

Dealer's Preference Towards Two-Wheeler Loan

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Abstract

This paper has an enriched knowledge in which we can understand different ways through which the dealer will give the loan case of a two-wheeler to a two-wheeler financier. This paper takes us through the dealer network & dynamics and the factors affecting dealer loyalty. The need of improved dealer experience which can further strengthen relationship with the two-wheeler dealers. Ways in which more loans can be disbursed for financiers and in a low Turn around time. The two-wheeler customers are of various groups, more than 50% of the vehicle owners choose to take a loan. This is a win-win situation for all stake holders. This paper will take us through the market share of financiers and how the dealer can benefit from the financiers.

Keywords

Two-wheeler dealers, L&T market share, Perspective towards vehicle loan

Introduction

Two-wheeler industry is booming in India, a number of citizens are choosing to buy a two-wheeler for themselves as it is a very convenient way to move around. With the increase of two-wheelers there lies a very big opportunity in financing these two-wheelers. Today there are many players in the market who provide loans to the customer to buy a two-wheeler. It is a tricky part as the sometimes the two-wheeler dealer chooses which company must finance the vehicle. This competition amongst financiers is fierce. In this paper let us understand how this industry works and what is the preference of the two-wheeler dealers across the country.

Review of literature

(Omar SuItania, 2019) stated that customer-oriented sales people express their outward care toward customers through listening, this helps them adapt their selling behaviors to fit the customers' demands. Salesperson relational and sales outcomes are driven by listening through direct and mediated mechanisms. Using meta-analytical techniques, this study summarizes approximately 20 years of research on salesperson listening.

(Levin, 2019) pointed out the improving Product Reliability and Software Quality is a guide to the design and production of reliable technology products. The authors - noted experts in the field - provide useful tools, forms and spreadsheets for executing an effective product reliability and software quality development process.

(Manda, 2019) For the Indian economy, the Non-Banking Finance Company (NBFC) sector is essential. Since IL&FS's bankruptcy in September 2018, the Indian NBFC industry has been plagued by a number of issues. The NBFC, the regulators, and the government may all benefit from the findings of this research in terms of greater readiness.

(BCG, 2019) Senior fellow at the Indian Council for Research on International Economic Relations in New Delhi is Saon Ray. As the loans from this sector grew at incredible rates, NBFC enterprises suddenly became the face of the financial industry. The rise of NBFC credit in India would continue to pick up speed over the next five to ten years, according to a 2015 analysis by the Boston Consulting Group and the Confederation of Indian Industries. bank borrowings are the NBFCs' second-largest source of funding, behind debentures. NBFCs were the financial industry's poster boys recently, as loans from that sector grew at incredible rates.

(Kumar and Kattokaran, 2016) Maturity transformation is a necessary component of a strong financial system. Historically, the main participants in the maturity transformation process have been commercial banks. However, more non-banking financial companies have emerged as a result of the global financial crisis and its effects (NBFCs). India underwent various NBFC maturity transformations as well. Here,

information from two important NBFCs in Kerala is used to examine current NBFC practises. Due to the laxer regulations, NBFCs frequently shorten the maturity.

Research Analysis

Objective of study

- In depth research on dealer network & dynamics
- Understanding dealer portal
- Analysis on inactive dealer
- Early mortality of dealers
- Factors affecting dealer loyalty
- Competitors impact on dealer loyalty
- Dealer scorecard development
- Marketing rights
- First right of rejection
- Dealer portal
- Detailed insights

Research Methodology

- We at LTFS two-wheeler product team prepared a questionnaire to be asked at the Dealership.
- The form was circulated to sales team also.
- The research was done in 7 cities: Mumbai, Navi Mumbai, Pune, Surat, Hyderabad, Bangalore and Delhi
- The questions were to be answered were by the Dealer owner preferably or the manager.
- The type of research is primary research.
- The questions were straight forward and easy to understand
- We visited the dealership and took 10 mins to get the answers to the questions

Research Design

- The types of dealerships included in the survey included where LTFS had a strong hold, where LTFS was weak, Where LTFS was in-active and lastly where LTFS had aa de-growth.
- So, the survey was designed in a way in which all the objectives of the research were fulfilled

Source of data:

- **Primary Data:** - This is the information that is gathered firsthand by utilizing various procedures like meeting, survey, and so forth. In this task, essential information has been gathered by the method for poll.
- **Secondary Data:** - Secondary information alludes to the information existing in the prior area for example it alludes to the information which have proactively been gathered and dissected by another person. The optional information associated with this task has been accumulated from the web.

