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A Study on Consumer Buying Behaviour with Special Reference to Two-Wheelers Automobile Market in Kathmandu

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Abstract

The two-wheeler market is the core of the automotive market in Nepal, and the Kathmandu Valley, which has already a high share of middle class, is the most populous region for two-wheelers sales in the country due to its traffic congestion, rising fuel prices, and increasing number of motorists. This paper is an analysis of the buying behaviour of two-wheeler consumers in Kathmandu considering the factors affecting brand choice and what is the determining factor in purchasing the two-wheeler. The methods used for data collection were descriptive and analytical while primary data were collected from 150 two-wheeler owners and prospective buyers in Kathmandu Metropolitan City using structured questionnaire with convenience and judgmental sampling technique. It analyses the relative importance consumers attach to the price, fuel efficiency, brand image, after-sales service, resale value, styling and peer and family influence and checks if differences in buying behaviour exist across income and age groups. The results show that brand reputation and after-sales service network are the most influential factors close behind fuel efficiency and price, and that styling and advertisement are comparatively less influential. There are also statistically significant differences among the income levels of the respondents in relation to their preferred price range for two-wheelers. Finally, the paper offers managerial implications to the marketers and dealers of 2-wheelers in the Kathmandu market and proposes directions for future research. The study is based on the two wheelers market of Kathmandu city, consumer buying behaviour in the automobile market and brand preference in the purchase decision..

Keywords: Consumer buying behaviour, two-wheelers, automobile market, Kathmandu, brand preference, purchase decision

1. Introduction

Consumer buying behaviour is the process and the physical activity which is undertaken by the consumers while assessing, purchasing, consuming and discarding the products or services. It is influenced by a host of economic, psychological, social and cultural aspects, and comprehending its behaviour is key to marketing strategy. The automobile industry, and in particular the two-wheelers, provides a rich context in which to examine purchasing behavior: It is a practical need, but also a marker of social identity.

Over the past decade, Nepal's two-wheeler market has gained momentum, largely due to the increasing disposable income, lack of public transport, urban traffic congestion and the desire to own a private vehicle. Kathmandu Valley (Kathmandu, Lalitpur, Bhaktapur) accounts for the largest percentage of the country's motorcycle consumption by sales, taking a significant portion of the total sales in every fiscal year. The small size of the road, the length of the commute and the poor public transport service has seen motorcycles and scooters become a viable option for students, office workers and small business owners alike as their means of daily transportation.

The market of the two-wheelers in Kathmandu is highly competitive, and it features many established brands including Hero, Honda, Bajaj, TVS, Yamaha, and the malevolent Suzuki as well as the new number of Chinese and Electric two-wheelers vying to capture customer attention. In the so crowded market place, it is quite practically important to know what makes the Kathmandu consumer opt one brand or one model over the other and the understanding of the same is of tremendous significance for the manufacturers, dealers and policy makers.

This paper aims to find out and prioritize the factors influencing Kathmandu people's buying decision of two-wheelers and explores the differences between different demographic groups.

1.1 Overview of the Two-Wheeler Market in Nepal

Nepal's auto market is a 2W market with motorcycles and scooters always making up the bulk of all new vehicle registrations reported each year by the Department of Transport Management, while passenger cars, jeeps and vans together make up a very small share of the market. Of this market, Kathmandu Valley alone typically makes up a significant portion of the annual two-wheeler registrations partly due to its size of population as well as the comparatively high purchasing power of the Valley's residents compared to the rest of the country.

Table 1: New Two-Wheeler Registration Trends in Nepal and Kathmandu Valley (FY 2020/21–FY 2024/25, Approximate Figures)

Fiscal Year	Approx. New Two-Wheeler Registrations (Nepal)	Approx. Share of Kathmandu Valley
2020/21	210,000	29%
2021/22	310,000	31%
2022/23	295,000	33%
2023/24	325,000	34%
2024/25	345,000	34%

