

IMPACT OF CUSTOMERS' BUYING DECISIONS TOWARDS MOBILE PHONE AT PERAMBALUR TOWN

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ABSTRACT

Mobile phone has diverse usages to different users in accordance with their necessities. With dramatic increase in mobile phone usage in recent years, people take into account various factors while they decide purchasing a mobile phone. This study has put efforts to uncover the underlying factors those affect customers in choosing mobile phone. Data were collected from those people live in Khulna city maintaining equal ratios of various groups like male, female, businessmen, employees, students and others (mostly housewives). To select desired respondents, convenient sampling method was used. A structured questionnaire designed based on previous study with five point Likert scale was used to interview respondents. Factor analysis was applied to extract the underlying factors affect mobile phone purchasing decision. The results show that the most important factor is physical attributes. Some other factors are pricing, charging and operating facilities, size and weight, friends' and colleagues' recommendations, neighbors' recommendations and advertising.

Key words: Mobile Phone, Purchasing Decisions, Customer Choice

INTRODUCTION

As the mobile phone industry has reached the target of securing its second billion subscribers, the demand for a new generation of handsets with different features have forced manufacturer to pay much closer attention to their device portfolios .So with the intense competition, operators need to work closely with mobile handset makers and software developers to match their handset portfolios according to consumers desires and needs. Businessmen, field workers and other consumers have different wants and desires and they are looking for some features such as ease-of-use, phone book, reminder, push-to-talk, camera phones, multimedia messaging service (MMS), video streaming , audio streaming, etc. This makes it evitable for handset manufacturers , operators and software developers to pay more attention to buying motives of different consumers. The present study is attempting to evaluate the factors influencing handset users in forming purchase decision. This study focuses on the mobile handset features and buying motives and their effects on purchase decision of consumers (postgraduate and research students of Pune university inside the campus). The research design provides a scope for drawing logical conclusions. The study relies mainly on the primary data collected through validated

questionnaires. Consumer purchase behaviour for handset, influence in the decision – making is more complex. This research explicitly clears the relationship between logical and emotional buying motives with their relative influence on consumer purchase decision. Logical motive is a result from a process in which the individual assesses the expected value of the product through the influence options regarding cost and benefits of using a product available to him and hence it is subjective. Emotional motive is a result from those aspects for the purchase that are indirectly related to the anticipated performance of the product and directly related to the consumer's social and psychological interpretation of the product.

SCOPE OF THE STUDY :

The scope of the study is to identify the product features (logical and emotional) includes the study of mobile handset features, buying motives and buying behaviour of postgraduate and research students of Pune University campus. This study also highlights the difference between logical and emotional motives influencing the purchase decision.

OBJECTIVES OF THE STUDY :

The objectives of the study include the following:

- To investigate, identify, and classify the product features in the mobile handset market of international companies.
- To study and classify product features based on buying motives in the study area.
- To investigate and identify buying motives that have more effects on purchase decision.
- To study the buying behaviour of consumers in the said market.
- To analyze, identify, and compare logical and emotional buying motives which have more effects on purchase decisions.
- To analyze demographic characteristics of consumers and their effects on consumer's brand and price preferences in the said market.

LITERATURE REVIEW

There are many social and interpersonal factors that influence customers to decide about any product and so happen in mobile phone also. Consumer behavior is affected by a lots of variables, ranging from personal motivations, needs, attitudes and values, personality characteristics, socio-economic and cultural background, age, sex, professional status to social influences of various kinds exerted by family, friends, colleagues and society as a whole (Moschis, 1976). Liu (2002) in a recent paper analyzed factors affecting the decision regarding brand in the mobile phone industry in Asia. It was found that the choice of a mobile phone is characterized by two distinct attitudes towards brands: attitudes towards the mobile phone brand and attitudes towards the network. Customers' choice of mobile phone brand is affected largely by new features more than size. This trend of choosing is definitely towards phones with better capacity and larger screens.

