

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Buying Behavior of Smartphone among University Students in Pakistan

***Tanzila**

M.S. Scholar, Department of Management Sciences
Government College University Faisalabad, Sahiwal Campus, Pakistan

Ali Akbar Sohail

M.S. Scholar, Department of Management Sciences
Government College University Faisalabad, Sahiwal Campus, Pakistan

Nazish Tanveer

M.S. Scholar, Department of Management Sciences, B.Z.U. Sahiwal Campus, Pakistan

Abstract: *The purpose of the study is to analyze the affect of price, brand, product feature and social influence on the purchasing behavior of the smartphone among university students in Pakistan. The factor analysis results show that there are 4 factors that are affecting the buying behavior of the consumers namely- product features, Brand Name, Pricing of the product, Social Influence. The result shows that purchasing the Smart phone among B school students are not associated with their*

Keywords: *Buying Behaviour, Brand, social influence, smartphone, feature, price*

1. Introduction

Although this is the fact that smart phone is used by many Pakistani people but there are very less surveys conducted which actually discussed about the Customer's fondness of Smart Phone. Furthermore preceding studies only focus on one side of mobile usage that is mobile application so that is why it is very much unclear that what Pakistani smart phone customer really thinks of it while purchasing mobile phone in Pakistan. As a result the rational of this study is to explore what are the main consequences which attract the main stream smart phone's customer mostly youth, adult to purchase what and why with respect to the purchase of Smart Phone. So, this study will better give the true picture of purchasing trend.

For the academics point of view this study would explore the new ways of research to understand smart phone's market in Pakistan. In applied context with the help of this study the manufactures of mobile phone, developers of mobile application all others stakeholder of this industry would makes such strategies that would give them strategic advantage in the competitive world. Last but not least this research would also investigate consequences that would influence customer to buy Smartphone's.

1.1. Objective of the study

Followings are some of the objective of the research

1. To understand the level of influence of price towards consumers' decision making in purchasing smartphone
2. To understand the role of product features towards consumers' decision making in purchasing smartphone
3. To understand the impact of different brand name towards consumers' decision making in purchasing smartphone
4. To understand how social influences can affect consumers' opinion towards decision making for purchasing smartphone

2. Literature Review

This research explains about the consumer decision making which purchasing. Every consumer has different factors behind it. This study would elaborate those factors. The famous utility theory which explains that the main force behind every consumer decision making has its expected outcomes, is the most common practice used by Consumer. This theory is the first formal explanation of the customer decision making developed by Bernoulli.(Micheal R,2005). This theory is rationally acceptable but studies suggest that all consumers are not rational while making decision about how to buy what to buy. The customer is heavily inclined by other factor such as environment factors

Alba, Hutchinson, & Lynch (1991) study states that memory also takes the keen part to shape the decision making of the customer. Memory plays the keen role because it is influenced by different experiences of person life's. Though sometimes person acts negatively and sometimes behave positively due to mix experiences influenced by other records. Memory theory affects the brand salience. Brand salience explains that" the eminence or level of commencement of a brand in the memory" (Alba and Chattopadhyay, 1986). Its further states that when consumer is going to make decision what to purchase he used his memory. If the brand salience in the consumer mind is better, most probably the exacting brand has higher chance to be purchased. So this explains that brand plays the vital role when consumer is going to buy the smart phone from the market.

In Economics the concept of Supply and demand is the most important notion and all Economics is based on this fundamental concept. Law of Demand states that the demand is the amount of a given product that the people are willing to purchase at the

suitable price. It's quite expected, that demand is lower if the price of the certain products increased. Demand relationship is the relationship between the price and quantity. According to demand law the price is the key factor to determine demand in the market (Jasuaverdez, 2011). Another theory which supports the factor of price is the theory of Materialism. This theory defines that the customer does not hesitate to buy luxury products at very high prices because the consumer perceived the luxury products including high innovative or new technology product have high value with them (Vitzthum, 1995; Lange, 1925). Because these kinds of products are usually charge at unreasonable high price (Vitzthum, 1995; Lange, 1925). With the help of these two theories it would easily understood that price takes the vital factor in the market.