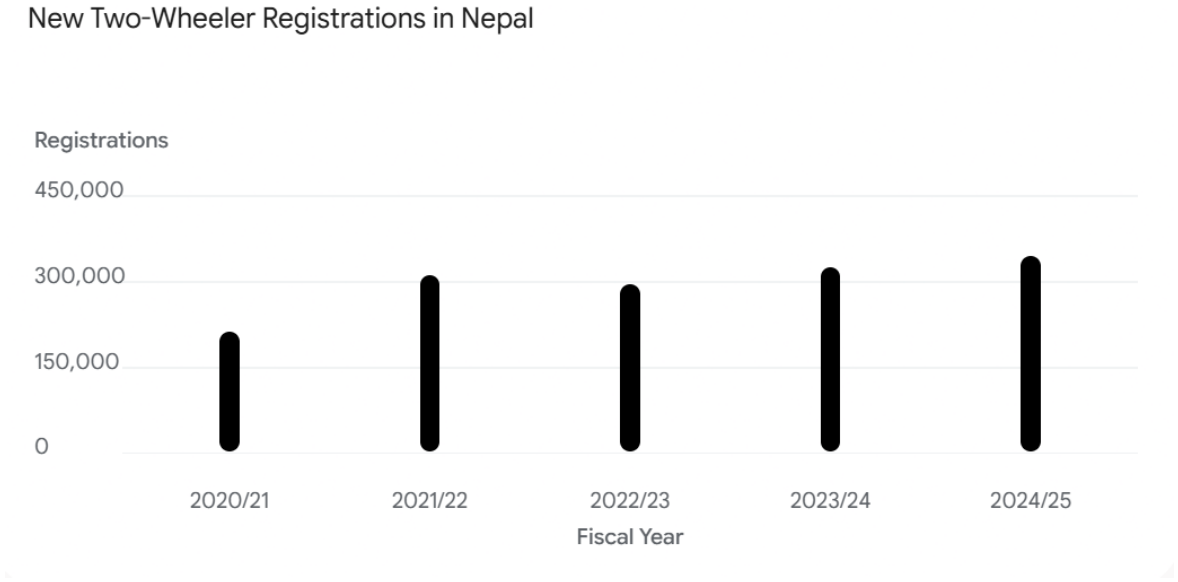


Figure 1: New Two-Wheeler Registrations in Nepal, FY 2020/21–FY 2024/25

(Above Figure is illustrative approximations based on trends reported by the Department of Transport Management and the Nepal Automobile Dealers Association, intended to show the broad pattern of market size and the consistent weight of Kathmandu Valley within it, rather than exact official statistics for any single year.)

The COVID-19 pandemic caused a decline in 2020/21 due to disruption to both consumer demand and vehicle imports but registrations started to rebound in 2023/24 and 2024/25 as pent-up demand, deferred registrations, and ongoing migration to the Valley pushed registrations back up and even exceeded pre-pandemic levels. Looking at this broad market, petrol-powered motorcycles will continue to outnumber electric two-wheelers well into 2026, but over the last 2-3 years, the share of electric two-wheelers has increased significantly due to

relatively low import duty on them, a growing EV charging infrastructure in Kathmandu, and consumers' growing understanding of running-cost savings. This dynamic market configuration sets the background for the analysis of the individual consumer buying behaviour in the present study carried out in 2026.

2. Statement of the Problem

Although the two-wheeler market in Kathmandu has grown and expanded, there are few published studies that systematically document the factors that are considered by the Nepali consumer when choosing a two wheeler brand or model. Anecdotal evidence rather than structured evidence is used by dealers and marketers. While the consumers with a high price sensitivity, consumers with a focus on fuel efficiency, the brand loyal and the younger consumers with a focus on status may react very differently to the same marketing stimulus, most of the dealerships in Kathmandu are still using mainly undifferentiated marketing methods. This disconnect between the actual criteria used by consumers when making buying decisions and the marketing approaches that firms employ is the main problem this study attempts to answer: What are the most important factors in the purchasing decision for two-wheelers in Kathmandu and do they change systematically with income and age?

3. Objectives of the Study

- To carry out a demographic profile of the two-wheeler consumers in Kathmandu Valley.
- To find out the factors that affect consumers in purchasing 2-wheelers.
- To identify the relative importance of the price, fuel efficiency, brand image, after-sales service, resale value, styling, and social influence with regard to purchase decision.
- To examine the association between consumers' income level and their preferred price segment of two-wheelers.
- To provide two wheeler manufacturers and dealers in Kathmandu with some practical recommendations based on the findings.

4. Significance of the Study

The results of this study will help 2w wheelers manufacturers and authorized dealers to develop the product for the Kathmandu consumers better according to consumer need and promote their product in the market. It will also help the financial institutions that provide two-wheeler loans to understand the characteristics of the two-wheeler consumers and supplement the scarce academic knowledge on automobile consumers' behavior in the context of Nepal. This study can be referenced by students and researchers interested in studying other related markets like the four-wheel drive passenger car market or electric two-wheelers.

5. Review of Literature

Consumer behaviour theory has always held that the buying of durable goods, such as an automobile, is a high-involvement decision that is determined by a combination of interacting factors and not one single attribute. The classical model of consumer decision making by Engel, Blackwell and Miniard lists need recognition, information search, evaluation of alternatives, purchase decision, and post purchase evaluation as sequential steps, each of which is influenced by individual differences (income, motivation, lifestyle) and environmental factors (culture, social class, reference groups).

