FACTORS AFFECTING CONSUMERS' CHOICE IN THE SELECTION OF MOBILE PHONES IN BANGLADESH

Md. Wahidur Rahman, Fatema-Tuz-Zohora, Abida Sayeeda Mallika\textsuperscript{1} and Nusrat Jahan

Department of Marketing, University of Barisal, Barisal-8200, Bangladesh

Abstract

Understanding the pattern of consumer behavior is difficult to predict. It has been an interest to the researcher to measure the factors that have influence on consumer in selecting a product or service. It is predictable that consumers consider different factors when they make a decision regarding the selection of a product or service. This study try to find out and focus on those factors that consumers can consider, the importance of each factor, prioritizing the factors based on consumers preference. A sample of 100 respondents have selected conveniently to conduct the study, the study was carried on in Dhaka and Barisal city corporation in Bangladesh. This study found that product quality, service quality, new technology feature, brand name, price and design of the mobile phone became the major factors that have influence on consumers' choice in selecting a mobile phone. The findings of this study can be used by both manufacturer and marketer of mobile phone in Bangladesh.

Keywords: Consumers' choice, Selection, Mobile phone

Introduction

It is expedient for organizations to engage in programs that can influence consumers' choice in selecting product or service and making purchase decisions. In current globalized world where consumers are exposed to different campaign of companies, understanding and influencing consumer behavior are important to be successful under intense competitive environment. To cope with intense competition and to influence consumer behavior is inevitable for companies to consider cultural, social, psychological and, personal status of consumers maintaining the main aim of making profit (Yakup and Jablonsk 2012). Again consumer satisfaction depends on their expectation and experience of the particular product (Kotler 1994). Understanding consumer behavior and their purchasing pattern always become an interest to the marketer. Companies are spending a lot of money in identifying what happened to the buyers' black box when purchasing a product and also the appropriate cues that trigger the consumer in selecting a product. A number of factors influence customers in selecting a mobile phone. Price can be an important factor to the consumer for their choice of mobile phones. The increasing demand for Chinese mobile easily reflects the importance of price. Currently consumers are highly exposed to a number of promotional tools which influence them in making decision. Consumers usually prefer quality market offer at reasonable price. So quality of product and service and product price become an important factor affecting consumers choice in selecting mobile phones. Since consumers would like to reduce their after purchase dissonance, they look for information from peer groups. As a result reference group influence the consumers' choice. Brand name is always important facet to some consumers who have little time or scope to search for information. This study tries to measure the factors that have influence on consumers' preference in selecting mobile phones. It can help the marketer in identifying the factors affecting consumers' preferences for mobile phones and also the factors which is highly ranked by the consumers. This research can also help the manufacturer and the marketer to recognize the potential positioning errors, if any. Utmost effort has been put into the study in making it accurate and to make it possible to be used as a reference material for similar kind of studies.

\textsuperscript{1}Faculty of Business Studies, Stamford University Bangladesh.
The number of mobile handset users is increasing in Bangladesh at a rapid rate. A study conducted by BIS shrapnel shows that Bangladesh’s mobile handset market is dominated by first time users. As the countries’ per capita income is low, this first time mobile handset users mainly depend on ultra low end to low end handsets available for less than $68. A few years back, global handset giant "Nokia" dominated the handset market of Bangladesh. But, now the situation has changed due to the arrival of smart phones of "Samsung" and other players like "Symphony", "Walton", "Maximus" etc. The telecom industry in Bangladesh is experiencing a rapid growth over 109 million subscribers as 6th September, 2013 versus only 4 million in 2004. Currently Bangladesh imports almost 18 to 20 million handsets in every year. Among Bangladeshi consumers the demand for smart phones has increased significantly as well as feature phones also exhibited an increasing trend.