Menger (1871), Jevons (1871) and Walras (1874) set down the basic marginalize structure on neo classical consumer demand theory which explains that the subjects give to its marginal units is that the economic value depend upon. Quantity consumed of the goods is the total utility as a cardinal function $U(x)$ and marginal utility can be obtained by differentiating total utility. According to Jevons the positive and decreasing function and independent quantities consumed is the marginal utility. Nowadays the customer requires specification such as screen resolution, wifi, high resolution displays, and fast operating system to fulfill the satisfaction of the customer. Therefore, the specification of the smart phone has also the main part to develop the customer decision making. It is very much the known fact that the customer will tend to do the comparison of specification while purchasing smart phone.

Lante develop the theory of social impact in 1981, it states that social values have more impact in current times. Furthermore theory explains that the customer lives in a social circle and that social circle has very much influenced in the customer decision making with respect to purchasing. (Jeffrey M J, 1987)

The previous research explained that customer conduct on the way to technological inventive goods, (Deeb 2012) discovered that customers show different types of deeds on account of some psychological and physical barriers. (Lars Perner, n.d) on the other hand research by (Norzah 2012) proved that points such as specification, price, traditions and norms have high impact in decision making of customers buying smart phones.

With the help of above mentioned studies it is concluded that four independent variables that are brand, price, product, specification and social influence are recommended to be considered which can extensively sway the demand of smart phone.

Though the above four factors are crucial yet there are some other factors for customer to act in a different way when purchasing a smart phones. The survey of BDS marketing in 2012 discovered that almost 26% buyers of smart phone purchased the smart phone with the intent to purchase only one time from the store.

3. Influencing Factors

3.1. Brand

Brand is the name of uniqueness with respect to name, sign, term, or design or blend of them, proposed to classify the products or services of one supplier or group of suppliers to have competitive advantage on others in the market (Keller 2002). When the new product is launched in the market with the established brand name the chances of failure of that product would be less and there would be fewer expenses incurred on marketing of the product. (Martienz and Pina, 2012). Adding more, brand means trust in the eyes of the customer and customer is trustworthy that quality would not be compromised. The Intel success story is the example; they are building their brand name since 1991. Now, with little effort to launch new product they are earning long-term profits and this is all due to brand name. (Maha and Mac Anthony, 2012)

In customer decision making process brand plays the very important role. While purchasing the new product customer always go through some decision making steps. The consumer purchased the specific brand but first gets the information about the brand and after that sees the product requirement. If the product looks like suitable it then matches it with the other brand product. After matching the customer decides which product is too purchase. When the customer buys the same product brand habitually, the customer past experiences about the particular brand plays the vital role about the purchasing of the product. (Keller, 2008). Brand name really influenced the consumer of smart phone. The previous research suggested that the brand image can increased the confidence of consumer to buy certain brand smart phone. (Maha and Mac Anthony, 2012).

3.2. Product Features

After Brand name the product feature plays the important role. In recent times the customer craze to buy the smart phone with good features and stylish looks has high demands. A Frost and (Sullivan 2010) new research revealed that the interest in advanced features and applications is increasing due to the new service provided by mobile operator such as internet, media and entertainment. In recent days the consumer choice of buying smart phone is influenced by the functionality of smart phone. Functionality in terms of (Oulasvirta et al) states that different phone characteristics with connectivity of wireless, installation of application programs, a system of file management, presentation of multi-media programs, camera, picture, video quality and mobile memory e.t.c. In addition the user of smart-phones spotlight on classy operational system of mobile phone and high camera resolution function. In market following smart phones are very much popular Apple, Samsung, Nokia, Sony, and Blackberry. (Gowind, 2010). Due to the different specifications of the mobile phone customers make their choices while comparing one mobile phone features to another mobile phone. In the same way each operating system has its own unique features and has personality (Chow et al, 2005). Personal values are influenced by special features and special attributes of the product. Customer purchased the products which are based on these special attributes. (Psyarchik and Wicklife, 2001). Based on value of the combination products are chosen which have special attributes and features. (Heikii et al 2005) states that among different smart phone brands one brand have been chosen by customer based on self knowledge and past experiences. The study further explains that there are three main attributes (feature, fee connection and price) which has the main role in decision making

