

# The Effect of Changes in Income on Consumers and their Preferences on Two-Wheeler Vehicles in India

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**Abstract:** *In this paper we try to put the relationship between income changes and consumer choices, focusing on the dynamic nature of consumer behaviour in response to fluctuations in personal finances and economy. Income, being a central determinant of an individual's purchasing power, plays a pivotal role in shaping the consumption patterns and preferences of consumers. In this study, we explore customer purchasing thought process as well as their likes and dislikes for and tastes in the leading brands in India's two wheeler market. Consumer behaviour toward brand names that are more valued in conventional markets changes as income levels do. We capsule how various two wheeler brand environments in conventional retailers might differentially impact customer decisions in order to answer these and related problems. Also we put forward the imperial changes in two wheeler market pre and post covid phase. How the rising brand rises more height of sale irrelevant to the pandemic period as customer choice. Brand names become more significant in various categories based on the amount of information available to consumers. As a result, the study's main objective is to investigate the brand preferences of the public. The investigation is then conducted using a data analysis method. This study synthesizes existing research and empirical evidence to provide a comprehensive analysis of how income changes influence consumer choices in various economic contexts.*

**Keywords:** Consumer Behaviour, Brand Preferences, Two - wheeler Market, Purchasing Power

## 1. Introduction

### 1.1 Introduction to Consumer Behaviour

Consumption contributes significantly to GDP in almost all nations and understanding how people react to income changes is important for assessing the macroeconomic effects of tax and labour market changes as well as for the creation of stability and income management policies. This work is actively contributed to by labour economists, macroeconomists and public finance specialists. We examine several techniques used to estimate these crucial factors in this study. The discussion of the best strategies and findings, particularly the most recent ones, will be the focus of our attention, along with methodologies. Understanding the tests to projected changes in income on consumers estimate the two areas where we want to critically assess the available information. To put things in context and highlight the many issues that will be looked at, this offers a roadmap to the key relationships between changes in consumption and income. We distinguish between the impact of expected as well as unexpected changes in income as our key point of comparison.

### 1.2 Introduction to two wheeler industries

The two - wheeler industry in India has been in existence since 1955. It consists of three segments viz., scooters, motorcycles, and mopeds. The increase in sales volume of this industry is proof of its high growth. In 1971, sales were around 0.1 million units per annum. But by 1998, this figure had risen to 3 million units per annum. Similarly, capacities of production have also increased from about 0.2 million units of annual capacity in the seventies to more than 4 million units in the late nineties. The two wheeler industry in India began its operations within the framework of the national industrial policy as espoused by the Industrial Policy Resolution of 1956. (See Government of India 1980,

1985, 1992). This resolution divided the entire industrial sector into three groups, of which one contained industries whose development was the exclusive responsibility of the State, another included those industries in which both the State and the private sector could participate and the last set of industries that could be developed exclusively under private initiative within the guidelines and objectives laid out by the Five Year Plans. Private investment was channelized and regulated through the extensive use of licensing giving the State comprehensive control over the direction and pattern of investment. Entry of firms, capacity expansion, choice of product and capacity mix and technology, were all effectively controlled by the State in a bid to prevent the concentration of economic power. However due to lapses in the system, fresh policies were brought in at the end of the sixties.

During the previous years the scooters used to have about 50% of the market share and the rest were divided between the motorcycles and mopeds. But now the trend indicates that people are preferring motorcycles more than that of the scooters. At present there is a huge demand for the motorcycles in India. There are a number of two wheeler companies in India that produces vehicles of extremely high standard. Some of the leading two wheeler manufacturers in India are Bajaj Auto, Hero Honda Motors, TVS Motors, Kinetic Motors, Suzuki Motor Corporation, Royal Enfield Motors India, Yamaha Motor India and LML India. Many of two wheelers manufactured by these companies are exported to countries in South East Asia, Africa and South America.

