

Factors influencing customers' buying decisions of mobile phone in Dhaka, Bangladesh

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Keywords

Consumer buying behavior, smart phones, features of mobile phones, factors affecting buying behavior, perceived purchase satisfaction.

Abstract

Mobile phone has diversified usages to different users in accordance with their necessities. With the dramatic increase in mobile phone usage in recent years, when deciding to buy a mobile phone, people consider different factors. This study has put efforts to uncover the underlying factors which influence customers in choosing mobile phones. Data were collected from those who people live in Dhaka city maintaining equal ratios of various groups like male, female, businessmen, employees, students and others (mostly student). The convenient sampling method was used to select the desired respondents.

The study was undertaken on 305 mobile phone users of Dhaka city, Bangladesh. The data was analyzed using factor analysis and Cronbach's alpha. With the help of factor analysis, twelve decision factors of consumer buying behavior were derived. On these twelve factors a factor analysis was performed with perceived satisfaction of consumers in terms of buying decision as an independent variable. The findings showed that "social factor" has the highest positive impact on the satisfaction followed by brand, advertising & price.

The study provided useful insights into the behavior of consumers buying mobile phones.

Introduction

At the beginning of the 1990s, mobile phones were first launched in Bangladesh with a very small penetration rate. At that time, very few people were able to afford mobile phones as they faced different kinds of barriers. In 1997, Nokia began operating in this country and currently operates several sales outlets in Bangladesh. Siemens and Samsung began operating after the launch of their mobile phones. In this modern era, a wide variety of other services such as email, text messaging, MMS, internet access, audio and video, short range wireless communications (Inferred, Bluetooth), gaming etc. are also supported by the mobile phones. In addition to these, it also offers more general computing capabilities for smartphones. Many mobile phone brands are available in Bangladesh e.g. Apple, Nokia, Samsung, Sony, HTC, Panasonic, Motorola, LG, Symphony, Micromax, Walton etc. and consumer choose their preferred mobile phone from this pool. The development of mobile phones and technologies has been a long history of innovation and progress has grown due to dynamic changes in consumer needs and preferences. Among these developments, mobile phone devices have had one of the fastest household adoption rates in modern technology in the world. Mobile phones have become an integral part of human daily life and personal communication across the globe. In today's highly competitive mobile phone market, manufacturers are constantly struggling to find additional competitive edges and differentiating elements to convince consumers to choose their brand instead of a competitor.

Various studies have been conducted to identify factors that make companies better than their competitors to influence the decision to purchase customers. Consumers' of mobile phone found throughout the world greatly influenced by those different factors affecting mobile phones purchase

decision. These factors may relate to the characteristics of the consumer and the characteristics of mobile phones. This leads mobile phone companies to come up with a variety of mobile devices with different brands and features. Various research studies have been conducted to identify factors affecting the choice of mobile phones for consumers. These studies have identified several items as a determining factor in the decision to purchase. These factors include price, features, quality, brand name, durability, social factors, etc.

Research Gap and Projected Contribution

Although this study contributes to literature and business practice, it is not free of limitations. This study was qualitative in nature and focused explicitly on a deeper understanding rather than generalization. Second, the sample used in this study was enough for the purposes of this study and allowed reasonable conclusions to be drawn. However, it cannot be considered representative of other potential new studies that could include larger and more representative samples within Bangladesh to reinforce current findings. Finally, the current study focused on a country. Further research should include investigations in other countries which are at a similar stage of mobile retailing, and include cross-national studies which compare consumer experience, with a view to verifying and extending current findings.

Literature Review

There are many social and interpersonal factors that influence customers to decide on any product, and so do mobile phones. Consumer behavior is affected by several variables, ranging from personal motivations, needs, attitudes and values, personality characteristics, socio-economic and cultural backgrounds, age, sex, professional status, and social influences of various kinds exerted by family, friends, colleagues and society (Moschis, 1976).

In a recent paper, Liu (2002) analyzed factors affecting the brand decision in the mobile phone industry in Asia. The choice of a mobile phone has been shown to be characterized by two distinct attitudes towards brands: attitudes towards the mobile phone brand and attitudes towards the network. Customers' choice of a mobile phone brand is largely affected by new features more than size. This trend of choice is towards better-capacity phones and larger screens.

According to the latest report from the In-Stat / MDR (2002) research institute, colour screens are now pushing customers into shops to purchase new mobile phones and associated products, such as PDAs (personal digital assistants). The conclusion is that the customer's preference parameters rely more on color display than on higher data levels or new features, even though the analysis of other research did not indicate the significance of color display. The study further suggests that consumers are rapidly seeking color display handsets, and it is anticipated that all cell phones and PDAs will be fitted with a color display in the 21st century. Throughout their work on mobile phone customer choice, Dorsch, Grove and Darden (2002) observed that, from the point of view of advertising, the user purchasing cycle can be categorized as a five-step problem-solving system, such as: need identification, knowledge discovery, alternative analysis, buying behavior and post-purchase review. This five-step decision-making process is best suited to the problem-solving behavior of purchasing decisions or complex decision-making processes. Similarly, the purchase decision for mobile phones follows the same purchase process, but in some cases the decision may also be affected by the symbolic preference associated with certain brands.

