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Market Segmentation and Consumer Decision-Making: A Study with Reference to KTM Bikes

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Abstract: *This study delves into understanding the intersection of market segmentation and consumer decision making in the context of KTM motorcycles in India. It aims to understand the various demographic; psychographic and behavioural factors influence the consumer buyer decisions and evaluates the KTM's current market positioning. Primary data was collected from 100 respondents through structured questionnaire accompanied by secondary sources. The major findings of the study reveal that performance, price, and mileage are the key factors that drive the decision choices by consumers, also there is a significant influence from test rides, peer opinions, and digital content. KTM still has trouble converting consumers because of issues with comfort, cost, and brand alienation, despite good market presence and brand recognition. This research focuses on getting to understand these challenges better and suggest strategic rebranding, enhanced comfort and affordability, experiential marketing, and digital engagement. For marketers and researchers studying consumer behaviour, the conclusions and insights have both theoretical and practical ramifications.*

Keywords – consumer buying behaviour, market segmentation, automobiles, motorbikes

I. INTRODUCTION

One of the most competitive and dynamic automobile markets in India today, is the two-wheeler sector. With over 15 million units sold annually, it caters to a vast and diverse consumer base ranging from frugal commuters to performance-driven fanatics. India's automobile sector is split into four segments, i.e., two-wheelers, three-wheelers, passenger vehicles, and commercial vehicles, each having a few market leaders. Two-wheelers and passenger vehicles dominate the domestic demand. In terms of market size, the Indian passenger car market was valued at US\$ 32.70 billion in 2021, and it is expected to reach a value of US\$ 54.84 billion by 2027 while registering a CAGR of over 9% between 2022-27. There have been plenty of investments in the automobile sector recently, as the Government of India expects the automobile sector to attract US\$ 8-10 billion in local and foreign investments by 2023. The automobile sector received a cumulative equity FDI inflow of about Rs. 3,22,015 crore (US\$ 36.21) billion between April 2000 - September 2024. Rising middle-class income and a huge youth population will result in strong demand. (IBEF, n.d.).

KTM stands out among the many competitors in this market thanks to its aggressive appearance, high-end engineering, and "Ready to Race" positioning. On November 5th, 2007, KTM and Bajaj Auto Limited announced a bilateral joint venture collaboration on forthcoming projects: it was agreed that KTM would provide the R&D know-how for new on-road motorcycles with up to 400 ccm engine displacement. Furthermore, it was declared that the Indian partner would provide an assembly line for new KTM models (S Schmid et al.,). Since its entry into the Indian market through a strategic partnership, the leading Austrian motorcycle manufacturer, has carved a niche for itself among urban youth and adventure riders seeking performance motorcycles. Infact, the partnership has expanded KTM's presence in emerging markets and elevated Bajaj's premium segment identity. The continuous discrepancy between brand awareness and actual purchase decisions, however, despite its increasing prominence and technological supremacy, calls for a more thorough examination of consumer behaviour and market segmentation in this context.

KTM's has a niche segment to appeal to – the young, urban males with an affinity for performance, speed and brand image. The different product lineup, like Duke, RC, and Adventure series, reflects on performance based and premium motorcycles. Despite this, we could also see a contradiction drawn from the consumer feedback, a significant portion of the audience still opt for brands like Yamaha, Royal Enfield or Bajaj. This occurrence raises concerns about how effectively KTM's branding, STP's strategies, and the actual preferences of its customers are fulfilled.

In marketing, market segmentation or customer segmentation is the process of dividing a consumer or business market into meaningful sub-groups of current or potential customer (or consumers) known as *segments* (Ruiz et al.,). It is a foundation stone of marketing strategy, which involves dividing consumers or business market into sub-groups of consumers based on shared characteristics such as needs, interests, or lifestyles.

Specific demands of each segment can be addressed by right segmentation, which in turn enables brands to tailor their products, services, and marketing efforts. In KTM's case, segmentation should ideally help the company understand and reach its core customers more effectively. However, the observed disconnect between KTM's brand appeal and its conversion rates suggests potential shortcomings in segmentation strategy or its execution.

Another level of complexity is introduced by the decision-making process of the consumer. Purchasing a motorcycle is frequently a very involved decision, particularly if it is marketed as a performance or lifestyle item. The five processes that consumers go through are need identification, information search, alternative evaluation, purchase choice, and post-purchase behaviour. Personal, social, psychological, and economic variables all play a role in the purchasing process, which starts before the actual purchase is made (geeksforgeeks, 2013). How well a company can comprehend and meet the expectations of customers at each of these stages determines its ability to convert their curiosity into a purchase.