According to a study conducted on handset consumers revealed that the handset players who are trying to establish themselves in the fastest growing handset market, it is a positive sign for them. Besides the international players like Nokia and Samsung, the domestic players like Walton, Maximus and Symphony etc have done a good job for themselves and have given a serious competition to the international players. In the Bangladesh market among these Symphony mobile has emerged as fastest growing mobile handsets Vendor. Strong distribution network, an aggressive pricing strategy and fashionable features and styling have contributed much for this. According to CMR mobile market review Nokia, Maximus, Micromax, Samsung etc are the other prominent players in the Bangladesh mobile market.

Consumer decision making has long been of interest to researchers. Beginning about 300 years ago early economists, led by Nicholas Bernoulli, John von Neumann and Oskar Morgenstern, started to examine the basis of consumer decision making (Richarme 2007). This early work approached the topic from an economic perspective, and focused solely on the act of purchase (Loudon and Bitta 1993). The most prevalent model from this perspective is ‘Utility Theory’ which proposes that consumers make choices based on the expected outcomes of their decisions. Consumers are viewed as rational decision makers who are only concerned with self interest (Schiffman and Kanuk 2007, Zinkhan 1992). Nowadays, without the awareness of consumer behavior and correct understanding of it, it is not possible for organizations to take appropriate measure to meet the consumers’ needs and demands. The study of customer behavior is based on consumer buying behavior, with the customer playing three distinct roles: user, payer and buyer. Research has shown that consumer behavior is difficult to predict, even for experts in the field (Armstrong and Scott 1991). The decision making model describes that different factors are influencing the consumer in making purchase decision and the impacts of these factors vary by situations and by products and services. An empirical study of factors influencing consumer behavior in the electric appliance market by Fatimah (2012) analyses the relationship between independent variables, such as cultural, social, personal, psychological and marketing mix factors and consumer behavior (as dependent variable) in the electric appliance market, where the authors found strong association between independent and dependent variables. Raphassorn (2013) found on his study on factors affecting purchasing decision towards fresh vegetables in Thailand that raising awareness become an important factor in making decision. The growing use of internet throughout the world enables consumers shopping online. Nazir (2012) and others conduct a study to review the factors felt reservation of consumer in online shopping in Pakistan. They have found that people are already shopping online and prefer to continue. Again psychological, social, emotional and privacy factors affect buyer attitudes of online shopping; Shergill and Chen (2005) investigate different factors affecting online shopping and found that website design, website reliability, website customer service and website security become four dominant factors that influence consumers' online shopping. In another study Kim et al. found that internet consumers'
trust and perceived risk have strong impacts on their purchasing decisions. Aghdaie et al. (2011) have observed almost same findings in Iran while they investigate the factors affecting the consumers on internet purchasing. Along with this web experience components and viral interaction become other important factors in making purchase decision over internet. Again Javedi (2012) identified financial risk and non-delivery risk negatively and domain specific innovativeness and subjective norms positively affect online shopping. In food industry several studies have been conducted to identify the factors affecting purchasing decision. Mai (2007) identified age, region, ease of preparation, perception of catfish taste, odor, and fat along with belief that catfish are available, safe and inexpensive as significant factors influence the purchasing decision while a study was conducted on catfish. Another study identified topicality of the product, quality and health issue, appearance, freshness and taste issues are important factors in selecting local foods in Greece. Booth and Shepherd (1988) argued that cultural and economical factors, consumer’s personality, attitudes, values and emotions, affect consumers’ decision making process regarding food selection. Many years later, Steenkamp (1996) identified that biological, psychological and socio-demographical