Some general conditions are considered before purchasing mobile phone consumers. In view of the traditional problem of solving purchasing process behavior, it is almost always the case that consumers are searching for information before making a purchase decision. There is also a common behavior that the consumer's purchase decision is guided by previous preferences for certain specific alternatives. It shows that customers are formulating their purchase decision on the basis of the limited information search activity they have carried out (Moorthy, Ratchfordand, Talukdar, 1997) rather than a detailed assessment of all possible alternatives (Chernev, 2003) In addition to the information search evaluation of alternatives, there is an important activity that determines

consumer choice (Laroche, Kim and Matsui, 2003). They argued that the purchase decision of the customer is influenced by 'cognitive heuristics' or, in simple terms, the consumer chooses his perceived brand based on his experience if it fulfils his perceived values. Swait and Adamowicz (2001) have found that a lot of decision-making behavior by purchasers can be different from one individual to another because customers can use different approaches to make their choices using mathematical modeling instead.

The decision of the prospective purchaser to purchase a product or brand may be influenced by personal preferences and the prospect of purchase may have a greater impact on the choice of brand if the customer has little knowledge or experience of the product in the *International Journal of Value Management and Supply Chains (IJMVSC)* Vol.5, No. 2, June 2014. The conventional problem-solving technique used to make purchase decisions that affect buyers' preferences may not be the best approach under all circumstances. Mobile phone choice can be either based on functional / primary / rational factors or can be based on emotional factors such as: fun, enjoyment, excitement, etc. (Batra and Ahtola, 1990).

There may be a lot of consumer choice with both rational features (e.g. communication, time management) and emotional features (e.g. games, music, camera, and application). The younger the user, the more emotional rather than rational features he would prefer on mobile phones (Wilska, 2003). Customers' decisions to buy mobile phones rely on both logical and emotional factors. Requelme (2001) conducted an experiment to determine the amount of self-knowledge that customers have when selecting between mobile phone brands.

The study was based on six key attributes (telephone features, access costs, roaming charges, mobile to mobile phone rates, call rates and free calls) related to mobile phone purchases. The *International Journal of Value Management and Supply Chains (IJMVSC)* Vol.5, No. 2, June 2014 has little knowledge or experience of the product. The traditional problem-solving strategy used to make buying decisions that affect consumers' desires may not be the best approach under all circumstances. Mobile phone choice can be either based on functional / primary / rational factors or can be based on emotional factors such as: fun, enjoyment, excitement, etc. (Batra and Ahtola, 1990).

Social Factor

This is the first variable that describes 39.97 per cent of the total variability. Most of the respondents take suggestions from their peers, colleagues, family members and neighbors before purchasing mobile phones. This is the most important factor.

Price

This is the second factor capable of describing 12.25% of the overall variability. The second cost factor covers all the price-related factors that consumers weigh when buying mobile phones. This notes that the Dhaka City Customer Psychology that affects the purchaser's decision to purchase a mobile phone.

Durability

It's the third most important variable. 10.60 percent of the total variability can be clarified. Durability facilities are considered when customers purchase mobile phones.

Features

It is the fourth factor that explains 7.69 percent of total variance. The results showed that the importance of new technology to customers is an important variable and a driving force which drives them to make a new phone purchase decision.

After sales service

This is the fifth factor which explains 6.21 percent of total variance. People have found a lot of good behavior after having a good phone relationship that generates a positive image of the customer's mind.

Popularity of the Brand

It's the variable which carries 4.81 percent of total variance and it could be said that popularity of the brand can play big role while purchasing a mobile phone.

Advertisement

The eight factors explain 2.28 percent of total variance. It shows that customers also make their purchasing decision based on advertisement aired in various media.

The other variance included the review rating, trendy phone, and warranty, beneficial in daily life. This carries 3.62, 3.67, 3.04, and 2.02 percent of total variance

Objectives of the Study

1. To find out the factors that influence consumer buying behavior of mobile phone in Dhaka
2. To identify the demographic characteristics of consumers who buy mobile phone in Dhaka
3. To make some recommendation for the marketer in mobile features in Dhaka city.
4. To study the influence of decision factors on the perceived satisfaction of consumers with respect to mobile phone buying decision.