where as to purchase smart phone. Study revealed that customer experience and customer importance to features can make them ultimately good decision maker. According to (Jainarian, 2012) customer makes the comparison of different brands featuring the products considerable attributes to make their choices well. It is know the fact that customer takes keen interest on these attributes i.e. the specification of the product with respect to function and makes the decision of purchasing accordingly. Hence the more product feature enhances the customer needs and wants to purchase the product.

A study in the Philippines stated that with the advancement of new technology in the mobile industry the new features have largely affecting the customer choice. Now, mobile storage capacity and sms-options have more impact than mobile size so, this is the main reason all the famous brands are launching their product with the similar in size but with different features. Furthermore, the mobile with the better potential features and larger screen has more trend than the mobile price. (Liu, 2002). Yen-Han, Hong and Kim (2003) study put the one step ahead that in their survey the results stated that 78% choose the design of the phone with the following characteristics like simplicity, attractiveness, image, color, texture, etc which relates the overall satisfaction . The main finding of the study is that not just the image and impression but the overall shape of the mobile phone is important in the case of phone demanding. In another study of Han, Kim, Yu result shows that attractiveness, harmonious, and luxuriates of mobile phones relates to phone size, color, weight, material, button shape influences the buying decision of the customer.

The study of Lin et al (2006) explained that five mobile phone features such as camera, color, screen, dialing, internet and wireless connectivity have been role to drive high the user satisfaction. In recent times to satisfy consumer wants up to optimum level the smart phones companies offering different features in one mobile set such as web browsing, surfing and downloading, email, instant messaging, multimedia programs, GPS, Wi.Fi games etc. (Goldman, 2010).

3.3. Price

Price is one of the most crucial variables not in the smart phone industry but in all other business aspects. Price is essential not just for the buyer but the seller as well. It is the fact that higher the price higher the product quality which would result in higher the user satisfaction. According to the study of Kupiec and Revell the customer buy the product with the intent to satisfy his desires. For this phenomenon the customer paid the price according to his desire. Moreover according to Bettman, Johson, and Payne (2000) all customers have different priorities and their priorities will be affected by different situation and diverse factors. Tastes, motivation, needs, status, lifestyle varies from person to person and this concept is also used while purchasing the product. Chisnal (1985). As the result some paid high price to achieve high quality for their optimum satisfaction and some them not willing to pay high price Monore (2003). Moreover research revealed that there is the strong relationship between consumer characteristics and consumer behavior towards purchasing a product. The main feature includes quality, price and brand consciousness, recreation and innovative awareness that can confuse the buyer what to buy and what to leave. (Leo, Bennet and Hartel, 2005). Hence, it is the need of the hour to examine the factors, which influence consumer's assessment towards purchasing smart phone. There are four main variables under research in this study such as brand, features of the product, price and social influences. In other factors the materialistic behavior of consumer also has the impact on buying products. The materlism concept states that all luxury items have high value and for high value they paid high price, so the people who believe in materialism buy luxury items to gain status and self-recognition in the society. (Tim, 2002), (Yusuf and Abdullah, 2003).

Price has the direct and positive effect on the consumer behavior. In case of smart phone there is wide range from low price to high price. Prices are differentiating with each other because of quality, brand, specifications, status, etc. (Kunaletal 2010). According to the literature it is concluded that there is the positive and direct relationship between price and purchase intent and this relationship is getting hard with the passage of time.