consumer’s characteristics, marketing of the product, economic and cultural environment affect consumers’ purchasing decisions. Kotler (1994) identified that consumer buying behavior is influenced by cultural, social, personal and psychological factors. In identifying secondary factors influencing consumer buying behavior for soaps and chocolates, the authors said customers are influenced by product packaging, cost, availability, ingredient, and product popularity. In understanding attributes affecting meal choice decisions in a bundling context. Myung et al. (2008) showed that consumers consider value for price as most important consideration, in addition to price consumers also consider familiar and healthy food and tend to avoid the risk of new menu items. While in case of functional foods Italian consumers have high interest on the bond between diet and health can be a potential element for the development of the demand of these food products. In measuring the impact of social factors affecting consumer behavior on selecting characteristics of purchased cars the authors found that traits of family and social status become influential and reference factors became less influential in the selection of purchased cars. In Video Gaming market consumer focus on perceived feature and risk reduction strategy become important factors. Impulse purchase or impulse buying describes any purchase which a shopper makes; through it was not planned in advance. The impact of various variables like discount offer, various scheme, promotional activities, retail store offer, display of product, behavior of sales person, popularity of product, influence of reference group, income level of customers and festival season, on consumer impulse buying behavior is considered as important factor in purchasing in superstores. Tinne (2011) in her study on factor affecting impulse buying behavior of consumers at supermarkets in Bangladesh found that since income of individual is increasing and more and more people are moving towards western culture, the purchasing power of the people has really gone up. Thus the impulse buying of the commodities is on a great rise mainly due to pricing strategies, store characteristics, situational factors and promotional activities. A study that was conducted in order to determine the consumer preferences of global brands instead of local ones, designed to find out the buying behavior patterns of young Pakistani consumers where consumer evaluates products based on information cues, which are intrinsic and extrinsic. The results suggested that most important factors that influence a consumer’s final decision are the price and quality of the product in question. Since the consumers usually associate the price of the brand with its quality, a brand priced too low is generally perceived as a low quality product. Similarly, a product priced too high may not be affordable by many. Other factors that have an impact on the consumer preferences are: consumer ethnocentrism, country of origin, social status, price relativity with the competing brands and family and friends. In identifying and prioritizing factors affecting consumer behavior
based on product value the results show that quality, satisfaction, styling, price, finishing operation, performance, safety, worth, shape, use, and excellence are most important factors that affect purchasing decisions. Again in identifying factors affecting consumer choice of mobile phones it was found that although the choice of a mobile phone is a subjective situation, there are some general factors that seem to guide the situation. While technical problem become the main issue among students price, brand, interface and properties are the most influential factors. Shiv and Fedorikhin (1999) examines how consumer decision making is influenced by automatically evoked task-induced affect and by cognitions. They showed that if processing resources are limited, spontaneously evoked affective reactions rather than cognitions tend to have a greater impact on choice. As a result, the consumer is more likely to choose the alternative that is superior on the affective dimension but inferior on the cognitive dimension (e.g., chocolate cake). In contrast, when the availability of processing resources is high, cognitions related to the consequences of choosing the alternatives tend to have a bigger impact on choice compared to when the availability of these resources is low. As a result, the consumer is more likely to choose the alternative that is inferior on the affective dimension but superior on the cognitive dimension (e.g., fruit salad). The moderating roles of the mode of presentation of the alternatives and of a personality variable related to impulsivity are also reported.

