-wise distribution shows that we have maximum of the respondents belonging to the age group 51 and above with 39.8%, followed by age group 41-50 with 25.8%, 31-40.

**Hypothesis Testing**

To test the hypothesis, statistical package SPSS has been used. To test this hypothesis, two sub hypotheses have been derived, because each construct has many dimensions. Attempt has been made to test the effect of each dimension of E-banking delivery channel services (Ease of Use, Usefulness, Cost Saved, Self Control) on each dimensions of customer loyalty (Attitudinal Loyalty, Behavioral Loyalty) separately by multiple regressions and then E-Banking services on overall customer loyalty by simple regression. The sub hypotheses are as follows:

H1: There is effect of E-Banking delivery channel services dimensions on Attitudinal Loyalty.

H2: There is effect of E-Banking delivery channel services dimensions on Behavioral Loyalty.



**Results and Discussion**

Many statistical Criteria have been taken into analysis. Simple and multiple regression has been conducted , F test for estimated equation significance, t- test for effect significance of independent variable (ID) on dependent variable (DV) and coefficient of determination ( $R^2$ ) to access how well a model explains and predicts future outcomes.

**Testing of Hypothesis 1**

H1: There is effect of E-Banking delivery channel services dimensions on Attitudinal Loyalty.

In Table 4, we find that R square is 0.507, which means the independent variables (Ease of use, Usefulness, Cost saved, Self control) together are 50.7% responsible in explaining the dependent variable (Attitudinal Loyalty). The overall regression is significant with F value 101.661 with p value 0.000 <0.05. The independent variables Usefulness (0.000), Cost Saved (0.000), Self Control (0.000) are significant with  $p < 0.05$ . Thus, we accept the hypothesis H1 that there is a relationship between E-Banking delivery channel services dimensions and Attitudinal Loyalty.

The regression equation can be written as

$$Attitudinal\ Loyalty = 0.102 + 0.023 \times Ease\ of\ use + 0.256 \times Usefulness + 0.522 \times Cost\ Saved + 0.211 \times Self\ Control$$

**Table 4: Multiple Regression of Effect of E-Banking Characteristic on Attitudinal Loyalty**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	.102	.613		.166	.868
	Ease of use	.023	.031	.032	.760	.448
	Usefulness	.256	.067	.153	3.829	.000
	Cost saved	.522	.047	.487	11.173	.000
	Self control	.211	.052	.191	4.034	.000
a. Dependent Variable: Attitudinal loyalty						
R Square = 0.507; F= 101.661; p = 0.000						

**Testing of Hypothesis 2**

H2: The effects of E-Banking delivery channel services dimensions on Behavioral Loyalty

**Table: 5 Multiple Regression Effect of E-Banking Characteristic on Behavioral Loyalty**

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	.355	.504		.704	.482
	Easeofuse	.047	.025	.087	1.860	.064
	Usefulness	.110	.055	.088	1.993	.047
	Cost saved	.276	.038	.344	7.191	.000
	Self control	.225	.043	.273	5.248	.000
a. Dependent Variable: Behavioural loyalty						
R Square =0.408; F= 67.984; p = 0.000						

From Table 5, we find that R square is 0.408, which means the independent variables (Ease of use, Usefulness, Cost saved, Self control) together are 40.8% responsible in explaining the dependent variable (Behavioral Loyalty).

The overall regression is significant with F value 67.924 with p value 0.000 <0.05. The independent variables Usefulness (0.047), Cost saved(0.000), Self control(0.000) are significant with p < 0.05. Thus we accept the hypothesis H2 that there is a relationship between E-Banking delivery channel services dimensions and Behavioral Loyalty.