## 2. Data Analysis

The Indian two - wheeler industry, which comprises motorcycles, scooters and mopeds, is in good nick after the first six months of the current fiscal year. Between April and September 2024, a total of 1, 01, 64, 980 units – or a little over 10 million units – were dispatched to dealers across the

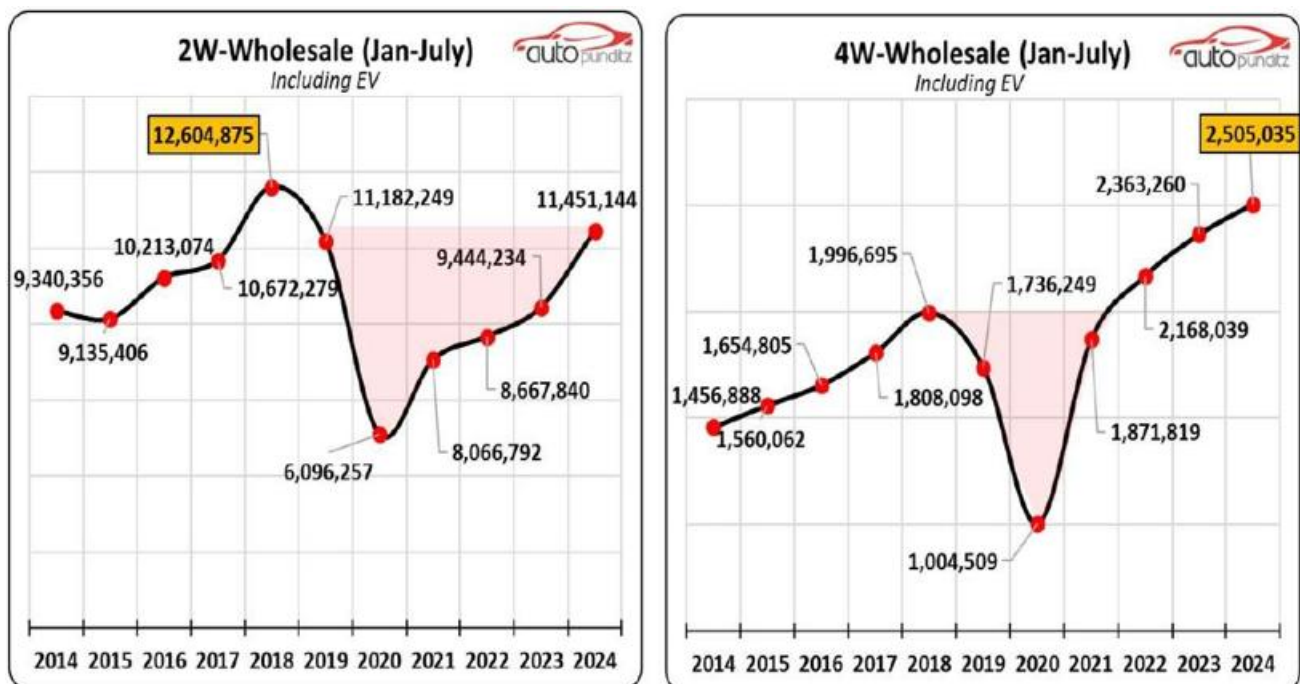
country, registering strong 16.31% YoY growth (H1 FY2024: 87, 39, 406 units).

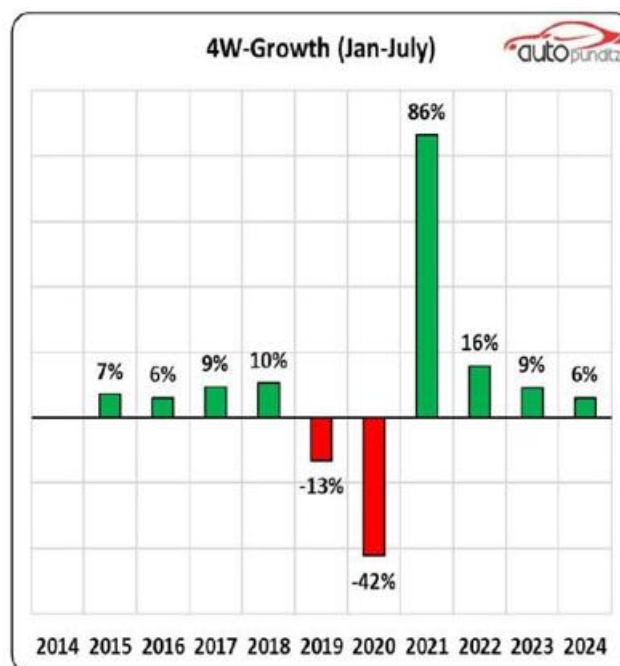
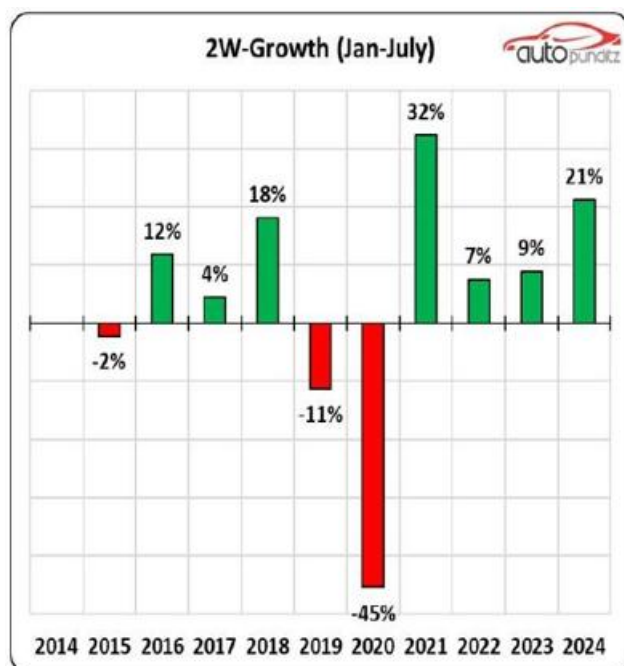
India 2W Inc has entered the second half of FY2025 on a strong note: in the first half, a total of 1, 01, 64, 980 two - wheelers – or a little over a million units – were dispatched to dealers across the country, registering strong 16.31% YoY growth (H1 FY2024: 87, 39, 406 units). Of this, the motorcycle segment accounted for 64, 07, 887 units (up 13% YoY) and 63% of the total two - wheeler market.

