A STUDY OF PERCEPTION AND PREFERENCE TOWARDS SMART PHONE USERS

K.Vikram* & Dr.K.V.Ramanathan**

*Assistant Professor, Lal Bahadur Shastri Government First Grade, Bangalore  
**Associate Professor, Dayananda sagar Business School, Bangalore

ABSTRACT

The increasing trend in Smartphone among the people is the main reason that has amplified the interest to research on the topic. People’s obsession about the Smartphone has been increasing rapidly. The aim of this research is therefore to find out consumer behaviour of Smartphone buyers in Indian Market. The research is trying to find out that why do people desire to purchase a smartphone, what influence people in purchasing a smartphone and what motivate them in making the purchase decision. Different consumers have different characteristics in their life that also influences their buying behaviour. Social factors such as family, groups, roles and status and personal factors (such as age, occupation, lifestyle, personality and self-concept) are those characteristics that could influence the buyer behaviour in making final decision. Nowadays cheaper smartphone are also available in the market. But why people buy expensive smartphones? Price, quality, brand, country of origin, marketing, sales, word of mouth etc. could be several factors that a consumer may think before buying a Smartphone. How much does brand of smartphone affect the buying decision of a customer? As there are various types of smartphones available in market with varying price; what is the difference between them? And how they impact the customer buying decision?

INTRODUCTION:

The term ‘Smartphone’, refers to a multimedia phone handset, which is a multifunctional electronic device that has features ranging from Camera, Audio-Video Playback, Web browsing to a high-density screen display along with several other multimedia options. As per Businessdictionary.com, Smartphone is a mobile phone which includes functions similar to those found on personal computers. Smartphone provides a one-stop solution for mobile calls, email sending, and Internet access. Smartphone is compact in size and often only slightly bigger than standard mobile telephones. A Smartphone is actually a mobile phone, based on an Operating System, which possess all the major functions of a Computer, like web browsing, emailing, video and voice chatting, audio-video playback, and others. A few years back, a Smartphone was a PDA (personal digital assistant) having the calling features like a mobile phone. But nowadays, the mobile phones possess the functionality of added media players, compact digital camera, GPS etc. Today, almost all the Smartphone's has a high-density screen resolution allowing the handset to display almost all the websites in their standard formats as they appear on the computer screens. Nowadays most of the websites are launching
their mobile versions as well, and several applications which can be run on the Smartphone OS directly. For better connectivity, hi-speed data is also made available through WI-Fi, 3G and 4G data connections. In the past 2-4 years, the rapid development of mobile – applications has caused a birth of the new mobile applications market, allowing a lot of trade to happen through mobile platform as well, which has been a major reason for people to adopt the Smartphone.