The regression equation can be written as:

$$\text{Behavioral Loyalty} = 0.355 + 0.047 \times \text{Ease of use} + 0.110 \times \text{usefulness} + 0.276 \times \text{Cost Saved} + 0.225 \times \text{Self Control}$$

### Effect of E-Banking on Customer Loyalty

Now simple regression is conducted to find out the relationship between E banking Services and Overall customer loyalty. From the Table 6, we find that the value of R Square is 0.481 which means E- Banking Services as an independent variable explains 48.1% variation in the Dependent variable Customer Loyalty. The simple regression is a good fitting for the relation between E- Banking Services and the Customer Loyalty with F value 368.727 with significance 0.000<0.05. The independent variable E-banking services is also significant at 0.000<0.05. Thus we can conclude that there is a positive effect of E-Banking Services on Customer Loyalty.

The Regression equation is given by:

$$\text{Customer Loyalty} = 0.447 + 0.372 \times \text{E banking service}.$$

Hence we confirm the hypothesis H that

“Customers using E-banking delivery channel services are more loyal to the same compared to those customers who are not using those channels”

**Table: 6 Simple Regression**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	
	B	Std. Error	Beta			
1	(Constant)	.447	.836		.535	.593
	E banking service	.372	.019	.693	19.202	.000
a. Dependent Variable: Customer loyalty						
R Square = 0.481 F = 368.727; p =0.000						

### Conclusion

Value added services were always seen to create loyalty among the customers in service industry and banking industry is no exception. Electronic banking as a value added services in banking industry is seen to develop loyalty among the customers. The benefits of E- Banking services like ease of use, self control, usefulness and saving of cost in terms of money and time, were largely accepted by the customers and these core characteristics are found to develop loyalty among customers. In traditional banking loyalty was found to establish during the physical interaction of customers with the banks but in this era, the traditional loyalty changed to E- Loyalty where loyalty develops in virtual interaction with the bank. This is beneficial for the banking organizations to understand that nowadays customers can be retained more with better services through electronic banking. Loyalty is a complex psychological behaviour which cannot be directly measures and thus in this study attempt has been taken to measure this psychological aspect through series of related questions and come to the conclusion. Loyalty have been divided between attitudinal loyalty and behavioural loyalty and it has been found that usefulness, cost saved and self control are much more related in establishing loyalty among banking customers through Electronic Banking services. If it would have been done with other theories or literature, the result might have come out

different. For a banking organization, the technical team should give much emphasis to usefulness, cost saved and self control of banking services through E-banking delivery channel. They must provide more privileges and mechanisms to establish a sense of belongingness to the customer. Along with developing innovative techniques to encourage E-banking use, customer should be made aware of the benefits of E-banking use.

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## Gender Wise Perception of Customers on Service Quality of State Bank of India: An Empirical Assessment

**Biswajit Paul**

Research Scholar, Department of Commerce, Assam University

E-mail: bpaul1987@gmail.com

**Dr. Kingshuk Adhikari**

Assistant Professor, Department of Commerce, Assam University

E-mail: adhikari.au@gmail.com

### **Abstract**

*With the entry of private sector banks as well as foreign banks in the Indian market place, public sector banks in India have started to feel the wave of competition against their survival and State Bank of India, the largest bank in India, is no exception to this. In such a changed scenario, State Bank of India need to reframe their existing policies by emphasizing on delivery of quality services to their customers. Deliverance of quality services can lead a bank with competitive advantage over its competitors, which ultimately helps a bank to retain its existing customer base as well as attract more and more potential customers to the business. Moreover, service quality not only enables a bank to enhance its profit earning capacity but also builds a long term relationship with its customers. The paper makes an attempt to compare the perception of male and female customers about the service quality of State Bank of India within Cachar district of Assam. For the purpose of analyzing the perception of bank customers about the service quality, mean as well as standard deviation have been used while independent two samples t-test has been applied for testing the hypotheses of the study. The study concludes that there exists significant difference in the perception of male and female customers with respect to all five select dimensions of service quality at 5% level of significance.*