According to a latest report given by In-Stat/MDR (2002) research institute, color displays are now driving consumers into stores to purchase new mobile phones and related devices such as PDAs (personal digital assistants). The result that customers' choice criteria depends more importantly on color display than higher data rates or new features though the fact that the review of other studies had not cited the importance of color display. The report also indicates that the customers demand for color display handsets is increasing and it is expected that in this 21st century all cellular phones and PDAs are equipped with color display.

Dorsch, Grove and Darden (2002) in their research on customer choice of mobile phone found that from the perspective of marketing consumer's purchase process can be classified into a five step problem solving process such as: need recognition, information search, given alternatives evaluation, purchase activity and post purchase evaluation.

This five step process of decision making is most appropriate for the problem solving behavior of purchase making decision or complex decision purchase process. Similarly purchase decision for mobile handset pursues the same buying process but in some cases the decision may also be influenced by symbolic preference associated with some brands. Before purchasing mobile phone consumers take some general conditions into consideration. Considering the classical problem solving buying process behavior, it is almost always a case that consumers go for information search before taking purchase decision. There is also a common behavior that consumer's decision of purchasing is directed by previous likings for some specific alternatives.

It shows that customers formulate their purchasing decision based on the limited information search activity that they performed (Moorthy, Ratchford and, Talukdar, 1997) rather than a detailed evaluation of all possible alternatives (Chernev, 2003). Besides information search evaluation of alternatives is an important activity that determines consumer's choice (Laroche, Kim and Matsui, 2003). They opined that customer's purchase decision is influenced by `cognitive heuristics` or in simple words a consumer choose his perceived brand based on his past experience if it fulfills his perceived values.

Swait and Adamowicz(2001) found that a lot of decision behavior exercised by purchasers can be different from one individual to another because customers may use different approaches to make their choices rather only using mathematical modeling. A prospective buyer's decision of buying a product or brand may be influenced by personal preferences and perspective of buying may have a greater effect on brand choice if the customer has little subsequent knowledge or experience about the product. The conventional problem solving technique that is used in making purchasing decision that affects buyers' preference might not be the best approach in all conditions. Mobile phone selection can either be based on functional/primary/rational factors or it can be based on emotional factors such as: fun, pleasure, excitement etc. (Batra and Ahtola, 1990).

A lot of consumer's choice may be having both rational features (e.g communication, time management) as well as emotional features (e.g games, music, camera, and application). The younger the consumer the more he would prefer emotional rather than rational features in mobile phones (Wilska, 2003). Customers' decisions of purchasing mobile phone depend on rational as well as emotional factors. Requelme (2001) conducted an experiment to identify the quantity of self-knowledge consumers have when choosing between mobile phone brands. The study was built upon six key attributes (telephone features, access cost, connection fee, mobile to mobile phone rates, call rates and free calls) related to mobile phone purchasing respondents had to importance rate.

METHODOLOGY

This study was conducted to know the factors affect people decisions of mobile phone purchasing. Primary and secondary data were collected from appropriate sources for collecting data. A structured questionnaire with five point likert scale was used to collect the opinions of respondents. To select the respondents, convenience sampling method was used. A total of 200 respondents were interviewed from them 160 were found flawless thus used for data analysis. Factor analysis and descriptive statistical tools were applied with SPSS for data analysis.

ANALYSIS AND FINDING

The data presented in the above table indicate that the sample is equal with both male and female respondents as they are indicated by 50 percent for both. Age analysis of respondents indicates that most of the respondents fall in the age group of 19-25 years as it was indicated by 21.2 percent respondents in the sample. Occupation shows that in case of service and students the respondents are 45 that indicate 28.1 percent for both and Business and Housewives include 35 respondents each that indicate 21.9 percent. In case of income level the most respondents fall under the income level of above 20000 that shows 30.6 percent.

FACTOR ANALYSIS

The result obtained from 160 respondents had been thoroughly analyzed and the outputs of the results had been clearly explained in this section. To analyze the strength of association among variables the Kaiser-Mayer-Olkin (KMO) measure of sampling adequacy was applied. The KMO measure of sampling adequacy was computed to determine the suitability of using factor analysis. It certifies whether data are suitable to perform factor analysis. The value of KMO varies from 0 to 1 and high values (close to 1.0) generally indicate that a factor analysis may be useful with the data. KMO score should be 0.60 to be adequate for testing. KMO score .877 indicates adequacy for testing.