THE SMARTPHONE HISTORY

Hand phone and Internet are the two technologies that have major impact on politics, economy and social in the 21st century (O’Leary & O’Leary, 2005). The converging of hand phone and internet (Baily et al, 2001) had given birth to smartphone. It has been just few years, and exactly from the introduction of the first iPhone (2007), since the smartphone became a mass consumption product, though smartphones have been around for many years. The first device able to combine voice, data and PIM applications was an IBM product known under the name of “IBM Simon”. The IBM Simon was first presented in 1992 at the CONDEX, the computer industry trade show that takes place in Las Vegas, and was launched into the market the following year by a company called BellSouth (Schneidawind, 1992). 10 1.2 Indian Market Overview India is one of the fastest growing economies all over the world and a live example which depicts the development is the growth of the telecommunication industry in India, especially the in the field of mobile communication. There is a continuous increase in disposable income; there has been a radical shift in the attitude and aspirations of the consumers. Mobile phone has become essential parts of personal and business life. The recent growth of mobile phone usage is an observable fact that crosses all age and gender boundaries. Due to fierce competition in the field of mobile communication the need arises for the study to know how consumer behaves in the time of purchase. India is currently the 2nd largest mobile handset market in the world and is about to become an even larger market. Buoyed by the high demand for smartphones, the mobile handset market in India is estimated to have grown by 14.7% in financial year 2013 to touch Rs. 35,946 crore, according to a Voice & Data Survey compared to Rs.31,330 crore in financial year 2012 (Cybermedia.co.in, 2014). The mature Indian mobile consumers are increasing their preference for high-end handsets and the younger demographics desires to use mobile web technologies that could see the smartphone markets revenues soar. TechNavio's analysts forecast the Smartphone market in India to grow at a Compound Annual Growth Rate of 116.4 per cent over the period 2011-2015. One of the important factors contributing to this market growth is the increasing demand for all-in-one devices. The Smartphone market in India has also been witnessing an increasing availability of dual SIM smartphones. However, lack of specific applications for Indians could pose a challenge to the growth of this market. Smartphones has penetrated everywhere and peaked out in many countries. India, the second largest telecom market by subscriber base after China, witnessed phenomenal growth in last decade. The total subscriber base as of June 2013 was 903 million as compared to 22.8 million total subscribers in 1999. Mobile subscribers accounting for 96.7% of total subscriber base are responsible for this phenomenal growth in telecom. The country has achieved overall teledensity of 73.5, urban teledensity of 145 and rural teledensity of 42. Average revenue per user (ARPU) and Minutes of Usage (MOU) are stabilizing for both GSM as well as CDMA service operators (The Indian Telecom Services Performance Indicators, 2013). With a fast growing younger demographic and rapidly expanding economy, the country’s smartphone numbers are poised to expand at a much faster pace as compared to rest of the world. 11 Price remains the main criteria when buying any consumer electronic device in India, including a mobile device. The Indian smartphone phone market mainly depends upon the price, features, stability and style. Most of the Indians buying smartphone are middle income groups and above. As a developing economy, India is a most suitable place for investment. Strong marketing strategies, established retail outlets, customer satisfaction are the tools to succeed in any market. Indian smartphone market is expected to grow as the 3G network coverage is increasing and there is increase in demand of high in smartphones in 2014.
THE SMARTPHONE SCENARIO IN INDIA

From being a gadget of luxury and sophistication, the Smartphone has gone on to become a broad-based phenomenon in the Indian mobile phone market. The numbers speak for themselves. Today, there are more than 27 million Smartphone users in urban India, which constitutes 9 percent of all mobile users in urban India. The numbers are higher in the large metros of the four million plus population with one Smartphone user among ten mobile users. Interestingly, even in smaller cities with a population of one lakh to ten lakh, the figure stands at an impressive 6 percent. These are the findings of the study “Smartphone Incidence in Urban India” conducted by Nielsen Informate Mobile Insights, amongst over 10,000 respondents in towns with one lakh plus population. With a base of 27 million users (and growing), insights into how consumers across cities and towns are using their Smartphones will go a long way in helping manufacturers, marketers and advertisers make strategic decisions. No longer can marketers (across the board) ignore the potential of this medium. Based on a panel of Smartphone users, Nielsen Informate reports that 87 percent use it for running online searches followed by 80 percent for social networking. While 72 percent Smartphone users are chatting and using webmail, 59 percent stream video and use their devices for maps and navigation. Banking & finance, travel & shopping accounts for 30 percent of the usage. Accessing mobile television on a Smartphone is also an increasing trend in urban India - 25 percent use their phones for this purpose. The major players in Smartphone manufacturing in India are: Apple, Samsung, HTC, Blackberry, MicroMax, Sony and Nokia.