This volume segment of India Auto Inc has crossed 10 - million unit wholesales after six years (see the 10 - half - years' wholesales data table above). The last time this big number was achieved was in H1 FY2019 – 1, 15, 68, 498 units – with that entire fiscal year's total wholesales being the highest yet at 21 million two - wheelers. With the H1 FY2025 total already 56% of FY2024's total sales of 1, 79, 74, 365 units and 48% of entire FY2019's record sales of 21, 181, 390 units, will two - wheeler sales raise the wholesales bar higher in FY2025? We'll have to wait six months for that affirmation.

| TWO WHEELERS SALES - DOMESTIC DISPATCHES - JANUARY 2025 |                 |             |             |            |           |           |         |
|---------------------------------------------------------|-----------------|-------------|-------------|------------|-----------|-----------|---------|
| Rank                                                    | Two wheeler OEM | Jan'25      | Jan'24      | Growth (%) | Jan'25 MS | Jan'24 MS | Diff    |
| 1                                                       | Hero MotoCorp   | 4, 12, 378  | 4, 20, 934  | - 2.0%     | 27.02%    | 28.15%    | - 1.13% |
| 2                                                       | Honda           | 4, 02, 977  | 3, 82, 512  | 5.4%       | 26.40%    | 25.58%    | 0.82%   |
| 3                                                       | TVS             | 2, 93, 860  | 2, 68, 233  | 9.6%       | 19.25%    | 17.94%    | 1.31%   |
| 4                                                       | Bajaj Auto      | 1, 71, 299  | 1, 93, 350  | - 11.4%    | 11.22%    | 12.93%    | - 1.71% |
| 5                                                       | Suzuki          | 87, 834     | 80, 511     | 9.1%       | 5.76%     | 5.38%     | 0.37%   |
| 6                                                       | Royal Enfield   | 81, 052     | 70, 556     | 14.9%      | 5.31%     | 4.72%     | 0.59%   |
| 7                                                       | Yamaha          | 55, 545     | 62, 384     | - 11.0%    | 3.64%     | 4.17%     | - 0.53% |
| 8                                                       | Ather           | 17, 494     | 11, 865     | 47.4%      | 1.15%     | 0.79%     | 0.35%   |
| 9                                                       | Piaggio         | 2, 897      | 3, 212      | - 9.8%     | 0.19%     | 0.21%     | - 0.03% |
| 10                                                      | Okinawa         | 430         | 1, 091      | - 60.6%    | 0.03%     | 0.07%     | - 0.04% |
| 11                                                      | Kawasaki        | 358         | 440         | - 18.6%    | 0.02%     | 0.03%     | - 0.01% |
| 12                                                      | Triumph         | 94          | 95          | - 1.1%     | 0.01%     | 0.01%     | 0.00%   |
| Total Two wheelers                                      |                 | 15, 26, 218 | 14, 95, 183 | 2.1%       |           |           |         |

The Indian automotive sector's performance from 2018 to 2024 showcases a complex and evolving landscape, with distinct recovery patterns for the two - wheeler (2W) and four - wheeler (4W) markets. Here's a detailed breakdown:





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