Extraction method: Principal component analysis Applying SPSS, the principal component analysis (PCA) was carried out to explore the underlying factors associated with 32 items. The above table shows that 65.87% of variation in mobile purchasing by the customers is explained by seven factors. Table 2 - KMO and Bartlett's Test Kaiser-Meyer-Olkin Measure of Sampling Adequacy. .877 Bartlett's Test of Sphericity Approx. Chi-Square 2.875 df 496 Sig. .000

The above table indicates the number of factors those affect customers to choose mobile phone brands. From the rotation method the following seven factors (table 5) may be obtained. Table 5- Naming of Factors Factor no. Name of dimension Item no variables Factor loading

F1 Physical attributes 1

- Camera and video .827 2
- Bluetooth .802 3
- Multimedia option .800 4
- Touch screen .775 5
- Memory capacity .772 6
- Color display .763 7
- Attractive color .753 8
- Model/style .684 9
- New features .684 10
- Design of the phone .669 11
- Appearance .608 12
- Web browser .597 13
- Brand value/quality .504

F2 Pricing

- 14 Model at reduced price .815 15
- Product price .771 16
- Special offers .723 17
- Reliability .715 18
- Dual SIM option .702 19
- Family members' opinion .597 20
- Domestic product .588

F3 Charging and Operating facilities

- Charging hour .751 22
- Complexity of operating .602 23
- Battery .459 24
- Key pad (Tamil or English) .455

F4 Size and weight

- Small size .872 26
- Weight .861

F5 Friends' and colleagues' recommendations

- Friends' recommendation .799
- Colleagues' recommendation .536

F6 Neighbors' recommendations

- Neighbor recommendation .729 30
- Salesperson's recommendation .496 31
- FM facilities .407

F7 Advertising

- Advertising .763 6.

LIST OF FACTORS:

Physical attributes:

It is the most important factor. It can explain 30.99 percent of total variance in customer decisions of mobile purchasing. Physical attributes include all the physical characteristics of mobile phone like camera, Bluetooth, color, weight and others.

Pricing:

It is the second factor which is capable to explain 10.49 percent of total variance. This second factor of pricing includes all the price related factors that the customers consider before buying mobile phones. It states that the customers' psychology that influences buyer's decisions of purchasing mobile phone.

Charging and operating facilities

This is the third most important factor. It can explain 6.62 percent of total variance. Charging and operating facilities are taken into account while customers purchase mobile phones.

Size and weight:

It is the fourth factor that explains 5.91 percent of total variance. There are many respondents who generally take the size and weight as important issues in buying mobile phone. 6.5 Friends' and colleagues' recommendations: This is the fifth factor which explains 4.40 percent of total

variance. Some respondents take the suggestions from their friends and colleagues before purchasing mobile phones.

Neighbors' recommendations:

It is the sixth factor which capable to explain 4.01 percent of total variance in customer decisions of mobile purchasing.

Advertising:

The seventh factor explains 3.475 percent of total variance. It shows that customers also make their purchasing decision based on advertisement aired in various media.

CONCLUSION

The objective of the research was to find out the underlying factors those have a role to determine the brands while customers purchase mobile phone. It has been seen from the previous discussion that there are lots of variables customers consider before choosing brand of mobile phones. Some of the factors influence customers' decision greatly while others have comparatively low impact on the purchase decision. At the time of survey, it was observed that various types of facilities are expected by the customers. But this research work does not deal with the customer expectation. Rather it has tried to focus on the issues that the customers judge in the existing market scenario. The research has identified that many factors are deemed as selection criteria of mobile phone. Not necessarily all the variables influence a person in the same way and same extent. In case of choosing mobile phone brands, mostly considered factors by customers include physical attributes, pricing, charging and operating facilities, size and weight, friends' and colleagues' recommendations, neighbors' recommendations and advertising.

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