As a brand, KTM might create enthusiasm during the awareness stage by its visual appeal and marketing activities, but it may falter during the purchase or assessment stage because of things like comfort, cost or service accessibility. The Indian consumers, especially, younger segment, are highly influenced by peer opinions, digital content, experiential marketing, and after sales support. There is an exponential rise in smartphone usage and access to various platforms like YouTube, Instagram, and blogs that play a significant role in moulding the consumer perception. A buyer at this digital age, does not completely rely on traditional advertising tools, rather look for influencer reviews, compare features online and seek feedback from peers during the decision-making process. KTM's challenge is to position itself as a reliable, practical and value driven option that resonates with these digital savvy consumers.

Indian buyers, often, prioritize affordability and mileage, even in the premium segment, even though KTM offers performance and features that justify its pricing in a global context. Thus, price sensitive nature of the Indian market, needs to be always kept in mind. The competition intensifies with brand like Yamaha which offers performance-oriented models at a slightly lower price points, and Royal Enfield leveraging its heritage and comfort features. KTM's premium pricing, draws a black slash during purchase decision due to low comfort and limited mileage despite huge admiration for its aesthetics and specifications.

This study is therefore designed to bridge the knowledge gap between what KTM offers and what consumers seek. It investigates how demographic (age, gender, income), psychographic (lifestyle, values, aspirations), and behavioural (purchase frequency, brand loyalty, feature preference) variables impact consumer decision-making in relation to KTM bikes. To address this gap, a structured survey involving 100 respondents was done and the research enabled to collect first-hand data to analyse preferences, expectations, and perceptions of existing and potential KTM customers. It further examined the degree to which KTM's current market segmentation strategies align with these insights.

This research contributes to academics along with practical implications too. KTM must understand consumer decision making process at a granular level to optimize its marketing campaigns, refine its product offerings and expand under tapped segments. For example, KTM currently focuses highly on the young male riders, the study may reveal opportunities to engage female demographic, middle income consumers or commuter segment users through more inclusive and diversified offerings.

Furthermore, the study also contributes to the broader field of marketing and consumer behaviour by showcasing the real-world application of segmentation theory and decision-making models in an emerging market. It reinforces the idea that brand success is not only a function of product quality or technical specifications but also of perceived value, emotional connection, and consumer experience. It emphasizes that even aspirational products must resonate with the lived realities and practical concerns of their intended consumers.

In summary, the present research focuses on the following key objectives:

- 1) To identify and analyse the key market segments targeted by KTM in the Indian two-wheeler industry.
- 2) To understand the major factors influencing consumer decision-making when purchasing KTM bikes.
- 3) To examine the relationship between KTM's segmentation strategies and consumer preferences and provide actionable insights and recommendations for improvement.

The research seeks to address these objectives and uncover the underlying causes of KTM's market performance and offer solutions driven by data to enhance its consumer engagement. As India continues to emerge as a critical market for two-wheeler manufacturers, such insights are not only timely but essential for brands seeking sustainable growth and deeper market penetration.

II. LITERATURE REVIEW

A. Review of Literature

Alam M. conducted a thorough investigation of the effects of COVID on the Indian two-wheeler sector. The Indian two-wheeler automotive industry has been significantly hit by the COVID-19 pandemic. The scenario suggests that it will overstate the many difficulties the two-wheeler car industry faces, such as stricter CO₂ regulations and greater expenditures on new technology. He also concentrated on comprehending the main elements driving two-wheeler purchases by consumers as well as the prospects and difficulties facing the EV sector. According to his research, two-wheelers sold more than 17.8 million vehicles in FY21, accounting for 81.21% of the market share, together with passenger cars. The two-wheeler category, according to statistics provided by the Society of Indian Automobile Manufacturers (SIAM) for the first quarter, was observed rebounding at a rapid rate. The major factors influencing purchase decision of two-wheeler are Interest rate, convenience, resale value, cultural factors, personal factors and social factors. Electric vehicles are a means of worldwide sustainable transportation, and its usage is increasing rapidly, and Indian automobile policy makers must act on it to take advantage of growth in this sector as a lot of national fuel can be conserved by using these electric vehicles along with reduced emissions. Statistics for the first quarter from the Society of Indian Automobile Manufacturers (SIAM) revealed that the two-wheeler industry was rapidly rebounding. Two-wheeler purchasing decisions are generally influenced by interest rates, convenience, resale values, cultural factors and personal needs as well as social circumstances. If the wider adoption of electric vehicles in India can avoid the consumption of a billion or more tons of fossil fuels these numbers will be greatly reduced. A sustainable mode of transportation has huge implications for global climate change.