**Key Words:** Perception, Tangibility, Empathy, Responsiveness, Assurance.

### **Introduction**

Banking sector reforms following the recommendations of Narashimham Committee in the year 1991 has changed the scenario of Indian banking business where it has become almost impossible for the banks to survive in the market without giving due importance to the deliverance of quality services. In such a market condition, service quality has been considered as a key determinant for attaining success in the banking business. Service quality is defined as the difference between customers' expectation of service and their perceptions of service performance. It can be defined as a global judgment or attitude related to the superiority of a service (Parasuraman, Zeithaml and Berry, 1985). It is a measure of how well the service level delivered matches customer expectations (Gronroos, 1984). Service quality deals with the interaction between the bank and its customers (Hernon and Nitecki, 2001). It is interpreted as perceived quality which means a customer's judgment about a service (Culiberg and Rojsek, 2010). Delivery of quality services enables a bank to fulfill not only the present needs of its customers satisfactorily but also to anticipate its future needs (Anuradha, 2012). In other words, providing quality services leads to customer satisfaction and lowers the transaction cost, which, in turn, increases the profits of a bank and thus improves its performance.

### **Review of Literature**

Khalid, Mahmood, Abbas and Hussian (2011) observed that the customers were satisfied with all four dimensions of service quality, namely, tangible, reliability, responsiveness and empathy. Jain, Gupta and Jain (2012) concluded that

perceived service quality was the highest in case of responsiveness followed by reliability, assurance, empathy and tangibility. Adhikari and Paul (2014) revealed that the perception of customers was highest with reliability dimension followed by responsiveness, assurance, tangibility and empathy dimensions of service quality. Sulieman (2011) found that reliability, tangibility, responsiveness and assurance played a significant role in making the customers satisfied. Ananth, Ramesh and Prabaharan (2011) opined that perception of customers regarding service quality was highest with tangibility dimension. Ganesh (2012) found that perceived service quality was comparatively more in case of assurance and less in case of empathy dimensions. Bootwala and Gokhru (2012) observed that the level of satisfaction was more with male customers. Similarly, Banerjee and Sah (2012) found that the perceived service quality was less with female customers.

The review of literature points out that the perception of bank customers is largely influenced by the service quality dimensions. Thus, five dimensions of service quality, namely, reliability, tangibility, responsiveness, assurance and empathy have been selected for the present study.

### Objectives of the Study

- 1) To compare the perception of male and female customers about select dimensions of service quality of State Bank of India within Cachar district of Assam.
- 2) To compare the perception of male and female customers regarding overall service quality of State Bank of India within Cachar district of Assam.

### Hypotheses of the Study

- 1) The perception of customers of State Bank of India in Cachar district of Assam with respect to select dimensions of service quality does not vary significantly across the gender.
- 2) The perception of customers about overall service quality of State Bank of India in Cachar district of Assam does not vary significantly across the gender.

### Data Source and Methodology

The present study is based on primary data. The population of the study includes customers of State Bank of India in Cachar district of Assam. A structured questionnaire has been developed with five dimensions of service quality, namely, reliability, tangibility, responsiveness, assurance and empathy.

**Table 1: Sample Branches and Number of Sample Customers of United Bank of India**

Sample Branches	Number of Customers	Percent
Kabuganj	20	25.00
New Silchar	20	25.00
Dargakona	20	25.00
Tarapur	20	25.00
<b>Total</b>	<b>80</b>	<b>100.00</b>

Source: Field Survey

The sample size for the present study is 80 customers taking 20 customers from each of the four sample branches. Apart from these, perception of customers on three broad aspects relating to overall service quality have been assessed separately. In order to assess the perception of customers, a numerical scale with two verbal descriptors, namely, ‘Strongly Disagree (= 1)’ and ‘Strongly Agree (= 5)’ at the two extremes of the scale has been used. Mean, standard deviation and independent two samples t-test have been used for analyzing the responses of customers.

### Scope and Limitations of the Study

- 1) The scope of the present study is confined to the perception of customers about 28 components of service quality.
- 2) The study considers only individual customers. Institutional customers have been kept outside the purview of the study.
- 3) Each study area has its own demographic, geographic, situational and cultural specificities. So, the findings of the study need to be interpreted with great caution while making any kind of generalization.
- 4) The study is subject to all the limitations that are inherent in any study based on the perception of respondents.

