

A CONCEPTUAL STUDY ON INDUSTRIAL BUYING BEHAVIOUR ON HEAVY COMMERCIAL VEHICLE IN INDIA

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ABSTRACT

This study would discuss the two Laws for customer loyalty and brand performance i.e. these are Double Jeopardy (DJ) and Duplication of purchase law (DoPL). In DJ, it will be discussed about loyalty and penetration, which connected with market share and purchase frequency. In DoPL, it will talk about the switching of brand between bigger brands and smaller brands. In this research, various models has used to find out the compound annual growth rate (CAGR) of the brands and penetrations of the brands. All total 97 articles are found for this research from which 33 articles are reviewed for this research, based on that periodical industry buying behavior, types and implementation process are studied and well explained in this research. If we see in the current scenario, Tata Motors has the highest market share followed by Mahindra and Mahindra and so on. All the heavy commercial vehicles brands share customers, but they share more with the bigger brands than with the smaller ones. For new organization, it is important to make their strong brand image by giving newer technology which can give better mileage, Quality of the product, Life of the product and most important post sale services.

Keywords: Buying Behaviour, B2B, Heavy commercial vehicle, Automobile Industry, Laws.

INTRODUCTION

Consumer behavior is a field of vast opportunities to research and study. As well as many researches are still going on in current trends of consumer behavior field. According to the Kotler (2012), consumer-buying behavior is been studied as a factor that directly have impact on business performance. Over the past few decades, various modelling of consumer behaviour has hugely advanced our understanding of consumer market, in FMCG market. Industrial buying behaviour is a growing field in industrial market.

In an industry, the buying process is complex as compare to FMCG sector. The purchase decisions in industry market based on many factors like product specifications, quality, availability, timely delivery, payment mode, cost effectiveness, aftersales- service and other commercial terms.

Buying decisions takes a longer time and involve many people from each department i.e. technical, commercial, materials and finance. Industrial buying behaviour is associated with the operations and decision processes to select between alternatives, procuring and using products or services. These analyses were based on NBD-Dirichlet model, which led to the formulation of empirical generalizations in marketing, such as Double Jeopardy Law and the Duplication of Purchase Law (Goodhardt, Ehrenberg & Chatfield, 1984). This paper showcase that these laws also apply to an industrial market as well. The current study is to analyse the complexity in buying decisions for heavy commercial vehicle.

At first sight, the heavy commercial vehicle market looks very different to FMCG markets in terms of – 1. The purchasing process, from order to delivery often takes 5 months or more, 2. Contract varies as per lot, 3. Buying takes place within a complicated network of customers who make decision.

These elements may prompt the assumption that the models of purchase decision conduct, proven in consumer market cannot be applied. In addition, few customers have purchased from just a single brand, which never occurs in consumer markets (Uncles Ehrenberg & Hammond, 1995). However, in heavy commercial vehicles, market does have many customers who switches between the competing brands. The repeating of the order in heavy commercial vehicle market is not frequent.

This study shows that the buying behaviour pattern in FMCG market can also be seen in industrial market. Which includes: Customer purchases about the product with different brands; standardized product across brands make it rational to choose brand which is in the budget; Repeat order spreads stochastically over the long term.

LITERATURE REVIEW

Double Jeopardy (DJ) - Loyalty and Penetration

Double Jeopardy impact is where "brands who have small market shares attract very few customers but that brand also experience less customer loyalty than more other popular brands. From this definition, we can say that leading brand have a better opportunity in the market because they have high purchase frequency rate as well as a large number of buyers. In the case of big brands, customers are much loyal than small brands. Therefore, brands who are not much popular suffers in two ways i.e. low number of consumers and low purchase frequency rate.