Process of Data Analysis

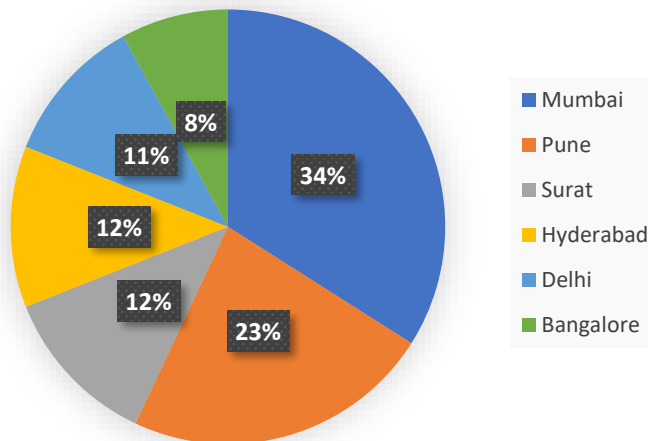
When the vital information gathered, the following stage is to total the information in a significant way. A few. This incorporates:

- **Defining Objectives:** The initial step is to obviously characterized goals. The targets ought to be completely clear to obtain the best outcomes out of the information, the.
- **Posing Questions:** The subsequent stage is to introduce the inquiries to the members in the review and gather their reactions.
- **Data Collection:** The subsequent stage is to gather information. Because of unanticipated conditions and restriction during the hours of Coronavirus episode, the information assortment has been finished through utilizing Google Forms.
- **Data Scrubbing:** Raw information might be gathered in a few unique organizations, with bunches of garbage values and mess. The information is cleaned and changed over so information examination instruments can import it. It's anything but an impressive step however it's vital.
- **Data Analysis:** Import this new spotless information into the information examination apparatuses. These instruments permit you to investigate the information, track down examples, and answer imagine a scenario where questions. This is the result, this is where you track down results.
- **Drawing Conclusions and Making Predictions:** Draw ends from your information. These ends might be summed up in a report, visual, or both to come by the right outcomes

Data Analysis and Interpretation

Dealer Location: Total 100 dealership visits and responses recorded

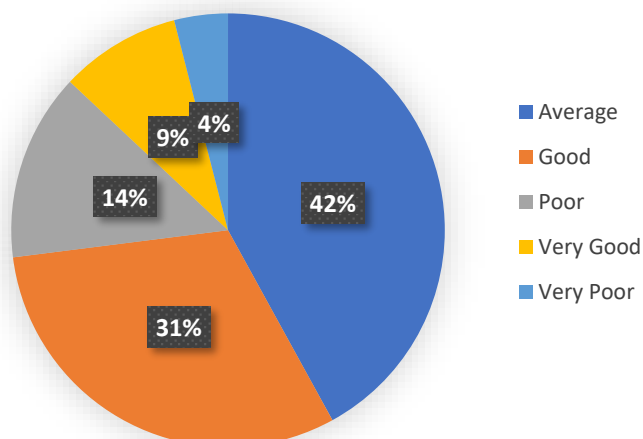
Dealer Location



- I visited 49 dealerships in Mumbai, Surat and Pune.
- Rest locations the sales team visited in total of 51 dealerships among 5 other people.
- This shows that we have covered a wide range of locations in our comprehensive research.

Market Performance:

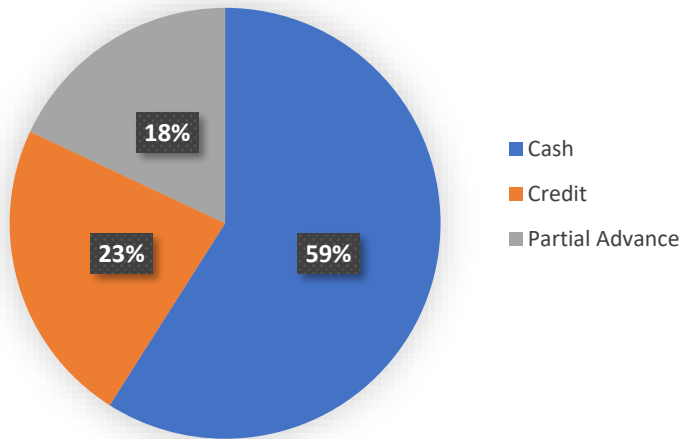
Market Performance



- This tells us that the market is currently performing average. As discussed with the dealers there was a slack this rainy season and the sale will pick up during Diwali festival.