### Results and Analysis

Table 2 reveals the gender wise perception of customers about reliability dimension of service quality in the branches of State Bank of India operating in Cachar district of Assam. The mean values reveal that the perception of both male and female respondents is positive towards reliability dimension. However, mean score of perception on reliability dimension is higher for male customers as compared to that of female customers.

**Table 2: Gender-wise Customers' Perception on Reliability Dimension of Service Quality**

Gender	Mean	SD	t-value	p-value
Male (51)	3.831	.5446	2.021	.047
Female (29)	3.545	.7109		

Source: Field Survey

The result of two independent samples t-test also suggests that there is statistical evidence for difference in the perception of male and female customers of SBI on reliability dimension at 5% level of significance. Table 2 also portrays that value of standard deviation for the perception of male customers is lower which implies that the opinion of the male respondents is more concentrated while the value of standard deviation is relatively more for the perception of female customers and it implies that the tilt of the views of female respondents is bent more about this dimension of service quality.

**Table 3: Gender-wise Customers' Perception on Tangibility Dimension of Service Quality**

Tangibility	Mean	SD	t-value	p-value
Male (51)	4.008	.5919	3.287	.002
Female (29)	3.531	.6767		

Source: Field Survey

Table 3 shows the gender wise perception of customers about tangibility dimension of service quality in SBI within Cachar district of Assam. The mean score of perception on tangibility dimension is higher for male customers as compared to that of female customers. The result of two independent samples t-test also suggests that there is statistical evidence for difference in the perception of male and female customers of SBI on tangibility dimension at 5% level of significance. Further, table 3 reveals that value of standard deviation for the perception of male customers is lower which implies that the opinion of the male respondents is more concentrated while value of standard deviation is relatively more for the perception of female customers and it implies that the tilt of the views of female respondents is bent more about this dimension of service quality.

Table 4 reveals the gender wise perception of customers about responsiveness dimension of service quality in SBI within Cachar district of Assam. The mean score of perception on responsiveness dimension is higher for male customers as compared to that of female customers. The result of two independent samples t-test also suggests that there is statistical evidence for difference in the perception of male and female customers of SBI on responsiveness dimension at 5% level of significance. Further, table 4 portrays that value of standard deviation for the perception of female customers is lower

which implies that the opinion of female respondents is more concentrated while value of standard deviation is relatively more for the perception of male customers and it implies that the tilt of the views of male respondents is bent more about this dimension of service quality.

**Table 4: Gender-wise Customers’ Perception on Responsiveness Dimension of Service Quality**

Responsiveness	Mean	SD	t-value	p-value
Male (51)	3.463	.6864	3.648	.000
Female (29)	2.924	.5303		

Source: Field Survey

Table 5 depicts the picture of gender wise perception of customers about assurance dimension of service quality in the branches of SBI operating in Cachar district of Assam. The mean score of perception on assurance dimension is higher for male customers as compared to that of female customers.

**Table 5: Gender-wise Customers’ Perception on Assurance Dimension of Service Quality**

Assurance	Mean	SD	t-value	p-value
Male (51)	4.200	.5586	3.031	.003
Female (29)	3.779	.6598		

Source: Field Survey

The result of two independent samples t test also suggests that there is statistical evidence for difference in the perception of male and female customers of SBI on assurance dimension at 5% level of significance. Further, table 5 shows that the value of standard deviation for the perception of male customers is lower which implies that the opinion of the male respondents is more concentrated while the value of standard deviation is relatively more for the perception of female customers and it implies that the tilt of the views of female respondents is bent more about this dimension of service quality.

Table 6 shows the gender wise perception of customers about empathy dimension of service quality in the branches of SBI operating in Cachar district of Assam. The mean score of perception on empathy dimension of service quality is higher for male customers as compared to that of female customers.