3.4. Social Influences

There is the famous saying that the man is the social animal and man lives in social environment. In the environment there are so many social influences by the people and the environment. Social learning theory portrays that there are some cognitive and environmental factors which persuade the human learning and behavior. In social context the man learned a lot. The social learning theory also explains that people learn from one another together with an idea, observational learning, modeling and stimulation. (Abbott, 2007). The evolution of this theory is from behaviorism however occasionally recognized as social cognitive learning. Moreover, the study explains that environmental stimulus is based on psychological factors which are influenced by social learning. The customer while buying smart phone can have the vital role in decision of purchasing relayed upon the information from family and friends. (Deeb 2012). According to literature the takings off mobile phones specifically benefit the purchaser and generally benefited the whole community at large. (Harsh, 2011)..

In other study conducted on young Black berry smart phones users in Indonesia (Heryati, 2011) explains that some societal influences that is word of mouth attracts very young users to purchase the specific products and shows the huge interest towards the brand unique and special features. In other research on students revealed that the students purchased their first smart phone is due to the influence of friends. The research in East Malaysia (Norazah, 2013) on students exposed that social and cultural influence extensively affects students purchasing decision of smart phone.

4. Theoretical Framework

According to the Literature Review the following four variables are derived with the aim to establish the relationship between the four independent variables that is brand, features, price and social influences towards dependent variables that is purchasing intention of smart phones. With this subject the subsequent hypothesis are planned to test.

- H1: Brand name directly influences the purchasing intention of smart phones among young adults.
- H2: Product feature directly influences the purchasing intention of smart phones among young adults.

- H3: Price of the product directly influences the purchasing intention of smart phones among young adults.
 - H4: Social influence directly influences the purchasing intention of smart phones among young adults.
- Schematic Diagram of the proposed hypothesis is depicted as below.

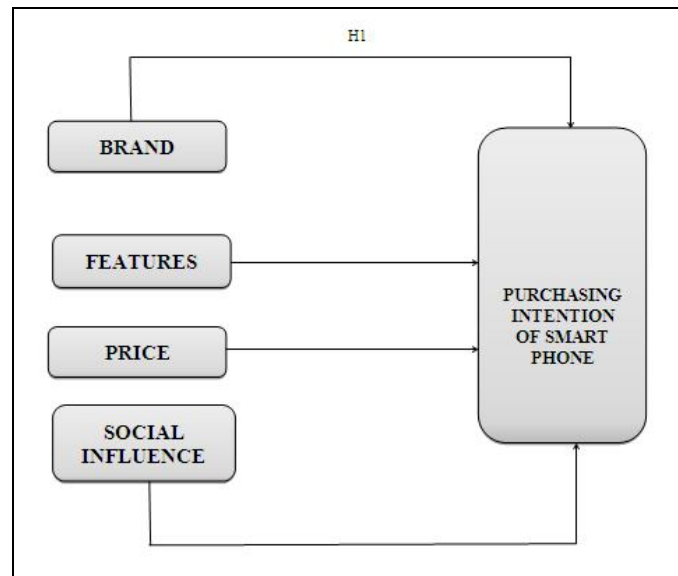


Figure 1: Independent Variables Dependent Variable

5. Research Methodology

5.1. Samples

The sample of the study was an on-probabilistic convenience sample, comprising students currently pursuing their business degrees that all belongs to institutes in Sahiwal were asked to complete and return the questionnaire. The questionnaire was administered to 208 students. Out of 208 responses, 198 complete responses were obtained.

5.2. Data Analysis & Interpretation

The Cronbach alpha score is more than 0.70 (table1) that shows a high level of internal consistency. All items were well above the 0.70 commonly accepted thresholds. All individual scale **Table2**

5.3. Reliability Statistics Tools for Analysis

For the sake of checking the reliability following steps were undertaken

Factor Analysis is applied for reducing data. Whereas Varimax with Kaiser All independent variables were standardized and then grouped by factor analysis. Normalization was used for factor rotation

- Independent T-test is applied to test the hypothesis.

Items had statistically significant (at $p < .05$ level) item-to-total correlations. Hence, all items are deemed reliable

Cronbach's Alpha	N of Items
.832	22

Table 1: Reliability Statistics

Rotation converged in 18 iterations. Five factors with given values greater than or equal to 1.0 and attributes with factor loadings greater than 0.4 were reported. The factor analysis was conducted on the sample of 198.