**Scope and rationale of the study:** The above discussion regarding factors affecting consumers in making purchase decision indicates both marketing stimuli and environmental stimuli have strong influence over consumers. But no studies have found identifying the factors affecting most in purchasing mobile handset particularly in Bangladesh. That is why this paper will try to find out the important factors affecting consumer purchasing mobile handset in Bangladesh.

**Objectives:** The consumers are exposed to different types of stimuli while they are involved in purchasing. Among these stimuli only a few affect mostly. So the authors have decided the following objectives for this study: 1. Identify the factors (stimuli) that affect the customers’ choice in selecting mobile handset in Bangladesh. 2. Identify the factor(s) that influence most in selecting specific brand.

This diagram shows that marketing stimuli like product, service, price, promotion and the factors that shape the characteristics of buyers have impact on buyers' choice of selection of product or service. During the buyer decision process the cultural, social, personal, psychological factors or reference group has direct influence on consumer. In this study the researcher has
interest on factor/s that has most influence on consumer in selecting a mobile phone in Bangladesh.

Theoretical framework: Kotler (2011) and others have developed the model of consumer behavior where they show that marketing other environmental stimuli influences the consumers' decision making. In analyzing this model with some other models explaining the factors influencing consumer decision making the authors found that cultural, social, personal and psychological factors are also influencing the consumer. Based on those models and literature review the following diagram can be developed.

Methodology
This study is descriptive in nature. Here the authors try to describe different factors that affect the consumers' choice in selecting mobile phones. Convenience sampling technique has been used for selecting the samples and sample size for this study is 100. In convenience sampling (also known as opportunity or grab sampling technique) a sample is taken from the population which is at convenience or in other words which is close at hand and it is a form of non-probability sampling method. Since lack of financial resources, and time constraint convenience sampling was adopted. In this study primary data was collected by using self administered questionnaires which were distributed to respondents and they were briefed on the purpose of the study. The structure of the questionnaire is clear, easy to understand, and straightforward. In order to test the hypothesis the questionnaire was designed to find out as to what are the factors that determine the choice of a mobile phone selection in Bangladesh consumers and how much effect does demographic differences have in mobile phone preference amongst consumers belonging to diverse demographic sets. The questionnaire was circulated amongst the students of University of Barisal and Stamford University Bangladesh, employees of different University, National and Multinational organizations in both Dhaka and Barisal city corporation, Bangladesh. The hypotheses were tested by asking pre-determined hypothesis and results were processed using SPSS software, by frequency distribution tables and cross tabulation, t-test was also conducted to test the hypothesis. The following hypotheses have been developed in order to get a better understanding of the consumer preferences in selecting mobile phone in Bangladesh.

Hypotheses:

Hypothesis 1:
H₀: New technology feature has no positive influence in selecting a mobile phone.
H₁: New technology feature has positive influence in selecting a mobile phone.

Hypothesis 2:
H₀: Brand name has no positive influence in selecting a mobile phone.
H₁: Brand name has positive influence in selecting a mobile phone

Hypothesis 3:
H₀: Price has no positive influence in selecting a mobile phone.
H₁: Price has positive influence in selecting a mobile phone.

Hypothesis 4:
H₀: Design has no positive influence in selecting a mobile phone.
H₁: Design has positive influence in selecting a mobile phone.

Hypothesis 5:
H₀: Product quality has no positive influence in selecting a mobile phone.
H₁: Product quality has positive influence in selecting a mobile phone.
Hypothesis 6:
H₀: Advertising has no positive influence in selecting a mobile phone.
H₁: Advertising has positive influence in selecting a mobile phone.

Hypothesis 7:
H₀: Brand status has no positive influence in selecting a mobile phone.
H₁: Brand status has positive influence in selecting a mobile phone.

Hypothesis 8:
H₀: Service quality has no positive influence in selecting a mobile phone.
H₁: Service quality has positive influence in selecting a mobile phone.

Hypothesis 9:
H₀: Reference group has no positive influence in selecting a mobile phone.
H₁: Reference group has positive influence in selecting a mobile phone.

Hypothesis 10:
H₀: Availability of accessories has no positive influence in selecting a mobile phone.
H₁: Availability of accessories has positive influence in selecting a mobile phone.

On the basis of past research on the topic under study hypotheses were developed and to test the hypotheses a questionnaire was designed and distributed among 100 respondents among which 73 were male and 27 were female. For demographics gender, age and income level were selected. The findings of demographic study are presented here. The gender composition of the sample includes 73 male and 27 female. The researchers have found that 63 per cent handset users' age ranges from 16 - 25 years. The average income of these 63 per cent respondents ranges from 2000 - 10000 taka and main source of their income comes from either tuition fee or pocket money given by their parents.