The Indian 2-wheeler market, which has structural similarities to the Nepalese market in terms of road conditions, income status and brand presence, has consistently shown that fuel efficiency, price and after-sales service are the primary considerations in buying a two-wheeler, with brand image and styling being the secondary but not insignificant factors for younger customers. Other researchers working on durable goods purchases in South Asia

have noted the importance of the family members, in decision making of the final choice of brand and model even when it is a single person that is the end user.

The study of automobile consumer behaviour in Nepal is comparatively less in number and in the area of general consumer behaviour studies in Kathmandu, word of mouth and personal recommendation has been found to have significant influence on consumer behaviour in a market where formal advertising is gaining ground although it is not that much popular among the consumers. Resale value has also become a major factor in some regional studies, where more often than not, a two-wheeler is considered a semi-liquid asset that can be swapped or traded after a handful of years.

A number of studies have also highlighted the moderating effect of occupation and planned vehicle use on the importance of various attributes: commuters who choose to ride a two-wheled vehicle mainly for commuting to work tend to appreciate fuel economy and reliability more, while students, who generally have less independent income, appreciate styling, brand-image and peer influence more, but end up choosing the car because it costs the least. In fact, availability of financing has been identified as an increasing facilitator in developing markets, in which the availability of hire purchase and instalment-based purchase (IBP) schemes by buyers' dealers and banks has allowed consumers to effectively expand their choice set to include more expensive models, as a single cash purchase would not have been affordable, a trend that is becoming evident in Kathmandu's dealers.

Overall, the literature reviewed indicates that the buying process of a two-wheeler in markets similar to Kathmandu is a multi-attribute one in which economic attributes (economy and fuel efficiency) are usually more important than psychological and social ones (style, prestige of brand and peer influence), but with different importance depending on income level, age group, occupation and usage of the two-wheeler. This study will follow upon this literature by testing these patterns in particular in the Kathmandu market.

6. Research Methodology

6.1 Research Design

The study establishes a descriptive and analytical research approach with quantitative survey approach to two-wheeler consumers and statistics analysis to find out factors influencing the purchase of two-wheeler and to test the association between demographic variables and the consumers two-wheeler purchase.

6.2 Population and Sample Size

The population in the study is two wheeler owners and potential buyers in Kathmandu Metropolitan City. The number of respondents sampled for this study was 150, which was deemed to be sufficient for the exploratory and descriptive analysis, and to match sample sizes used in other regional studies on automobile consumers.

6.3 Sampling Technique

The sampling technique adopted was non-probability sampling which was a mixture of convenience and judgmental sampling in order to get a fairly representative sample in terms of age group, occupation and income level from 2 wheeler showrooms, service centres, educational institution parking areas and residential locality in different wards of Kathmandu.

6.4 Sources and Tools of Data Collection

Structured questionnaires containing closed ended and 5-point likert scale items were physically and online used to gather primary data from the months leading up to study. The secondary data were obtained from published academic literature, industry reports, and Department of Transport Management to aid in the discussion of the trends in the national and regional two-wheeler market.

6.5 Tools for Data Analysis

Descriptive statistics (frequency, percentage, mean and standard deviation) were used to process the collected data and to present the results. Data were also subjected to weighted mean ranking across the factors on the Likert scale and Chi-square test of independence at 0.05 level of significance to examine the association between income level and preferred price segment.

7. Data Analysis and Interpretation

7.1 Demographic Profile of Respondents

Table 2: Demographic Profile of Respondents (N = 150)

Variable	Category	Frequency	Percentage
Gender	Male	98	65.3%
Gender	Female	52	34.7%
Age Group	Below 20 years	18	12.0%
Age Group	20–30 years	64	42.7%
Age Group	31–40 years	42	28.0%
Age Group	Above 40 years	26	17.3%
Occupation	Student	37	24.7%
Occupation	Service/Employee	58	38.7%
Occupation	Business	41	27.3%
Occupation	Others	14	9.3%
Monthly Income	Below NPR 30,000	42	28.0%
Monthly Income	NPR 30,000–60,000	55	36.7%
Monthly Income	Above NPR 60,000	53	35.3%

Table 2 indicates that the majority of the respondents were male (65.3%) and the majority of the age group consisted of young adults (20-30 years) which again confirms that young adults constitute the core of the two wheeler buying market in Kathmandu. Two-wheelers are mainly used for work (38.7%) or income (27.3%) rather than for leisure, as two of three of the sample own two-wheelers for work or income.