Attributes					
Factor1-ProductFeatures	Factor1	Factor2	Factor3	Factor4	Commuality
1. I like Smart phone’s design.	.639				.552
2. Smart phone has more Applications than basic hand phone.	.617				.682
3.Smart phone provide high quality Of games	.673				.660
4.Smartphone’s internet accessibilityisspeedier thanbasichandphone	.765				
5. I use Smartphone due to its	580				454

operation system (Apple ,iPhone, Blackberry, Google Android or others).					
Factor 2 Brand Name					
I prefer to buy an international recognized Smartphone.		.837			.682
I prefer to buy a trust worthy brand Of smart phone		.701			.633
I will only buy my favorite brand of Smartphone.		.484			.542
Brand name is a major factor that will influence my decision towards buyinga Smartphone.		.457			.495
Factor 3 Price					
I am willing to buy Smartphone even though the priceis higher.			.727		.564
I will onely buy Smartphone during price Deduction period.			.654		.456
I think that using Smartphone is expensive inoverall.			.587		.649
Price is my main Consideration when deciding whether to buya Smartphone			.486		.605
Factor 4 SocialInfluence					
Almost all of my Friends/family members are using Smartphone.				.784	.706
People around me have stimulated me in using Smartphone				.542	.564

My friends/family members influenced me to buy Smartphone					
My friends/family Members think that we should all use Smartphone.					.454

Table 2

Rotation Method:Varimax with Kaiser Normalization. (a Rotation converged in18 iterations).

KMO(Kaiser-Meyer-OlkinMeasureofSampling

Adequacy)= 0.69Bartlett.sTestofSphericity: p =0.000(x2 =68.296,DF= 252)

Kaiser-Meyer-Olkin measure of sampling adequacy 0.694 also indicates sampling adequacy. The present study identifies a four factor structure. Total variance explained by the factor is 86.67 which is quite reasonable, First factor is Product features, (38.47 per cent variance), Brand name (20.62), Price (15.32 per cent variance), Social Influence (8.16 per cent variance) & The overall significance of the correlation matrix was 0.000; with a Bartlett test of sphericity value of 68.296 The statistical probability and the test indicated that there was a momentous correlation among the variables, and the use of factor analysis was suitable. TheKaiser-Meyer-Olkin the whole measure of sampling adequacy was 0.69, which was commendable. The communality of each variable ranged from 0.464 to 0.724 four factors identified by the present. Study explain 86.67 percent of the variance shared by the original variables

5.1. IndependentSamplesT–Test

The Independent-Samples T-Test procedure compares means for two groups of cases. If the significance value for the Levene test is high (typically greater than 0.05) use the results that assume equal variances for both groups. If the significance value for the Levene test is low use the results that do not assume equal variances for both groups. A low significance value for the t-test

5.2. IndependentSamplesTest

(Typically less than 0.05) indicates that there is a significant difference between the two group means. If the confidence interval for the mean difference does not contain zero, this also indicates that the difference is significant. If the significance value is high and the confidence interval for the mean difference contains zero, then you can conclude that the reيسانو significant difference between the two group means.

		Levene’sTest forEqualityof Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2- tailed)	Mean Difference	Std.Error Difference	95% Confidence Interval of the	
									Lower	Upper
Product features	Equal variances	3.107	.084	1.480	50	.145	.20242	.13680	- .07235	.47720
	Equal variances			1.360	30.269	.184	.20242	.14885	- .10145	.50630
Brand Name	Equal variances	5.270	.026	1.602	50	.115	.36061	.22505	- .09143	.81264
	Equal variances			1.503	33.636	.142	.36061	.23997	- .12726	.84847
Price	Equal variances	.340	.563	- 1.220	50	.228	-.28081	.23009	- .74295	.18134

	Equal variances			- 1.259	49.363	.214	-.28081	.22297	- .72880	.16719
Social Influence	Equal variances	2.011	.162	- 1.500	50	.140	-.35606	.23745	- .83299	.12087
	Equal variances			- 1.535	48.644	.131	-.35606	.23196	- .82228	.11016

Table 3

The above findings suggest that young graduate's consumers do display different factors that appeals them to purchase the Smart phone's but there is no significant difference on their buying behavior on the basis of their gender.