Dealer payment method

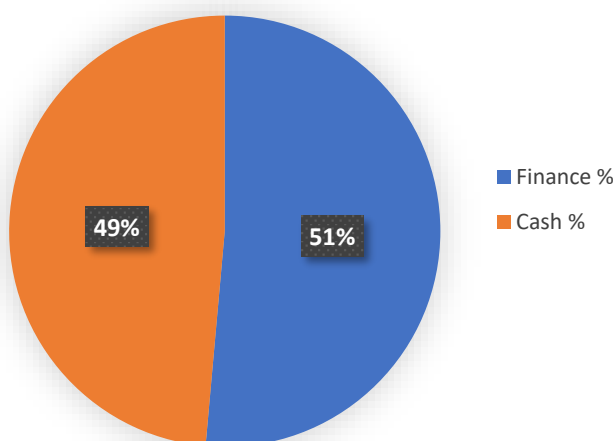
Dealer payment method



- Most of the dealer did full payment
- Dealerships like Hero bought vehicles on partial advance or credit.
- But most dealerships required full payment to get a vehicle.

Finance Penetration at dealership:

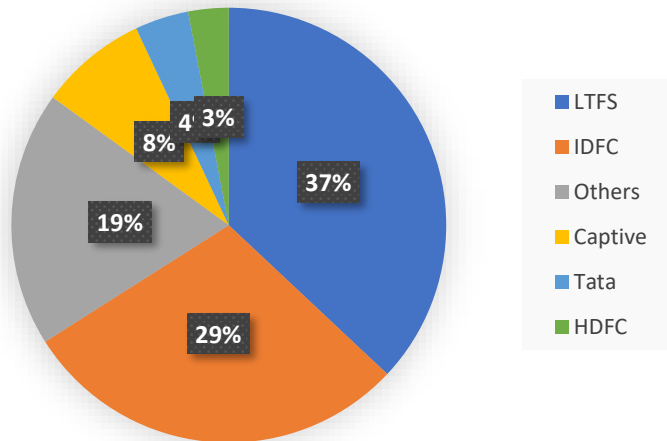
Finance Penetration



- According to my research 51% of the customers bought the vehicles using the help of financiers.
- 49% of customers bought vehicle doing payment by themselves.

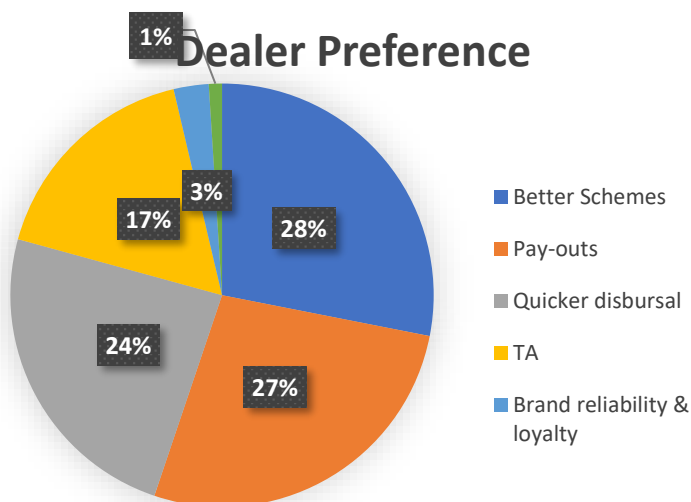
First right of rejection to the case

Financier FRR



- According to the survey 37% of the dealerships gave first preference to LTFS to disburse loans.
- Followed by IDFC First bank which is a strong competitor.

Dealer Preference



- This is a very important statistic in this project.
- The dealers prefer Better Schemes, Pay-outs and quick disbursal as their top 3 priority at the dealership.

Observation

- We should focus on the fact that – Dealerships are positive about financiers and need support (Communication should be such)
- LTFS Strength: Good Manpower Quality, Processing speed and Transparency should be kept intact.
- ROI is a good tool for marketing and can be at the center of communication
- Need to educate SEs on the charges as customers ask in detail about the charges and high chances of customer not choosing LTFS as a finance partner
- Ideal ASM visit at the dealership must be between 10-12 days.

Conclusion

- LTFS is at 3rd rank to give two-wheeler loans in India after Shriram finance and Hero Finance.
- IDFC First bank is not much behind and is a big threat to take the cases of LTFS.
- LTFS must reduce their charges to be more competitive and train their sales
- executives properly to ensure smooth loan process.
- LTFS must increase their marketing activities.
- LTFS must design competitive offers to match their competitors
- The dealers trust the brand a lot due to transparent service and trust.

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