7.2 Brand Preference of Respondents

Table 3: Brand Preference of Respondents (N = 150)

Brand	Frequency	Percentage
Honda	41	27.3%
Bajaj	33	22.0%
Hero	24	16.0%
TVS	19	12.7%
Yamaha	17	11.3%

Brand	Frequency	Percentage
Others (incl. Chinese/Electric brands)	16	10.7%

Honda is the most sought after brand of the respondents while Bajaj and Hero come next, following a similar trend across the country as reported by the Department of Transport Management and industry associations. The total percentage of 'Others' – a category that includes Chinese two-wheeler brands and new-to-the-market brands of electric two-wheelers – indicates a slowly diversifying market.

7.3 Factors Influencing Purchase Decision

Seven factors were rated with five-point Likert scales (1 – Not important to 5 – Extremely important). The weighted mean scores and ranks of each factor are shown below.

Table 4: Weighted Mean Score, Standard Deviation and Rank of Factors Influencing Two-Wheeler Purchase Decision

Factor	Mean Score	Standard Deviation	Rank
Fuel Efficiency	4.42	0.61	1
Price	4.35	0.68	2
After-Sales Service/Spare Parts Availability	4.21	0.72	3
Brand Image/Reputation	4.02	0.75	4
Resale Value	3.84	0.81	5
Styling/Design	3.61	0.88	6
Advertisement/Promotion	2.97	0.94	7

The results reveal that fuel efficiency (mean = 4.42) and price (mean = 4.35) are two most important factors among the two-wheelers purchase decision in Kathmandu, which corroborates with the economic reality of high fuel prices, mostly imported in the city and large proportion of Kathmandu's youth involved in income generation activities with two-wheelers. After sale services and spare parts availability is third, as Kathmandu users place great importance on convenience and costs when it comes to maintaining the vehicle over its life, on poor roads and heavy daily use. A functional attribute and word of mouth emerged as the lowest ranking of the factors considered, indicating that Kathmandu consumers are more likely to rely on these than on formal advertising when buying this high involvement product..

7.4 Sources of Information Used by Respondents

Table 5: Sources of Pre-Purchase Information Used by Respondents

Source of Information	Frequency	Percentage
Friends/Family/Word-of-mouth	61	40.7%
Dealer/Showroom Visit	38	25.3%
Social Media	29	19.3%
Television/Print Advertisement	14	9.3%

Source of Information	Frequency	Percentage
Other (online reviews, YouTube)	8	5.4%

That said, word-of-mouth from friends and family is the biggest source of pre-purchase information (40.7%), with social and personal networks also having a greater influence than formal advertising in the Kathmandu decision making process for buying a two-wheeler. The increase in the proportion that is considered social media (19.3%) also represents a slow changing trend in information-seeking behaviour, particularly for younger respondents.

7.5 Hypothesis Testing

H0: There is no significant association between the income level of respondents and their preferred price segment of two-wheelers.

H1: There is a significant association between the income level of respondents and their preferred price segment of two-wheelers.

Table 6: Cross-Tabulation of Income Level and Preferred Price Segment of Two-Wheelers

Income Level / Preferred Price Segment	Below NPR 1.5 lakh	NPR 1.5–2.5 lakh	Above NPR 2.5 lakh	Total
Below NPR 30,000	29	11	2	42
NPR 30,000–60,000	19	28	8	55
Above NPR 60,000	7	22	24	53
Total	55	61	34	150

The computed Chi-square value ($\chi^2 = 38.74$, df = 4) is higher than the critical value of Chi-square at 0.05 level of significance (9.49). The null hypothesis is rejected and it can be concluded that there is a statistically significant difference between the respondents income and the income preferred price segment of two-wheelers. Income proves to be one of the important segmentation variables in the Kathmandu two-wheeler market in practical terms, as lower income respondents are strongly influenced by vehicles with a price less than NPR 1.5 lakh, while higher income respondents are more inclined towards premium vehicles priced above NPR 2.5 lakh.

8. Major Findings

- The majority of the buyers of two-wheelers in Kathmandu are young adults (20-30 years), with men being slightly more likely to purchase a two wheeler than women by about 2 to 1.
- Honda, Bajaj and Hero combine for almost 2/3rd of the brand preference among the respondents sampled.
- After fuel efficiency and price, after-sales services and availability of spare parts are the top two factors that affect a buyer's decision.
- Comparatively, the influence of styling and formal advertisements is less important, with advertisement being the last of the seven factors studied.
- Friends and family members are the primary source of information before a purchase, more so than visiting dealerships, the social media, or usual advertisements.
- There is a statistically significant relationship between consumers' income level and their preferred price segment and for the marketer this finding shows that the segmentation by income is valid and useful..