II. LITERATURE REVIEW

The research aims at finding the factors that majorly influence the buying decision of a customer while choosing a Smartphone. By reading the relevant literature, various factors have been found, based on which the consumer chooses the Smartphone. The previous researches provide a range of variables which affect the purchase decision, combining several dominant such variables, certain major factors can be drawn out. In the first quarter of 2012, Smartphone sales accounted for 34% of total mobile phone sales (Gartner.com, 2012). It is predicted that Smartphone sales will approach one billion units in 2015 (IDC.com, 2011). The Smartphone has revolutionized the way we do thing, the role Smartphone play in today’s society in phenomenal. Today’s Smartphone is taking the role of the computer, making it possible to do a lot with this small hand held device. It has a broad use such as sharing information, paying for products, browsing and shopping. Virtually every activity today has a Smartphone application for it (Mackenzie, 2006). According to Cassavoy (2012), Smartphone can be defined to be a device that enables the user to make telephone calls and at the same time has some features that allow the user to do some activities that in the past was not possible unless using a computer or a personal digital assistant (PDA), such as sending and receiving e-mails, amending an office document etc. Nowadays brand plays a very vital role in consumer buying decision. While consumers usually go for a familiar brand, but the concept of brand transcend has emerged beyond a trademark or name. The concept of brand encompasses much more than a trademark. Based on the various journals, researches and articles; several dominant factors influencing a consumer purchase decision towards Smartphone can be drafted out. The variables under investigation in this study include product features, brand name, price and social influences.

IMPACT OF SMARTPHONES ON INDIAN MARKET

Smartphone has created new dimensions for business in Indian market. It is not only the Smartphone sellers enjoying the business but it also created a new area for mobile application developing companies in India, Internet services provider and other sectors of life to utilize the Smartphone to gain competitive advantages. There has been an extreme growth in broadband and Internet service providers business in past few years and one of the main reasons for this drastic increase in their business is the ever increasing use of Smartphone's and growth of Smartphone and mobile applications. In a very small duration a huge number of Smartphone have been sold that provided an opportunity to businesses to invest in mobile application development and allowed to introduce new business dimensions in market space. As it is easy to change settings and make customizations on Smartphone, therefore there are several programs for Smartphone's from different sellers including Blackberry, Android, iPhone and Microsoft etc. Mobile Application Market is another business sector introduced by Smartphone's. Different mobile operating system vendors have their own mobile...
application technology hence having a different market for Mobile Applications. Smartphone’s also impacted advertising business sector as well. Advertising is an old concept but the features of Smartphone have made it more effective and no doubt it is an additional positive impact of mobile application for business. Mobile application publisher, distributor and service provider are getting large revenue by providing ads as a part of mobile application. There are some negative impacts of smartphones. The major impact of Smartphone is on PC market. According to a survey by Compete, a web analytics firm, a large number of people almost up to 65% are using their smart phones to read news feeds, post status updates, read & reply to messages and post photos. This shows that now people are leaving PCs and moving towards Smartphone’s. Studies have investigated the demographic characteristics of smartphone users which are Males 53%. They are more likely to have a smartphone than females which is only 47% 13 (Entner, 2010). The smartphone user tends to be younger than the general cell phone audience. Smartphone features like, text to speech, GPS and social Websites are helping people to easily remain integrated with society. Using these services and many more features, People can easily communicate to their needs, seek assistance from others and remain connected to society.

EXTERNAL INFLUENCE ON CONSUMER BEHAVIOUR CULTURE

Culture

is the accumulation of shared meaning, rituals, norms and traditions among the members of an organisation or society. A consumer’s culture determines the overall priorities he/she attaches to different activities and product. It also determines the success or failure of specific products and services in the market. A product that provide benefit consistent with those desired by members of a culture at any point in time has much better chance of attaining acceptance in the marketplace. Culture can be considered as a lifestyle which is then passed on from one generation to the other generation. Culture is not static. It is continually evolving, synthesizing old ideas with new ones. As of the historic factor that Iranian plateau, Central Asia, Arabia, Afghanistan and the West have invaded India thousands of years ago as a result Indian people and culture have been influenced extremely and produced a remarkable ethnic and cultural fusion. 4 main languages are spoken in the country. English is the most vital language for national, politics and commercial communication. Although 81% of the people are of Hindu religion, India is the home of Muslims (1% of people) one of the world’s largest Muslim populations. The population also includes Christians, Sikhs, Buddhists, Sikhs and Parsis (Cia.gov 2014).