The literature review of this study outlines emerging Asia motorcycle industry, while putting outright that consumer tastes in some major areas are changing for good. The technological advances and market environments in which these transitions occur cannot be ignored As Smith notes in 2018, recent years have seen enormous changes in both consumer behaviour driven by innovation and product design. To this you may want Thompson's early reading pertinent (2020) towards explaining how modern computer progress radically transformed motorcycle design and functionality, in this way inducing customer anticipation accordingly.

Kim and Lee (2019) highlights that a strong brand image significantly influences purchase decisions within this sector, signifying the importance of brand perception. Recent studies by Johnson et al. (2021) stress the critical role of after-sales service and customer support in enhancing customer satisfaction and fostering brand loyalty. Garcia and Patel (2017) Stress the strategic importance of competitive pricing in a bitterly competitive market, where cost-conscious consumers are inclined to switch brands even for tiny cost advantages. Further sharing these findings, Brown and Davis (2018) IC Completion-2000 also aggregates consumer preferences for environmentally friendly fuel-efficient motorcycles. Continuing the trend suggested here by their data, we can expect increasing numbers of buyers with strong environmental consciousness to pay more attention to less fuel-dependent means of transport. In sum, the literature reviewed overall suggests that various factors: technological innovation, brand established institution, post letters in support, price advantage, ecology—Are in shaping consumer preferences and market trends is the body of work essential for this industry. Recently, Bajaj Auto Motor Company has been pushing hard to develop a product that is line with changing consumer trends and, as it turns out, this is indeed an important influence on its strategy.

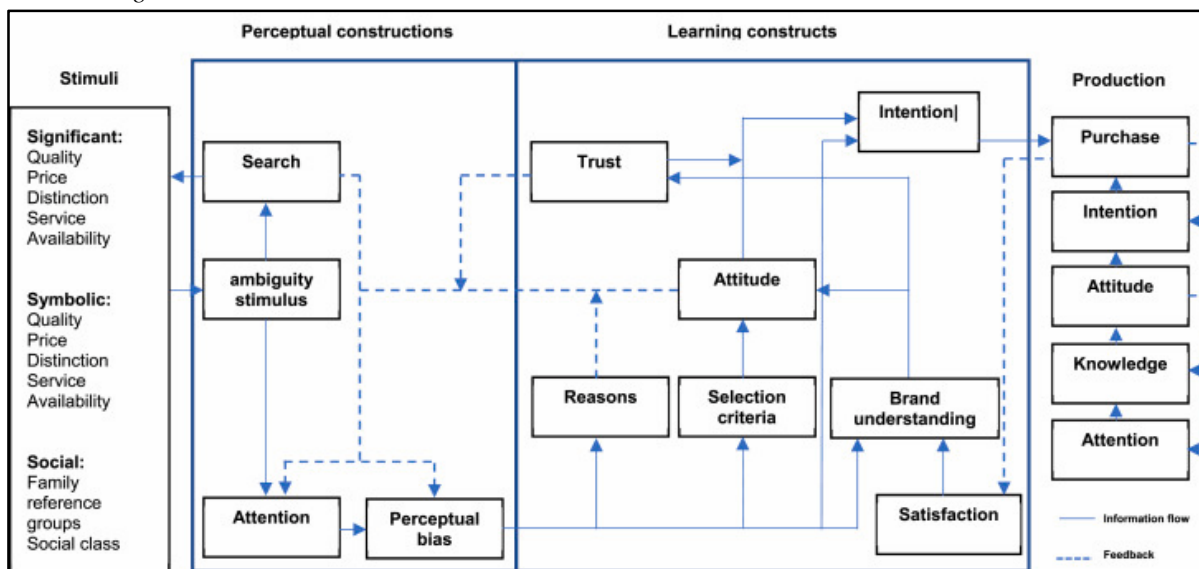
Ghosh and Nagaraj (2023) contribute to the growing field of transportation mode choice modelling by employing a combination of traditional statistical methods with modern machine learning (ML) techniques. Their work highlights the need for a greater understanding of travel behaviour, especially in disadvantage populations, to formulate fair transportation policies. Traditional models such as the Multinomial Logit (MNL) have been widely used for their interpretability and capacity to explain the influence of various factors on mode choice. However, they often fail to fulfill their promise because they cannot capture the complex, nonlinear relations in real world data well (Hensher, 2000; Ton et al., 2000). ML models Random forests, Extreme Gradient Boosting (XGBoost model) and Support Vector Machines (SVM) have become increasingly popular in recent years due to their higher predictive performance (Zhao, 2020; Hagenauer and Helbich, 2017). However, these models have often drawn fire for their “black box” nature, which limits their interpretability. To get around this problem, the authors make use of modern interpretability tools such as feature importance, individual conditional expectation (ICE) plots and others that enable a more detailed understanding of decision-making rides. The research reveals that travel cost and travel time are the main determinants of mode choice, while higher costs are associated with lower likelihoods using public transit services. Overall, the study highlights that ML model can help not only improve prediction inference but might offer actionable advice for policy makers who want to promote public transportation systems. Furthermore, with the combination of prediction and interpretability, it sets the stage for better informed transportation planning which is both equitable and effective.