**Table 6: Gender-wise Customers’ Perception on Empathy Dimension of Service Quality**

Empathy	Mean	SD	t-value	p-value
Male (51)	3.302	.5690	2.034	.045
Female (29)	3.041	.5165		

Source: Field Survey

The result of two independent samples t-test also suggests that at 5% level of significance, there is statistical evidence for difference in the perception of male and female customers of SBI on empathy dimension. Further, table 6 portrays that the value of standard deviation for the perception of female customers is lower which implies that the opinion of the female respondents is more concentrated while the value of standard deviation is relatively more for the perception of male customers and it implies that the tilt of the views of male respondents is bent more about this dimension of service quality.

Table 7 reveals the gender wise perception of customers about overall service quality in the branches of SBI operating in Cachar district of Assam. The mean score of perception on overall service quality is higher for male customers as compared to that of female customers. The result of two independent samples t-test also suggests that there is statistical evidence for difference in the perception of male and female customers of SBI on overall service quality at 5% level of significance.



**Table 7: Gender-wise Customers' Perception on Overall Service Quality**

Overall Service Quality	Mean	SD	t-value	p-value
Male (51)	3.477	.6807	2.618	.011
Female (29)	3.046	.7545		

Source: Field Survey

Further, table 7 shows that value of standard deviation for the perception of male customers is lower which implies that the opinion of the male respondents is more concentrated while value of standard deviation is relatively more for the perception of female customers and it implies that the tilt of the views of female respondents is bent more about overall service quality.

### Conclusion

The study reveals that the perception of male customers has been higher about all the select dimensions of service quality as compared to the perception of female customers of SBI within Cachar district of Assam. The differences between the perception of male and female customers of SBI with respect to all five dimensions of service quality have been found significant at 5% level of significance. However, the differences between the perception of male and female customers of SBI regarding overall service quality have also been found significant at 5% level of significance. The management of the SBI is expected to think not only about improving the service quality regarding all the select dimensions in order to satisfy the higher degree of expectation of its customers but also it is expected that the management should give more efforts to fulfil the needs and expectations of the female customers of the branches of SBI operating in Cachar district of Assam.

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**Appendix-i**  
**QUESTIONNAIRE**  
**ON**

**EFFECTS OF ADVERTISING ON BUYING BEHAVIOR OF COLLEGE YOUTH IN**  
**AIZAWL, MIZORAM: A STUDY ON TWO-WHEELERS**

Dear Respondents,

I, the undersigned, am a bona fide research scholar in Department of Management, Mizoram University, Aizawl.

I am pursuing my doctoral programmes under the topic “Effects of Advertising in Buying Behaviour of College Youth in Aizawl, Mizoram: A study on Two-wheelers”.

In order to ensure the completion of my PhD work, May I request you to kindly complete the questionnaire. I assure the data so collected will be kept strictly confidential and used for research work only. I also promise that no information about your name or identification will be directly used in the research work. Your cooperation will be appreciated. In case of any further query please contact on the number given below.

Thanking you.

Sincerely,

Carolyn Vanlalhriati

Research Scholar

Department of Management

Mizoram University

Phone No: 9774214731

## INSTRUCTION

Please read all the questions/statements carefully and fill up all the space provided, tick the appropriate boxes and encircle only one option from all the statements.

### Part A: Background Information

1. Name of the student:
2. Name of the college:
3. Educational semester of the student:
4. Streams:
5. Gender                     Male       Female
6. Address :
7. Age ( in Yrs):
8. Parental Occupation  
 Govt Service    Private Service    Businessman    Self- employed    others
9. Total Family Income ( Per Annum) :
10. Number of Siblings ( Including the Respondent)  
 Brothers:        
 Sisters:

### Part B: Product Information

11. Name the Two-wheeler you purchased:
12. Your two-wheeler is:  Brand new       Second-hand
13. Name of the Company/Brand of the two-wheeler:
14. CC of the two-wheeler you purchased:
15. Colour of two-wheeler you purchased:

16. Type of Two-wheeler (please tick)

- Bike     Scooter    Mopeds     Others (Please specify)

17. Who purchased your two-wheeler?

- Myself     Parents    Others (please specify)

