

# Impact of Advertising on Customers at Hero MotoCorp Limited

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**Abstract:** Advertising is a highly prevalent marketing communication tool that utilizes an openly sponsored, non-personal message to promote or sell a product, service or idea. Advertisements play an outstanding role in creating opinions about everything from products to politics. In this study, we analyse the customer's perception towards advertising media used by a company to purchase their products. Hero Moto Corp Ltd. is a two-wheeler motorcycle manufacturer based in New Delhi, India. It is the largest two-wheeler manufacturer in the world and also in India, where it has a market share of about 46% in the two-wheeler category. To study the impact of advertising on sales of two-wheelers of Hero MotoCorp, the research was carried out at one of its dealers in Hyderabad through the research methodology of interview through questionnaire.

**Keywords:** Advertising, Customer, Hero MotoCorp.

## 1. Introduction

Advertising is a form of communication tool meant to convince an audience (viewers, readers or listeners) to purchase or take some action upon products, ideas, or services. It comprises the name of a product or service and how that product or service could interest the consumer. It can persuade a target market to purchase or to consume that particular brand. These messages are usually paid by sponsors and viewed via various media. Commercial advertisers usually seek to promote increased consumption of their products or services through branding, which involves the re-occurrence of an image or product name in an effort to associate corresponding qualities with the brand in the minds of consumers [1].

Non-commercial advertisers who disburse money to advertise items other than a consumer product or service include political parties, interest groups, religious organizations and governmental agencies. Non-profit organizations may depend on free modes of coercion, such as a public service announcement. Modern advertising began with the rise of mass production in the late 19th and early 20th centuries. Mass media can be described as any media meant to reach a mass aggregate of people. Different types of media can be used to promote these messages, including traditional media such as newspapers, magazines, television, radio, outdoor or direct mail or new media such as websites and text messages.

## 2. Review of literature

### A. The history of advertising

The 17th century saw advertisements appear in weekly newspapers in England. In June 1836, French newspaper La Presse was the earliest one to incorporate paid advertising in its pages, allowing it to lower its price, extend its readership and increase its profitability. Around the year 1840, Volney B. Palmer constituted a predecessor to advertising agencies in Boston. Around the same time, in France, Charles-Louis Havas expanded the services of his news agency, Agence Havas to include advertisement brokerage, making it the first French group to organize. At first, agencies acted as the brokers for advertisement space in newspapers. In the year 1869, N. W. Ayer & Son was the first full-service agency to initiate responsibility for advertising content in Philadelphia. In early 1920's, the first radio stations were initiated by radio equipment manufacturers and retailers who presented programs in order to sell more radios to consumers. In the 1950s, the DuMont Television Network started the modern practice of selling advertisement time to various sponsors. A recent innovation in advertising is the "guerrilla marketing". This type of advertising is unpredictable and inventive, which makes consumers to buy the product or idea. This reflects an increasing trend of interactive and embedded ads, such as product placement, having consumers vote through text messages and various innovations utilizing social network services such as Facebook [2]. Digital advertising (television), radio, online, product placements, press advertising, billboard, mobile billboard, In-store, coffee cup, street, celebrity branding and sales promotions are different types of advertising. Some of the current trends in advertising are niche marketing, crowd sourcing etc.

### B. History of two wheelers

The first commercial design was three-wheeler built by Edward Butler in Great Britain in the year 1884. This made use of a horizontal single-cylinder gasoline engine mounted between two steerable front wheels and fastened by a drive chain to the rear wheel. The 1900's saw the transformation of many bicycles or pedal cycles by adding small, centrally mounted spark ignition engines. Gottlieb Daimler is attributed with the building of the first motorcycle in 1885, one wheel in the front and one in the back, although it had a smaller spring-loaded outrigger wheel on each side. It was mostly consisted of wood, the wheels were of the iron-banded wooden-spoked wagon-type and it definitely had a bone-crusher chassis. The first motorcycle with electric start and a fully modern electrical

system was the Hence special manufactured by the Indian Motorcycle Company (IMC) in the year 1931. Before the advent of World War 1, IMC was the largest motorcycle manufacturer in the world. Following economic liberalization in India in 1991, the Indian automotive industry has displayed consistent growth as a result of increased competitiveness and relaxed restrictions. Several Indian automobile manufacturers such as Tata Motors, Maruti Suzuki and Mahindra and Mahindra, developed both their domestic as well as international operations.