In terms of different regions, what this study has learnt from previous research on popularising electrical two-wheelers (E2W) is that if they are to develop better in India makes a similar trend towards context-specific investigation essential--a fact that received much attention and scrutiny for the single city of Nairobi.

Lee et al. pointed out that in Taiwan, the battery recharging time and infrastructure accessibility were key factors inhibiting electric motorcycle adoption (Zhu et al, 2010). Whereas Zhizhong (2010) pointed out that the price of purchase together with tax incentives pretty much determines how much E2Ws Consumers are willing to buy and pay for in China. Guerra examined Indonesian commuters, revealing that price and performance attributes, such as range and speed, significantly affect adoption, with consumers willing to pay extra for improved features. These studies, however, are largely based in countries where E2Ws are already established, limiting their direct relevance to the Indian context, where the market is still emerging. The review contends that consumer perception hinges on such factors as infrastructure construction, operating expenses and government policies. As important, this study also points out that there is variation across age and income groups which can affect consumer behaviour like no other fixed variable factor. Writers such as Chiu and Tzeng, Sung et al., and Jones et al. have also studied such aspects related to electric two-wheeled vehicle attributes, noting that speed, charging time, and costs are key factors in shaping consumer choice. Taken together, the literature underlines the importance of region-specific studies to tailor strategies effectively. Through the Indian case, this paper aims at adding further to this development So likewise, the literature on vehicle adoption seems to emphasize the socio-economic influences and consumer preferences as well as policy incentives. Sierzchula et al. (2014) highlight the role of financial incentives and socio-economic factors in promoting the acceptance of electric vehicles, discovering that interventions, income levels together with oil prices all significantly affect consumer choices. Jansson et al. (2017) pursue social influences further, pointing out that the neighbourhood and family effects can help speed up the diffusion of alternative fuel vehicles (AFVs) such as peer behaviour, social networks. Larson et al. (2014) study consumer attitudes, emphasizing the importance of price and perceived vehicle performance in shaping people's tastes for EVs.

Taking India as an example, recent studies, which were completed by Kushwah and Tomer (2021), investigated EV adoption through system dynamics models, and how important raising environmental awareness is for making an impact on consumer behaviour. Saraf and Shastri (2023) model different levels of consumer awareness in the scenarios they compare. They find that if we begin early with long-term campaigns to raise awareness, the level of acceptance for low-emission vehicles will turn out to be much higher than expected and the greenhouse gas emissions produced fall likewise. Similarly, Bansal et al. (2021) analyse willingness to pay and attitudinal factors among Indian consumers in a similar vein. Their findings show that cost sensitivity and environmental concern are the key factors driving uptake of EVs. Experience demonstrates that consumer preferences are influenced by financial advantage, social influence and environmental awareness. Transition to cleaner transportation hinges upon choices that reflect not only price but also a concern for some larger context from which those decisions get made.