Some time recently numerous potential supervisors are developing within the world, there are only few brands within the market. It implies dependability towards a brand is tall compared

to these days. As of now, individuals are sharing their devotion to another brand in spite of the fact that there are a few brands that having tall dependability from overwhelming buyers. Brand Devotion is "for the most part involves a solid commitment to a specific brand on the portion of the buyer "(Bandyopadhyay, Gupta & Dube 2005, p.415).It means how shoppers are faithful with a brand within the advertise. Entrance is "extent of clients within the time period" (Wright 2002, p.313). Another creator said that entrance is "the rate of accessible customers who buy your brand at slightest once in a given period of perception" (Habel & Rungie 2005, p.1). It implies as directors, they may know how numerous buyers purchase their items for a period of time. There are two categories of buyers within the advertise, such as light buyers and overwhelming buyers, that will be stipulated the deals of items. In this manner it comes out a heavy-half guideline says that 50% of deals for a brands come from 20% of overwhelming buyers and another 50% of deals come from 80% of light clients. By utilizing this guideline, brand supervisors would know which sort of buyers that incorporates a tall impact for their lion's share deals of their brand. In this manner, brand development ought to do with the expanding in entrance and deals instead of the expanding within the consumers' devotion.

Duplication of Purchase Law (DoPL) - brand performance

Duplication of purchase law (DoPL) where it is about brands who share their customers to other brands. It is supported by Lomax, Hammond, East & Clamente (1996, p. 4) that buyers' behaviour of purchase is random. It means there are many brands in buyers' purchase frequency with the same line of category for a period of time. Furthermore, the law is big brand share more customers to bigger brands and share less customer to smaller brands. Nevertheless, there is deviation for duplication of purchase law that refers to partitioning which the law is contrast to DoPL.

By looking at the definition of buy law over, it can be seen that brands would continuously compete each other through sharing their clients. Typically happened since there are exceptionally uncommon of 100% steadfast clients for a brand which is drop into the category of overwhelming buyers, whereas customers who are continuously exchanging brands within the same category would drop into the category of light buyer. It implies, there are many brands records in their intellect within the same category which can make them switch brands more regularly and it is called collection advertise (Dawes 2008, p. 203). For the most part, marketers are accepted that most of the customers' intellect set would be impacted by the showcasing procedure like publicizing, cost and devotion program. Bolstered by Hoeffler &

Keller (2003 cited In McDowell and Dick, 2005) "A help for brand buy is brand mindfulness, saliency in their promoting and promoting". Hence, most of the marketers continuously attempt to promote more, provide advancement and rebate and increment devotion programs to pick up faithful clients and to form them buy the brand.

Research Objective

1. The objective of the study is to understand the Industrial buying behaviour in heavy commercial vehicle in India.
2. Understanding the impact of Double Jeopardy Law on Industrial buying behaviour.
3. Understanding the impact of Duplication of Purchase Law on Industrial buying behaviour.

RESEARCH METHODOLOGY

According to Torraco (2005), Integrative literature review, "... is a form of research that reviews, critiques, and synthesizes representative literature on a topic in an integrated way such that new frameworks and perspectives on the topic are generated". It fully synchronized the topic of Industrial buying behavior in heavy commercial vehicle in to review of literature. This research is made with collection of data's, findings and conclusion in fusion of integrated review of literature. The literature review is collected with the help of online journal database through, Elsevier (Scopus), EBSCO (Management Research Database), Emerald Management, SAGE Publication and Google scholar etc. highly concentrated on Double Jeopardy (DJ) and Duplication of purchase law. The keywords used for search are Buying Behaviour, B2B, Heavy commercial vehicle, Automobile Industry and Laws. All total 97 articles are found for this research from which 33 articles are reviewed for this research, based on that periodical industry buying behaviour, types and implementation process are studied and well explained in this research. This research is framed out with the views of Torraco (2005), based on industry buying behavior and classify the extend research.

FINDINGS

Double Jeopardy (DJ) - Loyalty and Penetration

The concept of double jeopardy applied in branding is essentially a work of a brands estimate. The bigger a brands market share (single jeopardy) the higher the level of loyalty (double jeopardy).

If we see in the current scenario, Tata Motors has the highest market share followed by Mahindra and Mahindra in heavy commercial vehicle segment whereas Force and Eicher has the lowest market share as well as penetration in heavy commercial vehicle segment.