#### C. Hero MotoCorp Limited

Hero MotoCorp Ltd., which was hitherto known as Hero Honda Motors Ltd, is an Indian motorcycle and scooter manufacturer based in New Delhi, India. Hero Honda was started in the year 1984 as a joint venture between Hero Cycles of India and Honda of Japan. In 2001, the company attained the coveted position of being the largest two-wheeler manufacturing company in India and as well as the 'World No.1' two-wheeler company in terms of unit volume sales in a financial year. In 2010, when Honda decided to move out of the joint venture, Hero Group bought the shares held by Honda and subsequently the company was renamed as Hero Moto Corp in August 2011. The new identity of Hero Moto Corp Ltd. reflects its adherence towards providing world class mobility solutions with new focus on enlarging company's footprint in the global arena. Hero Moto Corp two wheelers are manufactured at four manufacturing facilities. Two of these are based at Gurgaon and Dharuhera which are located in the state of Haryana and one at Neemrana, Rajasthan. The fourth and the latest manufacturing facility is at Haridwar, Utrakhnad. Hero's mission is to pursue for cooperation between technology, systems and human resources, to produce products and services that meet the quality, performance and price aspirations of its customers.

#### D. Phoenix Motors Pvt. Ltd.

Phoenix Motors Pvt Ltd is dealership type of business and was established in 2003. It has been giving advertisements through newspapers, wall paintings, hoardings and field staff. They are enhancing sales by initiating the schemes, group bookings, institutional sales and customer door-to-door activities. At Phoenix Motors customer satisfaction is the motto because, 'a well satisfied customer is the best advertisement'

### 3. Need for the study

- Over the past few years, advertising has substantially increased the sales in the automobile industry.
- The fierce competition among the dealers of the products has increased with each trying to augment their customer base.
- This makes it indispensable for the dealers to provide the best of the services and surpass the customer expectations to attain customer delight and loyalty.
- The study tries to understand the important service parameters and consider upon the dysfunctional areas.

- Thus, providing the dealer with awareness into the level of customer satisfaction and changing shifts of the customer expectations.

### 4. Objective of the study

- To study and understand the impact of advertising on customer by conducting interviews.
- To study the customer perception towards advertisement.
- To study the opinion of the customers regarding advertising media used by the company.
- To study the advertising strategies used by the company.
- To study the information that the customers are using before purchasing the bike.

### 5. Scope of the study

- The study aims to measure satisfaction level of the customers regarding Hero Moto Corp Ltd.
- The area selected to conduct the study and the information for the primary data in the form of questionnaire will be collected from the dealer in Hyderabad district.
- To sum up, the project is within the scope of study in the area of impact of advertising on customers at Hero Moto Corp Ltd. dealer in Hyderabad district for a particular time.

### 6. Limitations of the study

- Due to constraint of time only the city of Hyderabad is selected and so the study cannot claim to be a comprehensive study of the population.
- The sample size is confined to 100 respondents.
- Respondents might have responded without the actual feelings of facts while giving the response to the questionnaire.
- Time being a limiting factor, was not enough to gather opinions from majority of the respondents who form part of the universal sample.
- While every care has been taken to eliminate perceptual bias from the side of the researcher and respondents, however certain elements of bias might have checked into the research in adherently.
- Since this study concentrated on impact of advertising on customer towards Hero Moto Corp Ltd, no attempt was made to study other activities of the organization such as finance, human resource management etc.