9. Discussion

This result is consistent with the general economic context in which Kathmandu's two-wheeler consumers function: fuel is completely imported and exposed to frequent fluctuations in prices, and a considerable proportion of the two-wheeler owners use their vehicles for their daily commutes or engage in small-scale business activity where running cost represents a direct and regular expense. It is noteworthy that after-sales service and availability of spare parts ranked third, indicating that a service quality aspect of competitive advantage is an area where dealers often are not stressed as much as other product features in marketing promotions, but can and do give Kathmandu consumers a competitive advantage.

The relatively weak effect of the advertisement does not mean that promotion is not important, rather it is the impression that the mass media advertisement is less credible or less relevant to the decision-making process than information from sources that consumers trust. This discovery has direct marketing implications: that money spent on referral programs, customer satisfaction, and after-sales service that is clearly visible could lead to more purchases per rupee invested than traditional advertising. The strong correlation of income and preferred product segment suggests that a one-size-fits-all product and price offering may not be successful; instead, manufacturers and dealers should structure their product segments and messaging more clearly to each income segment.

9.1 Implications for Marketing Strategy

The findings revealed a definite sequence of business priorities of the firms in the Kathmandu two-wheeler sector. First, fuel efficiency should not be a defining characteristic of a product, but rather a basic minimum standard, as almost everyone in the serious car market should be relatively efficient on this attribute, and it looks as though consumers expect it as a baseline in considering vehicles. Second, price sensitivity is found to have a significant interaction effect with income segment as evidenced in the hypothesis test in Section 7.5, so dealers should try to avoid blanket discounting strategies, as this may lead to reduced margins on higher income customers who are less likely to be price-sensitive, and instead have a targeted financing offer in lower income segments where affordability is the limiting factor. Third, the ability to measure after-sales service as a decision factor and its practical controllability compared with engineering-related factors like styling, indicates that investment in after-sales service capacity and spare parts logistics will be more worthwhile than investment in mass advertising, which this study shows to be the least effective of the seven factors studied. As word of mouth is the most important information source, according to the results shown in Section 7.4, dealers who are able to convert happy existing customers into active referral sources may be more cost effective at acquiring new customers than spending money on traditional media..

10. Conclusion

The aim of this study was to determine the main factors influencing the buying behavior of two-wheelers in Kathmandu and to investigate if there is any systematic variation in the buying behavior of the two-wheelers according to their income. A survey of 150 quizzers showed that economic factors are the main reason to choose the product – fuel efficiency and price – followed closely by after-sales service and brand reputation, with comparatively little influence from styling and advertisement. The study also finds that income level is significantly correlated with preferred price segment, which further validates the income based market segmentation concept in the Kathmandu's 2 wheeler industry. The results provide a more comprehensive and empirical view for Kathmandu two-wheeler makers, dealers, and creditors about the factors that are important to consumers in this competitive and expanding market.

11. Recommendations

- Fuel economy should remain the most important feature for manufacturers to improve – it is still the most desirable feature for the Kathmandu consumer – and improvements should be made in product design and clearly communicated to the consumer.
- After-sales service network and availability of spare parts is a powerful secondary reason for the choice of brand and a source of competitive advantage that dealers must invest in growing and publicity.

- Mass advertising budgets could be shifted to the incentives offered to customers as a means of referral, and the visibility of customer satisfaction programmes, taking into account the importance of word of mouth in this market.
- Product and pricing strategy should be clearly defined according to income level: have different entry-level, mid-range and premium products with different corresponding messages.
- It's important that dealers solidify their digital and social media presence and engage with the younger generation of consumers, who are growing in size and increasingly using digital and social media channels for pre-purchase research.

12. Limitations of the Study

The study sample of 150 respondents is a relatively small, non-probability sample from Kathmandu Metropolitan City and the results of the study cannot be generalized to the rest of the Kathmandu Valley or Nepal as a whole. Convenience sampling and judgmental sampling are practical, but can cause selection bias. In addition to the usual social desirability and recall biases associated with self-reported survey responses, there is the risk of survey respondents providing responses they believe will please the researchers.

13. Scope for Further Research

The study could be extended to include all three districts of Kathmandu Valley and could use probability sampling to enhance the generalisability. There is also a lot of potential for a specific study on the new segment ‘electric two-wheelers' which was only lightly represented in this study, and for comparison research between the buying behaviour of Kathmandu and other urban centres like Pokhara or Biratnagar.

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