

THE INTERNATIONAL JOURNAL OF BUSINESS & MANAGEMENT

Factors that Affect Consumer Decision Making on Buying Mobile Phones: Online or in Retail Shops (Special Reference to Delhi & NCR)

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Abstract:

Purpose

– The purpose of this paper is to explore different dimensions consumer decision making while purchasing mobile phones.

The paper highlights on the these key points like

- Gender approachability of online buying
- Effect of age on the purchase of mobile phones
- Factors that affect online purchasing
- Products that are preferred to be purchased online etc.

The results have important implications for designers, managers, marketers, and system providers of mobile shopping web sites.

Design/Methodology/Approach

– An empirical investigation was carried out through ANOVA, correlation, regression and other statistical tools. The samples include 100 professional participants.

Findings

– The results demonstrate that Age, Gender, Pricing Strategies, Factors influencing online purchase of mobile phones plays important role in online buying attitude of the consumers. Furthermore, enjoyment, usefulness, and compatibility have an impact on a customer's behavioral intentions to buy mobile phones online rather to go to the Retail shops.

Practical Implications

– The findings of this study help to understand what hinders or encourages the online-shopping intention of customers.

Keywords: Gender, Online shopping, purchase behavior, Marketers

1. Introduction

People are used to going to retail stores to find and purchase products. In usual practice, a customer goes to a market or shop and then this customer chooses products carefully and slowly by physically and visually surveying the items. After the customer finds out the products that he wants to buy he takes these products to the checkout to make payment. The customer might have to travel a long distance and wait in a queue. The above procedure is the traditional shopping method, but it is not the only shopping method available in this day and age.

The rapid growth of computer use and the internet, both in business and in the home, offers another way that purchases can be made: consumers can make purchases online. Customers can search on the internet for products according to their wanted specifications and then they can complete the purchase online; this enables the customer to find products by search engine quickly. Also, there exist virtual shopping carts that can record the choices that a customer makes. Then, the customer can click the “pay” button to initiate a credit card purchase of the selected products; the products will be posted to the customer via the address that the customer has provided. There are already a number of websites created for selling products in India, catering to both brand new and second hand products. These websites include „Flipcart, E-bay,OLX among others. In this environment of customer choice, customers have the ability to search for a range of products on the internet often with better choice and expedience compared with traditional retail shopping.

This paper focuses more specifically on how mobile Phones are purchased by customers. The mobile phone is chosen as the focus of this study as it has become a necessary part of our modern culture.

Mobile phones are now inexpensive, easy to use, comfortable and are equipped with almost every feature we desire. Mobile phones are a necessity, a style statement, a job compulsion and a lifestyle durable, all at the same time. They have become an indispensable commodity, reaching across age, sex, demographics and regional boundaries.

Online Shopping has grown tremendously due to benefits it has over the regular shopping. From buying food to clothes to vehicles or equipments, everything is available at your fingertips with a wide variety to choose from also consumer can compare on factors like price, quality, payment options etc. The new tech savvy generation is always on Internet and online shopping would be the right choice for them.

1.1. Online Shopping Habits of Indian Consumers

Online Shopping has grown tremendously due to benefits it has over the regular shopping. From buying food to clothes to vehicles or equipments, everything is available at your fingertips with a wide variety to choose from also consumer can compare on factors like price, quality, payment options etc. The new tech savvy generation is always on Internet and online shopping would be the right choice for them.

The mobile is an important medium for social networking, the enhancing of groups and group identity, and for the exchange between friends which is needed in the reflexive process of identity construction. The mobile has become the ideal tool to deal with the pace of information exchange, the management of countless loose, close or intimate relations, the coordination of ever-changing daily activities, and the insecurity of everyday life. Hence the mobile becomes a learning tool for dealing with living conditions in modern society for young people, while at the same time it adds to the conditions they are trying to deal with.

1.2. Objectives of the Study

- To analyze the purchase attitude of consumers towards online shopping of mobile phones.
- To analyze factors that attracts the online purchasing attitude of consumers.
- To study the behavior of consumers on shopping of Refurbished phones online.

2. Literature Review

According to Monsuwe, Delleart and Ruyter (2004), there are five external factors to understand the consumer's intention to purchase in the internet which is the consumer personality, situational factors, product characteristics, previous online shopping experiences and the trust in online shopping. Consumer's trait includes their demographic factors such as age, income, gender and educational level will lead them to have the intention to shop online. For age factor, consumers that are aged under 25 has more potential to shop in online because of their interest in using new technologies to search for product information and compare and evaluate alternatives (Wood, 2002).