### 7. Research methodology

*Data sources:* In order to meet the objectives of the project, the data was collected with the help of primary and secondary sources.

*Primary data:* The data is collected directly from each and every customer in the form of questionnaire.

*Secondary data:* Secondary data is collected from second hand information which already exists somewhere. Data pertaining to the company is collected from company web site, company catalogues and magazines.

*Pilot Survey:* A pilot survey was carried to understand the factors which would positively impact the customer. A total of 100 personal interviews were conducted for the existing customers of Hero Moto Corp Ltd. The factors which scored high in the interviews were considered to be the key deliverables.

**Research Tool: Questionnaire (Primary tool)**

The method of interview through questionnaire was employed for the research purpose. The questionnaires were individually delivered to each customer to ensure least scope for faulty data entry and error of understanding. This method also gave the interviewer the extent of entering into a dialogue and understanding the customer’s approach better. The questionnaire tried to seize the responses of the customers mainly on the key deliverables, derived from the pilot survey conducted and a few questions have been included to measure the level of satisfaction and to gain understanding of customer expectations.

*Unstructured interview:* The interview complemented the primary research tool and helped to deliver the details of responses provided by the customers. This not only endorsed the responses of the customers but also helped the interviewer interpret the expectations of the customers.

*Sampling Unit:* In this study, the sampling unit used is the existing customer base of Hero Moto Corp Ltd. Selection of sample is made from the list of customers during the last one year.

*Sampling Size:* Sample size was selected to be 100.

**Sampling Procedure: Simple Random Sampling**

In this method of sampling, each member of the target population has the same chance of being selected for involvement in the study [3]. For a sample to be a simple random sample we need to generate a list or sampling frame that includes almost all of the population, then from this we pull names using some kind of random method such as a random number table or a random number generator. Finally, numbers are allocated to all members of the population and select the names of only those members whose numbers are pulled from the table or generator.

**8. Hypothesis**

- In today’s intensely competitive environment the corporate companies are spending huge amount on promotional activity.
- The core issues identified by the study are the attitude of the customer towards the advertising strategies of

Hero Moto Corp Ltd. and its impact on their decision to purchase a Hero Honda bike.

- Occupational status and age of the respondents will have no influence on the study.

**9. Data analysis and interpretation**

Table 1  
Have you heard about the hero bike?

S. No.	Options	No. of Respondents	% of Respondents
1.	Yes	90	90%
2.	No	10	10%

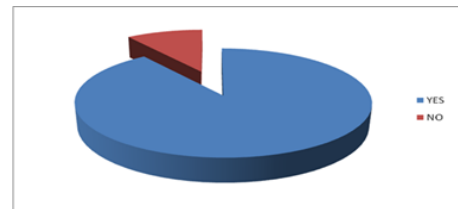


Fig.1. Data analysis

*Interpretation*

From the above pie-chart we can understand that 90% of the respondents know about and 10% do not know about the Hero bikes.

Table 2  
How did you hear about the hero products?

Options	No. of Respondents	% of Respondents
Electronic media	17	17%
Print media	56	56%
Sales person	16	16%
Others	11	11%

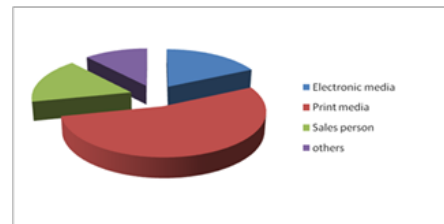


Fig. 2. Hero products

*Interpretation*

From the pie-chart it is clear that about 56% of the respondents have heard about Hero products through print media, 17% through electronic media, 16% through sales person and 11% of the respondents through others sources.

Table 3

In what way do you think the promotion of hero products should be done?