18. Year of purchase

19. Price of the two-wheeler

### **Part C: Advertising Information**

20. Your preferred media of advertising

- Billboards     Television     Radio     Newspaper  
 Magazines     Leaflet & Brochures     web  
 Others (Please specify)

21. Your exposure to Media

- Daily             Occasionally  
 Sometime     Weekly

22. Number of times to encounter the advertisement of the two-wheelers brand you owned.

- 0-2 times     3-5 times  
 6-8 times     8 times and above

23. How does advertisement affect you?

- Recall             Positive Impression  
 Interest         Desire to purchase/ explore     Others (Please specify)

24. Which form of ad creates a greater impact on you?

- Just the printed words  
 Words with sound  
 A moving action oriented ad

- Picture depicting a scene/story
- Colourful printed ads
- Others (Please specify)

25. Does the two-wheelers advertisement urge you to buy a new brand?

- Yes  No

26. Rank the following advertising media based on your preferences by using the scale 1-7, *where 1 will represent your most preferred media and 7 will stands for the lowest score*

Sl. No	Advertising Media	Rate (1-7)
1.	Web	
2.	Television	
3.	Newspaper	
4.	Magazines	
5.	Billboards	
6.	Radio	
7.	Brochure/leaflet	

27. Please encircle one option for each statement of advertisement characteristics based on your opinion.

Sl. No	Statements	SA	A	N	D	SD
1.	The <b>Design</b> of two-wheelers advertisements persuades me to watch the advertisement.	5	4	3	2	1
2.	I find the <b>Content</b> of two-wheelers advertisements very helpful and persuasive.	5	4	3	2	1
3.	The <b>Qualities</b> of two-wheelers advertisements influenced me to watch the advertisement.	5	4	3	2	1
4.	The <b>duration</b> of two-wheelers advertisements are satisfactory enough to arouse my desire to own the product.	5	4	3	2	1

28. The following two tables represent effectiveness of advertising and brand ratings.

**Please encircle only one option most closely represent your opinion from all the statement.**

**For example**

{Here, 5= strongly agree (SA); 4= agree (A); 3= neutral (N); 2= disagree (D); 1=strongly disagree (SD)}

Sl. No	Statements	SA	A	N	D	SD
1.	The layout of two-wheelers ads directs me to pay attention to the ads.	5	4	3	2	1
2.	The design of two- wheelers ads are eye catching.	5	4	3	2	1
3.	I read/ watch two-wheelers ads because I find celebrities and perfect model in the ads.	5	4	3	2	1
4.	The stunts performed in two-wheelers ads are very attractive to grab my attention.	5	4	3	2	1
5.	The dramatization involves in the two-wheelers ads grab my attention.	5	4	3	2	1
6.	The product features displayed in the ads generate my interest towards two-wheelers.	5	4	3	2	1
7.	The promoted language and musical backgrounds of the two-wheelers ads are very interesting.	5	4	3	2	1
8.	The price and offers displayed in the ads make me interested in the two-wheelers.	5	4	3	2	1
9.	The easy transportation provided by two-wheelers depicted in the ads built my desire to own the product.	5	4	3	2	1
10.	Availability of cheap consumer financing displayed trough the ads arouse my desire to buy the two-wheelers.	5	4	3	2	1
11.	The performance level displayed in the ads built my desire to buy the two-wheelers.	5	4	3	2	1
12.	The promises made in the two-wheelers ads through advertising messages create a desire to full fill my needs.	5	4	3	2	1
13.	After watching the ads, I consider buying this two-wheeler.	5	4	3	2	1
14.	After watching the ads, I am very likely to buy this two-wheeler.	5	4	3	2	1
15.	After watching the advertisement, I intended to buy the two-wheeler.	5	4	3	2	1
16.	After watching the advertisement, the probability of my buying the two-wheeler was high.	5	4	3	2	1
17.	After watching the ads, I buy this two-wheeler.	5	4	3	2	1
18.	I would recommend this two-wheeler to my friends.	5	4	3	2	1

Please rate the following brands in the scale 1-10, where 1 stands for the highest and 10 for the lowest score.