T – Test showed that impact of gender on the buying behavior was not statistically significant ($F=.052, p>.05$) (Table 3). Thus all the Hypothesis are rejected which suggest that there is no significant difference seen on Product features, Brand name, Pricing, Social Influence & Demand of the Smartphone's on the basis of gender while buying the smart phone. The Research also suggest that male & female both can prefer same types of mobiles in the category of Smart phone's.

6. Discussion and Conclusion

The purpose of the study was to advance current understanding related to the factors affecting the buying behavior among the youth of Sahiwal, Pakistan and to analyze the impact of Demographic variable in terms of gender in Pakistan. The factor analysis results show that there are 4 factors that are affecting the buying behavior of the consumers namely- product features, Brand Name, Pricing of the product, Social Influence. The result shows that purchasing the Smart phone among B school students are not associated with their

7. References

1. "BDS Marketing Brings Out Smartphone Buyer Survey", 2012, Entertainment Close - Up,.
2. C. M. Liu, The effects of promotional activities on brand decision in the cellular telephone industry, *Journal of Product & Brand Management*, 11(1) (2002), 42-51.
3. Chi, H., Yeh, H.R. & Yang, Y. 2011, "Applying Theory of Reasoned Action and Technology Acceptance Model to Investigate Purchase Behavior on Smartphone", *Journal of International Management Studies*, vol. 6, no. 3, pp. 1-11.
4. Dong-Hee, S. 2012, "Cross-analysis of usability and aesthetic in smart devices: what influences users' preferences?," *Cross Cultural Management*, vol. 19, no. 4, pp. 563-587.
5. Gowind, A. (2010). Mobile operating system market. Retrieve October 18, 2013, from <http://www.vattal.com/mobile-operating-systems-market/>
6. Harsha de Silva, DimuthuRatnadiwakara, & Ayesha Zainudeen (2011), Social Influence in Mobile Phone Adoption: Evidence from the Bottom of the Pyramid in Emerging Asia, *USC Annenberg School for Communication & Journalism, Volume 7, Number 3, Mobile Telephony Special Issue*, 1–18
7. Haverila, M. 2011, "Behavioral aspects of cell phone usage among youth: an exploratory study", *Young Consumers*, vol. 12, no. 4, pp. 310-325.
8. Heikki, K., Jari, K., Manne, K., Timo, K., Marjukka, M., Annu, R., & Jari, S. (2005). Factors affecting consumer choice of mobile phones: two studies from Finland. *Journal of Euromarketing*, 14(3), 59-82.
9. Heriyati, P. & Siek, T.P. 2011, "Effects of Word of Mouth Communication and Perceived Quality on Decision Making Moderated by Gender: Jakarta Blackberry Smartphone Consumer's Perspective", *Contemporary Management Research*, vol. 7, no. 4, pp. 329-336.
10. Jainarain, R. (2012). Attribute that influence generation –Y consumer in their choice of smartphone. *Gordon Institute of Business Science*. 1-93.
11. NorazahMohdSuki, (2013) "Students' demand for smartphones: Structural relationships of product features, brand name, product price and social influence", *Campus-Wide Information Systems*, Vol. 30 Iss: 4, pp.236 – 248
12. Norazah, M.S. 2013, "Students' demand for smartphones", *Campus - Wide Information Systems*, vol. 30, no. 4, pp. 236-248
13. Oulasvirta, A., Wahlstrom, M., & Ericsson K. A. (2011). What does it mean to be good at using mobile device? An investigation of three levels of experience and skill. *International Journal of Human Computer Studies*, 69, 155-169.
14. Wickliffe, V. P. and Pysarchik, D. T. (2001). A look at product attributes as enhancers of group intergration among US and Korean consumers. *International Journal of Retail & Distribution Management*, 29(2), 99-108