Options	No. of Respondents	% of Respondents
Offers	15	15%
Advertisements	19	19%
Advertisements and offers	11	11%
Free service	48	48%
Free service and offers	7	7%

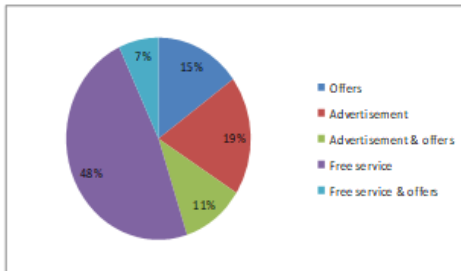


Fig. 3. Promotion of hero products

**Interpretation**

From the pie-chart it is clear that about 48% of the respondents think that the promotion of Hero products should be done by free service, 19% by advertisement, 11% by advertisement and offers, 15% by offers and 7% by free service and offers.

Table 4

Since how long the customers have been using hero bikes at phoenix motors pvt. ltd.?

Business experience	No. of Respondents	% of Respondents
< 1 year	10	10%
Below 3 years	22	22%
3-6 years	60	60%
Above 6 years	8	8%
Total	100	100%

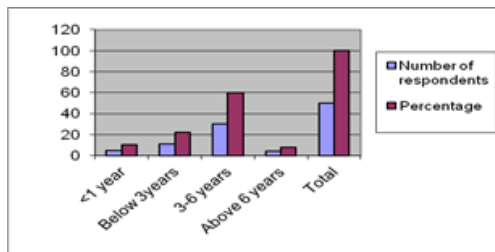


Fig. 4. Customers percentage

**Interpretation**

From the above chart it is clear that 60% of the customers have more than 3-6years, 22% have less than 3 years, 10% have less than one year and 8% customers have above 6 years of experience.

Table 5

How do you come to know about the showroom (Pheonix motors Pvt. Ltd.)?

Customer's opinion	No. of respondents	% of respondents
By your influence	16	16%
By friends	16	16%
By advertising	16	16%
By brand name	52	52%
Total	100	100%

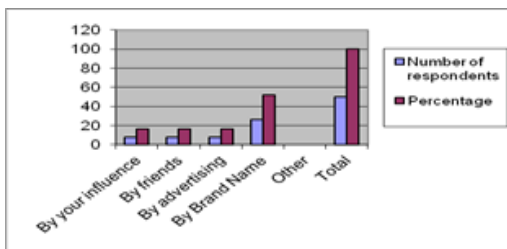


Fig. 5. Customers opinion

**Interpretation**

From the above chart it is interpreted that about 52% of the respondents came to know about the retail outlet by the brand name and 16% each by influence, friends and advertising.

Table 6

What is your opinion about company's advertising technique?

Opinion	No. of Respondents	% of Respondents
Fair	60	60%
Moderate	40	40%

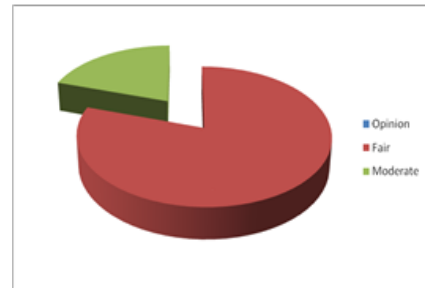


Fig. 6. Opinion on advertising technique

**Interpretation**

From the above graph it is clear that about 60% of the respondent's opinion about advertising technique is fair and that of 40% is moderate.

Table 7

Do company's sales persons provide complete information about their products?

Particulars	No. of Respondents	% of Respondents
Yes	40	40%
No	60	60%

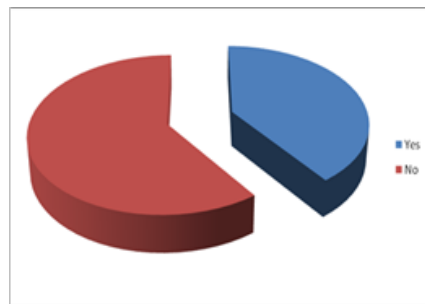


Fig. 7. Sales persons and respondents

**Interpretation**

By the above pie-chart we can analyse that 40% of the respondents revealed that the sales persons are providing the complete information and 60% of the respondents revealed that the sales persons are not providing the complete information about their products.