According to Lee and Turban (2001), reasons that consumers choose not to shop online is because consumers lack of trust in online shopping. According to Xia and Monroe (2009), their study resulted that consumers with a shopping goal are more responsive towards promotional messages such as "pay less" and "discount" while consumers without shopping goal are responsive towards promotional messages such as "save more" and "free gift".

Shoppers who value, convenience can obtain the benefits of product and services with less effort and this would have a positive relationship with shoppers' excitement (Jayawardhena et.al., 2009).

For Internet buyers, gender, marital status, residential location, age, education, and household income were frequently found to be important predictors of Internet purchasing (Fram & Grady, 1997; Kunz, 1997; Mehta & Sivadas, 1995; Sultan & Henrichs, 2000)

3. Research Methodology

1. Research Design

In this study, the project is based on Descriptive Research and Exploratory Research.

2. Sources of Data

- Primary Data: - The primary data was collected with the help of personal survey by using structured questionnaire.
- Secondary Data: - The secondary data has been collected through following sources.
 - i. Data through Internet source
 - ii. Data through E-books

3. Sampling Method

- Convenience sampling method has been used to select the samples

4.4. Sampling Frame

- Consumers of Selected Regions of Delhi & NCR

5. Plan of Data Analysis

- Data analysis has been done by Special Packet & Social Science (SPSS)

6. Project Duration

- Duration of this Research Paper is 6 Months.

7. Sample Size: 100

4. Data Analysis & Interpretation

Different demographic characteristics like age, Gender, Income, Financial Status and their purchase habit of Mobile phones is being predicted in the below Table1,Table2

| Group | Respondents Characteristics | Number of Respondents |
|-------------------------|-----------------------------|-----------------------|
| Gender | Male | 55 |
| | Female | 45 |
| Age in years | 20-30 | 25 |
| | 30-40 | 25 |
| | 40-50 | 50 |
| Education Qualification | Graduation | 75 |
| | Post Graduation | 20 |
| | Others | 5 |
| Occupation | Student | 25 |
| | Service | 50 |
| | Business | 20 |
| | Homemaker | 5 |
| Financial Independence | Yes | 30 |
| | No | 70 |
| Monthly Income (in Rs.) | Below15,000 | 25 |
| | 15001-30,000 | 35 |
| | 30001-45000 | 15 |
| | 45,000-60000 | 10 |
| | 60000Above | 10 |

Table 1

| Basis | Frequency |
|-------|-----------|
| YES | 75 |
| NO | 25 |

Table 2: Purchase of Mobile Phones Online

| Proficiency Level | Frequency |
|-------------------|-----------|
| Very proficient | 50 |
| Quiet Proficient | 25 |
| Little Proficient | 20 |
| Hardly Proficient | 5 |

Table 3: Proficiency about Mobile Technology

| Problems | Response |
|-----------------------------|----------|
| Factory setting Restoration | 15 |
| Verification of Credentials | 25 |
| Warranty | 30 |
| Price | 25 |
| Phone is Locked | 50 |
| Return Policy | 45 |
| Model History | 65 |

Table 4: Problems suffered while buying a Mobile Phone Online

| Methods | Respondents |
|--------------|-------------|
| Online | 75 |
| Retail Shops | 25 |

Table 5: Method offering better Services

| Sources | Respondents |
|----------------------------|-------------|
| Own Decision | 10 |
| With Friends | 20 |
| With staff in Retail Shops | 20 |
| By searching on web | 50 |

Table 6: Sources for finalizing the decision of purchase of Refurbished Mobile Phones

| Response | Respondents |
|-----------|-------------|
| Excellent | 20 |
| Very Good | 45 |
| Good | 20 |
| Average | 10 |
| Bad | 5 |

Table 7: Feedback after the purchase of Refurbished mobile phones Online

4.1. Gender Vs Online Purchasing Of Mobile Phones

Hypothesis 1: There is direct influence of gender of the respondents on online purchasing of mobile phones

Hypothesis 0: There is no direct of gender of the respondents on online purchasing of mobile phones.