B. Theoretical Background



Source: Blackwell et al., 2006

The research builds on consumer behaviour theory (Blackwell et al., 2006). The Engel Kollat Blackwell model describes consumer behaviour as a 4-step decision-making process involving problem recognition, information search, alternative evaluation, and purchase decision.

The model also considers how external factors like culture, social class, and reference groups as well as internal factors like motivation, personality, and knowledge influence the consumer's decision journey. A key feature is distinguishing between high and low involvement purchases based on perceived risk. Kotler's segmentation framework (2016) consumer market can be segmented based on Geographical, Demographic, Psychological, Marketing, Profit, Quantum and Loyalty (Chandel, n.d.).

C. Research Gap

Though there were several studies conducted to address general two-wheeler preferences and EV adoption, this research tries to bridge the gap in understanding decision making behaviour specific to high performance brands like KTM in India.

D. Scope

The study targets young urban professionals, assessing their perceptions of KTM motorcycles, preferred attributes, and various factors influencing their buying decision.

E. Significance

The findings aid KTM and similar brands in refining their market segmentation and aligning strategies with real consumer expectations.

III. RESEARCH METHODOLOGY

A. Hypothesis

- H_0 : There is no significant influence of market segmentation factors on consumer decision-making for KTM bikes.
- H_1 : There is a significant influence of market segmentation factors on consumer decision-making for KTM bikes.

B. Sample

The sample includes 100 respondents from urban and semi-urban regions using a non-probability convenience sampling method.

C. Data Collection

The primary data was collected to the structured questionnaire (Google Forms). Secondary data was used in the study through various sources like reports, websites, academic journals etc.

D. Tools Used

Percentage analysis was drawn to for data analysis and interpretation. Bar and pie charts for used to visually represent the data.

E. Validity

Questions were reviewed by academic mentors for content and construct validity.

F. Survey and Interviews

Surveys formed the core data collection tool; informal interviews with users and dealership personnel added contextual understanding.

IV. DATA ANALYSIS AND INTERPRETATION

The survey that was conducted among 100 respondents, revealed several key insights into the demographics, preferences, and perceptions of potential motorcycle buyers. Most respondents (51%) were aged between 18–24 years, and 65% were male, with 55% identified as working professionals. In terms of income, most earned between ₹30,000–₹50,000 monthly. While 89% of the respondents owned two-wheelers, only 8% owned a KTM motorcycle. Yamaha and Royal Enfield being more commonly owned brands. The most influential factors in purchase decisions were performance (52%), price (48%), and mileage (48%).

Test rides (81%) and peer opinions (83%) played a significant role in the decision-making process, along with dealership experience (59%), YouTube reviews (52%), and blogs (43%) serving as key sources of information. The main barriers to purchasing a KTM included discomfort (54%), concerns about mileage (49%), and high pricing (30%). Notably, 55% of respondents surveyed felt that KTM's brand didn't make a connection with them. It suggests a divergence between the brand image of KTM and expectations from its target audience. The results make it clear that KTM needs to shift over into a more comprehensive and value-added branding strategy.

V. IMPLICATIONS

A. Practical Implications

Please notice that the paper offers some practical pointers, for example suggesting that KTM will have to reposition its branding strategy if it is to win a market going beyond just those existing niches.

There is scope to broaden the business and attract cost-conscious consumers with easier payments and models that make financial sense. Also, experience of dealerships and easy access to test rides are critical touchpoints in the consumer journey—this means they can influence consumer choices significantly. Employing digital influencers, cultivating an online platform with community involvement and transmitting these messages through social media or blogs will further enhance brand presence and trust among young people who rely heavily on peer input and electronic content for making decisions.

B. Theoretical Implications

Theoretical implications reinforce that brand image alone does not drive sales; alignment with consumer values and perceived values for money is vital. The study also highlights the importance of incorporating psychographic variables—such as lifestyle, personality, and attitudes—into market segmentation strategies, especially for high-involvement products like motorcycles, where emotional and experiential factors heavily influence purchasing behaviour.

VI. LIMITATIONS OF THE STUDY

However, the study is subject to certain limitations. It was conducted within a limited geographic scope, focusing only on urban areas, and the sample size of 100 respondents may not fully represent the demographics of the Indian market. The reliance on self-reported data raises the possibility of bias. The study did not include perspectives from KTM executives, dealers, or rural consumers. Furthermore, due to the rapidly evolving automotive industry, some findings may become outdated over time, necessitating continuous research and market tracking.

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