Table 8

Does the company provide the loan facility to the customers?

Options	No. of Respondents	% of Respondents
Yes	80	80%
No	20	20%

**Interpretation**

From the pie-chart we can analyse that 80% of the respondents revealed that the company is providing and 20% of the respondents revealed that the company is not providing them the loan facility.

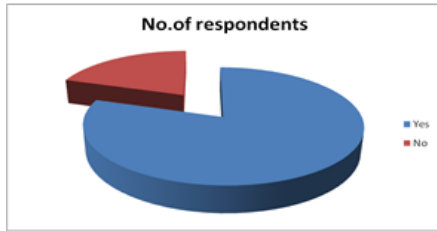


Fig. 8. Loan facility and no. of respondents

Table 9  
Which brand do you own?

Brand	No. of Respondents	% of Respondents
Hero	52	52%
Honda	20	20%
TVS	12	12%
Suzuki	16	16%
Total	100	100%

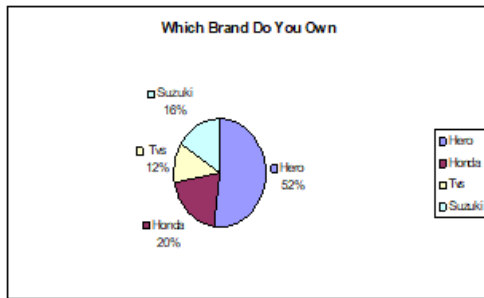


Fig. 9. Which brand do you own?

**Interpretation**

From the above pie-chart we can interpret that about 52% of the respondents own Hero, 20% own Honda, 16% own Suzuki and 12% of the respondents own TVS.

Table 10  
How is the delivery process at hero MotoCorp Company?

Options	No. of Respondents	% of Respondents
Timely	15	15%
Safely	50	50%
In condition	35	35%
Total	100	100%

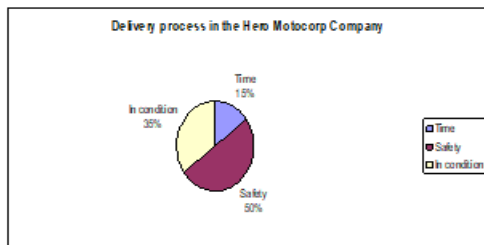


Fig. 10. Delivery process at hero MotoCorp Company

**Interpretation**

From the above pie-chart we can interpret that about 50% of the respondents revealed that the delivery process is safely, 35% revealed that it is on condition and 15% revealed it is timely in the Hero MotoCorp company.

**10. Findings of the study**

- Hero Moto Corp Ltd is concentrating more on the promotional activities for the customers and the retailers.
- The company’s advertisement strategy is fair and is reaching all the people.
- The advertisements are easy to understand.
- The company must improve their marketing skills by directly contacting the customers to give awareness about their products.

**11. Suggestions of the study**

- Hero Moto Corp Ltd should give gifts to the customers.
- The package design and color have to blend harmoniously to make it eye-catching and communication effective.
- The company should conduct road shows so as to spread awareness about their product and services to the public.
- Improve the skills of marketing personnel so that they can give full knowledge to the customers and retailers about Hero bikes.
- To increase the sales, Hero Moto Corp Ltd should bring cards (Promotional) for different groups of people such as students, employees etc.

**12. Conclusion**

- From this project work, it is concluded that the promotion of any service can be successfully executed by creating awareness through word of mouth and by maintaining the service.
- The number of direct phones should be increased and the customers should be provided with the toll free numbers to give solutions to their problems.
- Periodically, review meetings with the customers in different areas should be conducted to have a general consensus regarding problems being faced by them.
- To increase sales of the Hero MotoCorp Ltd., the company should concentrate on advertisements and try to provide special offers.

**References**

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