| Descriptive | | | | | | | | |
|----------------|-----|------|----------------|------------|----------------------------------|-------------|---------|---------|
| Gender testing | | | | | | | | |
| | N | Mean | Std. Deviation | Std. Error | 95% Confidence Interval for Mean | | Minimum | Maximum |
| | | | | | Lower Bound | Upper Bound | | |
| Yes | 66 | .82 | .389 | .048 | .72 | .91 | 0 | 1 |
| No | 34 | .21 | .410 | .070 | .06 | .35 | 0 | 1 |
| Total | 100 | .61 | .490 | .049 | .51 | .71 | 0 | 1 |

Table 8

| Test of Homogeneity of Variances | | | |
|----------------------------------|-----|-----|------|
| Gender testing | | | |
| Levene Statistic | df1 | df2 | Sig. |
| .324 | 1 | 98 | .571 |

Table 9

| ANOVA | | | | | |
|----------------|----------------|----|-------------|--------|------|
| Gender testing | | | | | |
| | Sum of Squares | df | Mean Square | F | Sig. |
| Between Groups | 8.413 | 1 | 8.413 | 53.617 | .000 |
| Within Groups | 15.377 | 98 | .157 | | |
| Total | 23.790 | 99 | | | |

From the above table we can see the value of ANOVA(chi square) lies in the critical region at 5% level of significance or the value of $f(p)=53.617$ which is less than (0.05).Therefore null hypothesis is rejected. Hence it can be conclude that there is an association between gender of the respondent and online purchasing.

Table 8 and Table 9 show the frequency of respondents for different factors responsible for going online purchasing of mobile phones.

Factors Favoring Online Purchasing

| Statistics | | | | | | |
|------------|---------|------------------------|------------------|--------------|-------------------|---------------------|
| | | Attractive scheme test | Time Saving Test | Variety Test | Easy Payment Test | Cost effective Test |
| N | Valid | 100 | 100 | 100 | 100 | 100 |
| | Missing | 4 | 4 | 4 | 4 | 4 |

Table 10

| Case Summary | | | | | | |
|-------------------------------|-------|---------|---------|---------|-------|---------|
| | Cases | | | | | |
| | Valid | | Missing | | Total | |
| | N | Percent | N | Percent | N | Percent |
| \$Attractiveness ^a | 100 | 96.2% | 4 | 3.8% | 104 | 100.0% |
| \$Time ^b | 0 | 0.0% | 104 | 100.0% | 104 | 100.0% |

a. Dichotomy group tabulated at value 1.
b. Dichotomy group tabulated at value 2.

Table 11

| \$Attractiveness Frequencies | | | | |
|-------------------------------------|------------------------|-----------|---------|------------------|
| | | Responses | | Percent of Cases |
| | | N | Percent | |
| \$Attractiveness ^a | Attractive scheme test | 57 | 19.1% | 57.0% |
| | Time Saving Test | 70 | 23.4% | 70.0% |
| | Variety Test | 52 | 17.4% | 52.0% |
| | Easy Payment Test | 78 | 26.1% | 78.0% |
| | Cost effective Test | 42 | 14.0% | 42.0% |
| Total | | 299 | 100.0% | 299.0% |

a. Dichotomy group tabulated at value 1.

Table 12

4.2. Age vs. Purchase of New Mobile Phones

There is statistically significant relationship between increase in age and Purchase on old mobile phones online. As in age increases of the respondent more and more respondents are going for the online purchase of the old phones.

| Descriptive Statistics | | | |
|-------------------------------|-------|----------------|-----|
| | Mean | Std. Deviation | N |
| Age tester | 26.05 | 8.910 | 100 |
| Phone Tester | .71 | .456 | 100 |

Table 13

| Correlations | | | |
|---------------------|---------------------|------------|--------------|
| | | Age tester | Phone Tester |
| Age tester | Pearson Correlation | 1 | -.832** |
| | Sig. (2-tailed) | | .000 |
| | N | 100 | 100 |
| Phone Tester | Pearson Correlation | -.832** | 1 |
| | Sig. (2-tailed) | .000 | |
| | N | 100 | 100 |

** . Correlation is significant at the 0.01 level (2-tailed).

Table 14

- H0: Age is the main factor that influence the buyer to buy refurbished mobile phones.

4.3. Regression

| Variables Entered/Removed^a | | | |
|--|-------------------------|-------------------|--------|
| Model | Variables Entered | Variables Removed | Method |
| 1 | Age tester ^b | . | Enter |

a. Dependent Variable: Phone Tester
b. All requested variables entered.