Demographic

An age cohort consists of people of similar ages who have undergone similar experience. They share many common memories about culture heroes, importance of historic event and so on. Marketers often target products or services to one or more specific age cohorts. They recognize that the same offering will probably not appeal to people of different ages, nor will the language and image they use to reach them. Important age cohort includes teenager, 18-29 year olds, baby boomers and the elderly. Teenagers are making transaction from childhood to adulthood, and their self-concept tends to be unstable. They are receptive that help them to be accepted and enable to assert their independence. Baby boomers are the most powerful age segment because of their size and economic clout. As this group has aged their interests have changed and marketing priorities have changed as well. According to survey of Cia.gov (2014) 21 Total population of India is 1.2 billion and age structure from age 15 to 54 consist of 69% of total population in which approx. 376 million are male and approx. 357 million are female. As for smartphone market it is very huge demographic.

Social Status

Different products and stores are perceived by consumers to be appropriate for certain social classes (Munson and Spivey, 1981). Working class consumer tends to evaluate products in more utilitarian terms such as sturdiness or comfort rather than style or fashion. They are less likely to experiment with new
products or styles. Each individual’s social status or personality also influences the consumption behaviour. Personality can be defined as a set of unique human psychological traits such as confidence, autonomy, adaptability and defensiveness that leads to regular and continuous responses to external stimuli. A brand also has personality, a Brand personality can be considered as the individual set of traits that we can attribute to a certain brand.

Reference Groups A reference group is an actual or imaginary individual or group conceived of having significant relevance upon an individual evaluations, aspiration or behaviour. Reference group influences consumers in three ways. These influences are informational, utilitarian, and value expressive. Although two or more people are normally required to form a group, the term reference group is often used bit more loosely to describe any external influence that provides social cues. Reference group that affect the consumption can include parents, fellow enthusiast, team members, classmate etc. A reference group can take the form of a large, formal organization that has a recognised structure, regular meeting times and officers, or it can be small and informal, such as a group of friends or student living in hostels. In smartphone market, companies tend to have more control over their influencing of formal group because they are more easily identifiable and accessible.

Family
Family is considered as the most important consumer consumption organization in society, and members of a family constitute the most influential primary reference group. Family members play certain roles in the decision-making process, namely the information gatherer who has the influence on how and where information is gathered, the influencer who has the influence on different brands are evaluated, the decision maker who has the influence on which product will be bought, the purchasing agent who makes the purchase, and the user of the product. There are two families in the buyer’s life. The family of orientation consists of parents and children (single-parent families and childless families are included). From parents, an individual acquires an orientation toward religion, economics, personal ambition, and self-worth. Such influence on behaviour can be significant and continuous even though the buyers do not interact often with their parents. Another more direct influence on daily buying behaviour is the family of procreation, namely one’s spouse and children. For example, in the India, the involvement in good purchasing has 23 varied by product category. The wife is usually the main purchasing agent of the family. That is, nowadays, traditional purchasing roles are changing. Marketers shall see both men’s and women’s needs as possible targets. As for smartphone, in an urban population of the country every member of family usually has a smartphone. Normal mobile is usually owned by everyone and they are slowly switching to smartphones.

Internal Influence on Consumer Behaviour Perception
Perception refers to the many different ways that an individual can sense external information, select particular sources of information and how they interoperate this information (Belch and Belch, 2009, p118). This means that the people who have the same motivation and are in the same situation may not act the same because they perceive the situation differently. Perception is the process by which people select, organize, and interpret information to form the image of certain things. People perceive the same situation differently because they interpret and organize information uniquely. In smartphone market, perceptions are more important than the reality, as it affect consumer’s actual behaviour. There are three processes that explain why people from different perceptions with the same object.