Results

Findings: During the study the sample was exposed to a number of questions to determine the quantitative judgment from the users of mobile phones. This study found that 58.5 per cent respondents see Chinese mobile handsets as a replacement of existing famous brands. Although 72.7 per cent respondents are currently using the famous brands like Nokia (48%) which indicates that Nokia is by far the market leader followed by Samsung having 20% of the respondents using it while Sony Ericsson has only 5.7%. In selecting a mobile handset different factors are playing vital role but among them some are very crucial. This study found that out of ten factors selected for this study by the help of past research "Product Quality" (28.3%) was the most important reason to purchase a mobile phone, followed by "New Technology Feature" (24.5%) indicating that people in Bangladesh are very much technology conscious. Another very important factor that respondents consider is service quality (14.2%) and not surprisingly the price (11.3%). The study also found that 67% people do not see Chinese mobile phones dominating and replacing the current brands which are consistent to the results of the previous question of selecting branded mobile phones.

For null hypothesis (H₀), the study developed the statement, which comprises of existing situation. The study will reject null hypothesis and accept alternative hypothesis when the calculated value is greater than the critical value of the significance level and vice versa. The significance level is in this case 5% and the table value is 1.68. Here -

\[ T_{obs} \leq t_{\alpha=0.05} = \text{Accept null hypothesis (H₀)} \]

\[ T_{obs} > t_{\alpha=0.05} = \text{Accept alternative hypothesis (H₁)} \]
Factors affecting consumers' choice

One Sample test

<table>
<thead>
<tr>
<th>Factor</th>
<th>Mean</th>
<th>t</th>
<th>d.f</th>
</tr>
</thead>
<tbody>
<tr>
<td>New technology feature</td>
<td>3.95</td>
<td>9.132</td>
<td>99</td>
</tr>
<tr>
<td>Brand name</td>
<td>3.87</td>
<td>8.333</td>
<td>99</td>
</tr>
<tr>
<td>Price</td>
<td>3.76</td>
<td>7.009</td>
<td>99</td>
</tr>
<tr>
<td>Design</td>
<td>3.73</td>
<td>7.039</td>
<td>99</td>
</tr>
<tr>
<td>Product quality</td>
<td>4.40</td>
<td>17.338</td>
<td>99</td>
</tr>
<tr>
<td>Advertising</td>
<td>2.97</td>
<td>-0.261</td>
<td>99</td>
</tr>
<tr>
<td>Brand status</td>
<td>3.70</td>
<td>-2.880</td>
<td>99</td>
</tr>
<tr>
<td>Service quality</td>
<td>4.44</td>
<td>19.426</td>
<td>99</td>
</tr>
<tr>
<td>Reference group</td>
<td>2.66</td>
<td>-3.519</td>
<td>99</td>
</tr>
<tr>
<td>Availability of accessories</td>
<td>3.69</td>
<td>-2.624</td>
<td>99</td>
</tr>
</tbody>
</table>

The results of the above table depicts that the quality of product and service become very important factor to the consumers in their choice of selection of mobile phones. New technology features and brand name follows product and service quality along with product design and price. From the above discussion we can summarize and prioritize the factors as follows:

<table>
<thead>
<tr>
<th>Priority</th>
<th>Factors</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Product quality</td>
</tr>
<tr>
<td>2</td>
<td>Service quality</td>
</tr>
<tr>
<td>3</td>
<td>Product design</td>
</tr>
<tr>
<td>4</td>
<td>Price</td>
</tr>
</tbody>
</table>

Conclusion

The above discussion identifies that all factors are not equally important to the customer in selecting a mobile phone set. Customers are focusing largely on product quality, service quality, new technological features, price and brand name of the product. A manufacturer and marketer of mobile handset should realize these factors and try to develop its product and marketing strategy based on those factors. It is also important for the marketer to position their brand based on the findings of this study. The study also found that consumers of mobile phone in Bangladesh tend to use more than one mobile handset. This can also be an area asserts further research to explore the factors that consumers consider when selecting the second one.

References