Table 15

| Model Summary | | | | |
|----------------------|-------------------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | .832 ^a | .692 | .689 | .255 |

a. Predictors: (Constant), Age tester
b. Dependent Variable: Phone Tester

Table 16

| Coefficients | | | | | | |
|--------------|------------|-----------------------------|------------|---------------------------|---------|------|
| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | 1.819 | .079 | | 23.024 | .000 |
| | Age tester | -.043 | .003 | -.832 | -14.828 | .000 |

a. Dependent Variable: Phone Tester

Table 17

| Residuals Statistics | | | | | |
|----------------------|---------|---------|------|----------------|-----|
| | Minimum | Maximum | Mean | Std. Deviation | N |
| Predicted Value | -.22 | 1.10 | .71 | .379 | 100 |
| Residual | -.968 | 1.139 | .000 | .253 | 100 |
| Std. Predicted Value | -2.464 | 1.016 | .000 | 1.000 | 100 |
| Std. Residual | -3.802 | 4.476 | .000 | .995 | 100 |

a. Dependent Variable: Phone Tester

Table 18

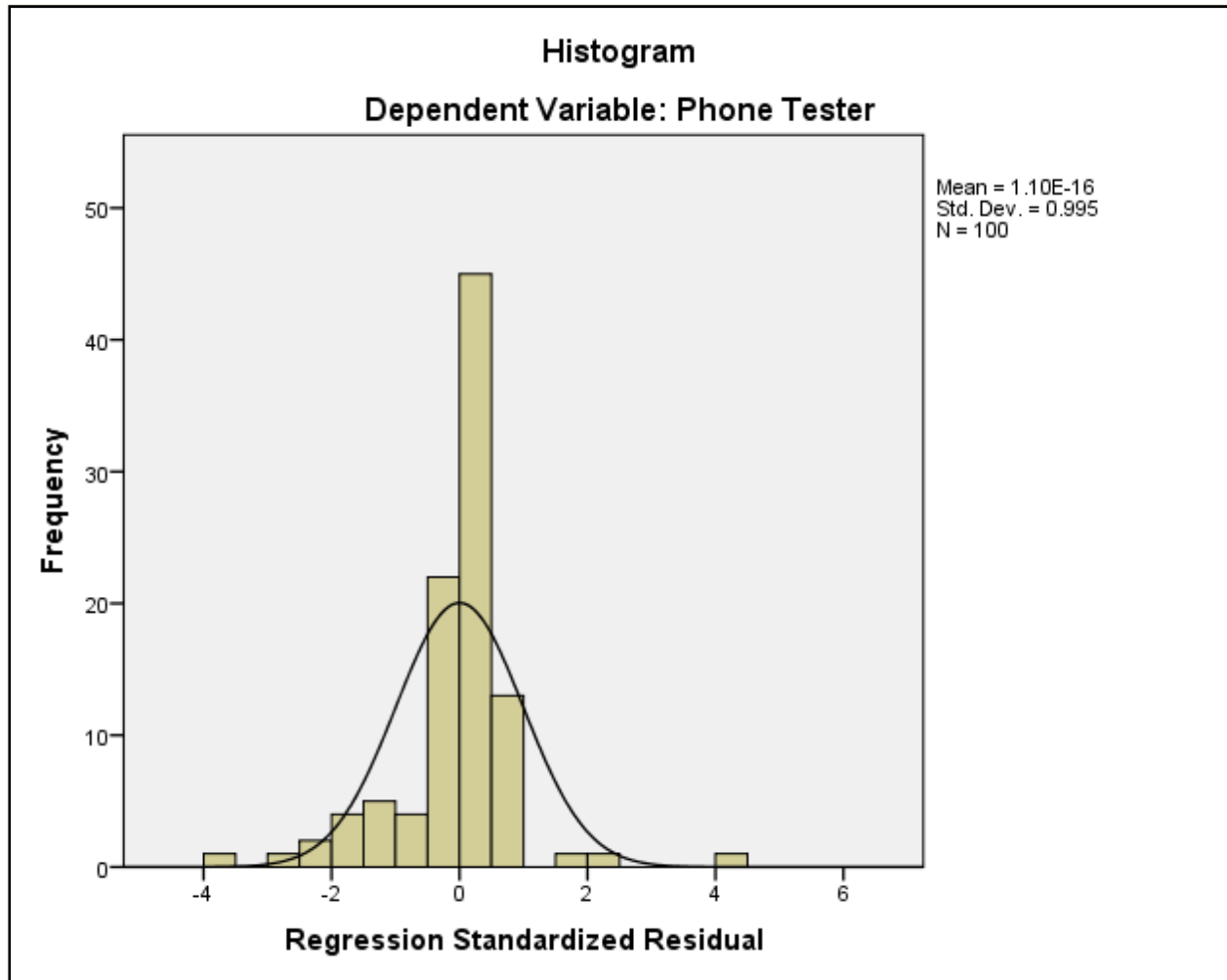


Figure 1

The model summary given above propels us to accept the Null Hypothesis and conclude that Age is the main factors that influence the buyer to purchase a new or refurbished phone online. The value of adjusted R2 in the model summary is 0.692 which is approx 69% and proved that Age is the main factor affects the purchasing of New or Refurbished phones Online.

5. Summary of Findings

5.1. Results of Simple Frequency Tables

- As per this study around 75% of Respondent go for online shopping of mobile Phones.
- Majority of the respondents were proficient of mobile technology hardly 25% were little known or not known of mobile Technology.
- Our study also found that most of the people found Model History, Phone Locked and Return Policy as major problems while purchasing the phones online. Only some has found pricing, warranty, verification of credentials and factory settings as problems.
- Our study also found Online shopping of mobile Phones provides better services than retail Shops. Also contradiction found in this is that After Sales services of Retail shops were more satisfactory than Online Shopping.
- It has been found through the study that most of the respondents purchase Refurbished mobile phones by searching through various Websites like OLX, Qicker etc
- The analysis revealed that most of the respondents have overall Good experience after purchasing the mobile phones Online.

5.2. Results of ANOVA Analysis

According to this analysis study revealed that there is direct relationship between Gender and Online Shopping of mobile phones.i.e males is more keenly interested in online mobile purchase than females.

5.3. Results of Coefficient of Correlation and Linear Regression Analysis

According to this analysis it has been concluded that there is direct relationship between Age and the purchase on Refurbished mobile phones Online.

As the age increase (the older) respondents go for refurbished mobile phones but younger generation prefer only new mobile phones.

5.4. Conclusion