Brand Name	Rate based on your Preference (1- 10)	Rate the brands based on regularity of advertisement ( 1- 10)
Hero		
Mahindra Two-Wheeler		
Bajaj Auto		
TVS Motors		
Piaggio Vespa		
TVS		
Yamaha		
Royal Enfield		
Honda		
Hyosung		
KTM		

#### Part D- Important Factors for Buying Two-wheelers

{Here, 5= strongly agree (SA); 4= agree (A); 3= neutral (N); 2= disagree (D); 1=strongly disagree (SD)}

Please Encircle only one option.

Sl. No	Statements	SA	A	N	D	SD
1.	I make the buying decision based on the <i>price</i> of two-wheelers.	5	4	3	2	1
2.	I bought my two-wheelers based on its colour.	5	4	3	2	1
3.	Advertisement done by my favourite <i>celebrity</i> endorsed me to buy this particular brand of two-wheeler.	5	4	3	2	1
4.	I prefer to buy two-wheeler whose brand is <i>popular</i> among the youths in Aizawl.	5	4	3	2	1
5.	I consider the mileage when I am buying two-wheelers.	5	4	3	2	1
6.	I make the buying decision based on the <i>Power (CC)</i> of two-wheeler.	5	4	3	2	1
7.	Body design of two-wheelers influenced me to buy the particular brand of two-wheelers.	5	4	3	2	1
8.	<i>Brand image</i> which is built by advertisement influence me to go for this particular brand of two-wheeler.	5	4	3	2	1
9.	<i>Road shows</i> performed by a particular brand gave me a desire to own the same one.	5	4	3	2	1

10.	<i>Sales promotional</i> programs such as racing, sponsorship of various programmes make me think that the brand is a famous one.	5	4	3	2	1
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**Part E: Attitude towards advertising**

{Here, 5= strongly agree (SA); 4= agree (A); 3= neutral (N); 2= disagree (D); 1=strongly disagree (SD) }

<i>Sl. No</i>	<i>Statements</i>	SA	A	N	D	SD
1.	Advertising on two-wheelers provided valuable information about the product.	5	4	3	2	1
2.	Advertising tells me which brand of two-wheelers has the features I am looking for.	5	4	3	2	1
3.	Advertising helps me keep up to date about the products available in the two-wheelers market place.	5	4	3	2	1
4.	I find advertising on two-wheelers is credible.	5	4	3	2	1
5.	I find advertising on two-wheelers is trustworthy.	5	4	3	2	1
6.	I think advertising on two-wheelers is believable.	5	4	3	2	1
7.	Quite often, advertising on two-wheelers are amusing and entertaining.	5	4	3	2	1
8.	I think advertising on two-wheelers are enjoyable.	5	4	3	2	1
9.	Advertising on two-wheelers are pleasing.	5	4	3	2	1
10.	In general, advertising helps our nation's economy.	5	4	3	2	1
11	Advertising helps raise our standard of living.	5	4	3	2	1
12	In general, advertising promotes competition which benefits the consumer.	5	4	3	2	1
13	I would describe my overall attitude towards advertising favourable.	5	4	3	2	1
14	I support advertising because it plays an important role in my buying behaviour.	5	4	3	2	1
15	Overall, I like advertising.	5	4	3	2	1



**Part F: Buying Behavior of College youth**

*{Here, 5= strongly agree (SA); 4= agree (A); 3= neutral (N); 2= disagree (D); 1=strongly disagree (SD) }*

<i>Sl. No</i>	<i>Statements</i>	SA	A	N	D	SD
1	I like to buy two-wheelers which impress other people.	5	4	3	2	1
2	I buy two-wheelers because they gave me prestige.	5	4	3	2	1
3.	I want to buy two-wheelers which make me feel like the person I want to be.	5	4	3	2	1
4	Buying two-wheelers arouses my emotions and feelings.	5	4	3	2	1
5	Compared to things I could do, buying two-wheelers is really enjoyable.	5	4	3	2	1