Brand Name	Market Share (2017) %	Penetration (2017) %
Tata Motors	43.68%	12%
Mahindra & Mahindra	26.79%	16%
Ashok Leyland	17.38%	8%
Force	2.73%	-12%
Eicher	6.31%	0%

Table 1: Brand Market share and Penetration

Source: IBEF, Autocarpro

	Tata Motors	Growth	Mahindra & Mahindra	Growth	Ashok Leyland	Growth	Force	Growth	Eicher	Growth
FY14	2,86,735		1,60,042		83,834		19,990		40,411	
FY15	2,90,437	1%	1,58,588	-1%	1,17,751	40%	22,419	12%	34,057	-16%
FY16	1,92,162	-34%	1,13,614	-28%	79,105	-33%	15,234	-32%	31,126	-9%
FY17	2,14,908	12%	1,31,823	16%	85,498	8%	13,450	-12%	31,054	0%

Table 2: Market Growth of the brands

Source: IBEF, Autocarpro

The above table depicts that after the fall in the automobile industry in FY2016 only big brands were able to regain their penetration whereas smaller brands still facing the loss in the FY2017 i.e. Force.

This is the double jeopardy laws states about the loyalty of the customer towards brands. In case of force, customers just shifted to other big brands and they keep on losing their market share as well as penetration.

Brand-size-related measures

$$\text{Market Share (\%)} = \frac{\text{Total purchases of the brand}}{\text{total purchases of the category}}$$

$$\text{CAGR} = \left(\frac{\text{Ending Value}}{\text{Beginning Value}} \right)^{\left(\frac{1}{\text{\# of years}} \right)} - 1$$

Duplication of Purchase Law (DoPL) - brand performance

The market competition can be seen in the duplication of purchase analysis (Table 3). Reading across reveals that 2.31% of Tata motor's customers also bought Mahindra & Mahindra, 1.21% bought Ashok Leyland, 2.3% of Force and 0.1% bought Eicher.

The same holds for the same brands-duplications decline with the size of brands, arranged by size from left to right and top to bottom. Going down the columns the number are similar, so Tata Motors attracts a similar portion of customer from each other brand, as does every brand.

This goes with the Duplication of Purchase Law, which states that buyers of a brand also buys other brand in line with the size of the other brands. All the heavy commercial vehicles brands share customers, but they share more with the bigger brands than with the smaller ones.

Buyers of	Who also bought				
	Tata Motors	Mahindra & Mahindra	Ashok Leyland	Force	Eicher
Tata Motors	-	2.31	1.21	2.3	0.1
Mahindra & Mahindra	1.52	-	0.3	1.8	0.2
Ashok Leyland	1.61	1.63	-	1.2	0.3
Force	0.5	0.3	0.4	-	0.6
Eicher	0.2	0.6	0.1	0.1	-
Average Duplicate					

Table 3: Duplication of Purchase for customer of heavy commercial vehicle brands

CONCLUSION

Industrial buying behavior is not research mostly among researchers whereas it also more competitive dynamic in nature but this buying process drives through specific formulas and Laws. The Double Jeopardy Law states that a brand should have more customer base so that at the time of Industry falls the brand can sustain their market share and keep on penetrating. It also states that the bigger brand has more penetration as compare to the smaller brands. Moreover, customers are more loyal to the bigger brands as compare to the smaller brands. So, for new organizations, it is very difficult to sustain in the market and for sustainability they have to make their strong brand image by giving newer technology which can give better mileage, Quality of the product, Life of the product and most important they have to promote their brand and gain trust of the customers and later have to sustain it. The second Law, i.e. Duplication of Purchase, it states that customers frequently switches between the brands but if it is more common with smaller brand than bigger brands. Therefore, to retain the customers organization should increase their market shares by providing better technology, better post sale services. By giving more to the customer, they can increase their market share as well as their penetration and in end, they will not loss their customers.

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