Online shopping is becoming popular day by day. Study has revealed a deep insight into the perception and attitude towards Online shopping specially understanding the consumer's attitude online shopping making improvement in the factors working on the factors that affect consumers to shop online will help marketers to gain the competitive edge over others. The endeavor of this study will also base on the popularity of purchasing refurbished mobile phones online. From the findings it was found that there is huge craze of online shopping in males fraternity rather than females as well as Age is the important factor which control the purchasing behavior of consumers i.e as in age increases people are more inclined towards Refurbished Phone purchase. According to the consumers "comparisons, Varieties, easy payment, time saving" are the most important motivating factors to shop online. Again information availability, 24*7, reasonable price, attractive schemes, easy ordering system and shopping for fun are the other motivating factors for online shopping respectively. It was also observed that online shopping is not judged accurate to some consumers specially females due to online payment system, personal privacy and security.

It is the challenge for the marketers how well they would be able to provide the desired products to the consumers and get the maximum satisfaction from them. Except Age none other factor has any impact on purchasing of refurbished phones.

From the company's point of view this is a good sign as the company can make new business with the people of age group between 30-50. There is a scope for companies to introduce different innovative schemes with different models of Refurbished phones and improve the satisfaction levels with the present customers and make them loyal towards the online shopping..

Recommendations:

Based on the findings and discussion of the study following recommendations are presented for the Online Sellers:

- Transaction security and consumer's data security are principle concern of online customer purchasing.
- Online sellers can be more concerned about Delivery times, Delivery charge and delivery return policy .They can make it easier, quicker and reliable so that consumer can enjoy online shopping experience.
- Special schemes can be launched for the young generation so that they can be attracted for purchase of Refurbished mobile phones.

Thus, in order to utilize the immense potential of mobile telephony market among young Indians as well as other Age group people, Companies need to develop specific strategies and action plans taking into account the complex set of factors that influence consumer buying behavior. Moreover companies may design their communication messages according to the factors considered most important by a particular age and gender.

5.5. Limitations and Scope for further Research of the Study

The study is confined to Delhi & NCR where respondents might be more techsavvy, though it is found that Techno savvy is a recent trend among Indians. Sample size is also one of the limitations in the study as in if sample size increases the result may be more generalized. Present Research could be complemented by considering some other influencing factor in Buying by applying the more in depth approach.

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