Research Methodology

This study was conducted to determine the factors that affect the decision of people to buy mobile phones. Primary and secondary data were collected from appropriate data collection sources. A standardized questionnaire with five points (Likert scale) was used to collect the opinions of the respondents. Convenience sampling approach was used to pick the respondents A maximum of 200 respondents from whom 155 were interviewed were flawless and therefore used for data analysis. For data analysis, factor analysis and descriptive statistical methods were used with SPSS. After evaluating several previous researches, we selected the following variables for analysis. The basis for selecting the variable was to identify common factors and to be easy to understand so that authentic opinion can be revealed to people.

- a1. Recommendation from others
- a2. Price
- a3. Durability
- a4. Features and designs
- a5. After sales
- a6. Brand name
- a7. Advertisement
- a8. Review rating
- a9. Trendy
- a10. Warranty
- a11. Beneficial in daily life
- a12. Popularity of brand

Data Analysis and Interpretation

Frequencies

The data presented in the above table indicate that the sample is equal with both male and female respondents. the precedent of male is 69.7 percent and female are 30.3. Age analysis of respondents indicates that most of the respondents fall in the age group of 18 to 28 years. Occupation shows that most of the respondent is student 31.6.

Table: 1

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Female	47	30.30	30.30	30.30
	Male	108	69.70	69.70	100.00
	Total	155	100.00	100.00	

Table: 2

Occupation		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Student	49	31.60	31.60	31.60
	Service holder	32	20.60	20.60	52.30
	Business	29	18.70	18.70	71.00
	Housewife	22	14.20	14.20	85.20
	Other	23	14.80	14.80	100.00
	Total	155	100.00	100.00	

Table: 3

Age Group		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18 to 28	78	50.30	50.30	50.30
	29 to 39	60	38.70	38.70	89.00
	40 to 50	10	6.50	6.50	95.50
	50 and above	7	4.50	4.50	100.00
	Total	155	100.00	100.00	

Reliability Testing

Table: 4

Reliability Statistics	
Chronbach's Alpha	No of Items
0.857	12

The alpha coefficient for the four items is .857, suggesting that the items have relatively high internal consistency. (Note that a reliability coefficient of .70 or higher is considered "acceptable" in most social science research situations.)

Factor Analysis

Table: 5

KMO and Bartlett's Test	
Kaiser- Meyer- Olkin Measure of sampling Adequacy	
	.845
Bartlett's Test of Sphericity	Approx. Chi-Square
	Df
	Sig.
	729.430
	66
	.000

Under KMO chart/table, if Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy's result is 0.50 or more than 0.50 then it's significant result. Our result is .845 so it's significant.

Total Variance Explained

Table: 6

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.769	39.968	39.968	4.796	39.968	39.968
2	1.470	12.250	52.218	1.470	12.250	52.218
3	1.272	10.601	62.819	1.272	10.601	62.819
4	.922	7.686	70.505			
5	.745	6.208	76.714			
6	.577	4.807	81.521			
7	.498	4.153	85.674			
8	.435	3.623	89.297			

9	.404	3.366	92.663			
10	.365	3.038	95.701			
11	.273	2.275	97.977			
12	.243	2.023	100.000			
Extraction Method: Principal Component Analysis.						

Applying SPSS, the principal component analysis (PCA) was carried out to explore the underlying factors associated with 12 items. The above table shows that 62.82% of variation in mobile purchasing by the customers is explained by three factors.

Table: 7

Rotated Component Matrix ^a			
	Component		
	1	2	3
The social factors have a positive influence on the consumers mobile buying decision	.585		.515
Price has a positive influence on customer mobile phone buying decisions			.762
Durability has a positive influence on customer mobile phone buying decision			.686
Mobile phone features influence customer decision to acquire mobile phone	.791		
After sales service influence customer decision to acquire mobile phone		.634	.342
Popularity of the brand is an important factor for you while making decision to purchase a phone	.609		.342
Image of brand is an important factor for you while making decision to purchase a phone	.770	.383	
The review rating given for any phone affect my purchase decision	.701	.491	
People prefer to buy a phone that is trendy	.849		
Presence of brand warranty for a phone helps me decide favorably towards buying that phone		.744	
People decision to buy a smartphone is influence by advertisement and other media		.792	
Purchasing of smartphone is beneficial for our daily life	.624		
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization.			
a. Rotation converged in 5 iterations.			

Discussion & Conclusion

The study was aimed at figuring out the underlying factors that play a role in deciding the brands when customers buy mobile phones. From the previous discussion, it has been seen that many factors are weighed by consumers before selecting a mobile phone brand. Some of the variables significantly influence the decision of buyers, while others have a relatively low impact on the decision to buy. It was found at the time of the survey that consumers were expecting different types of facilities. But this research work does not answer the needs of the consumer. Rather, it has tried to focus on the issues that customer's evaluation in the current market scenario. Research has shown that many factors are selection criteria for mobile phones. Not necessarily all variables influence a person in the same way and to the same extent. When choosing mobile phone brands, most of the factors considered by customers include social factors, pricing and operating facilities, brand image.

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