1. Selective attention
Selective attention is the process that people screen most stimuli out as the capacity to process stimuli is limited. For instance, average Indians may be exposed to over 1,500 ads, which indicate that marketers have to try their best to attract consumers’ attention. People are more likely to notice stimuli that relate to a current need, that they anticipate, and whose deviations are large in relationship to the normal size of the stimuli.
2. Selective distortion
Selective distortion presents the tendency for people to interpret information that match to the presumptions. Consumers often distort information to support their existing belief and expectations. Selective distortion can be helpful with strong brands when consumers interpret neutral or ambiguous brands information and make it more positive.

3. Selective retention
Selective retention implies the tendency that people forget much of the information that they are exposed, but they still retain information that matches their attitudes and beliefs. It explains why repetition is necessary to avoid information to be neglected.

4. Learning
Learning induces changes in consumers’ behaviour arising from experience. Actually most human behaviour is learned. Learning is formed through the interplay of drives, stimuli, cues, responses, and reinforcement. A drive is a strong internal stimulus that propels actual action. Cues such as advertising are minor stimuli, which determine when, where, and how a person responds. Response is an effort that people make to satisfy the drive by obtaining a product. Reinforcement happens once a consumer has bought the product and is satisfied after using it. Memory All the information and experiences people confront, as they go through life, become part of the memory. Consumer brand knowledge can be considered as a spreading activation process in the memory network with a variety of linked associations that determines how people retrieve and what information people can recall in the given situation. These linked associations are important determinants for people to recall about the brand, including brand-related thoughts, feelings, perceptions, images, experiences, beliefs, and attitudes, etc

5. Motivation
Maslow’s theory Abraham Maslow tried to explain why people are driven by particular need at particular times. He placed needs in a hierarchy, which is called Maslow’s hierarchy of needs. He identified five levels of needs from the most to the least pressing. The first level of Maslow’s hierarchy of needs is physiological needs, which is the basic level of all needs including food, water, and shelter. People will always try to satisfy their most important needs first; the second level of Maslow’s hierarchy of needs is called safety needs. When basic needs are satisfied, people will strive for security, stability, and freedom from fear; the third level is social needs, where people consumers will try to satisfy their needs for friendship, belonging, and affiliation. Such emotional security is valued by other people in social circles; the fourth level of Maslow’s hierarchy of needs is esteem needs that individual and status, to be superiority; self needs and has to do with self-development and realization. In Maslow’s hierarchy of needs, a person tries to satisfy lower level need first, when that needs are satisfied, the person will then satisfy the next most important need.

Smartphone Characteristics
Within the mobile phone category, there is a sub-class of phones known as smartphones. A smartphone is a mobile phone that integrates a feature phone and a mobile computing platform, and the models today even combine functions such as digital cameras, media players, high-speed data access via Wi-Fi, GPS navigation, and other applications with option to download application through application market. Typically, smartphones also comprise web browsers and high-resolution touchscreens, which provide people better viewing and browsing experience. In its simplest form, a smartphone is a mobile phone with built-in, add-on applications and Internet (3G network) access. However, because of its capability to handle a great amount of applications and functions at the same time - the concept of a smartphone slowly transitioned into definitions of a handheld computer. The great differences between the available brands and models on the market today are the operating systems platform. The smartphone becomes more than a device for sending and receiving text messages and calls as it consists of various ways to interact with other users in a more personalized manner, compared to the traditional mobile phones. While an old-style feature phone includes some basic
software such as an address book and games, a smartphone has the ability of further performance. One of the significant differences between a feature phone and a smartphone is that a smartphone can install third-party applications from applications store. Users are able to download and install application on their operating systems, such as time schedule, navigators, personal finance managers and games. Generally, a smartphone is based on a certain operating system that allows phone users to install applications on it. Systems include Apple’s iOS, Google’s Android, Microsoft’s Windows Phone etc. The core applications of smartphones consist of cellular voice, data, and PIM (personal information management) applications such as calendars, contact managers, 31 tasks, notes, e-mail. These applications must work together seamlessly and with the features of the phone. For example, pictures taken with the camera can be linked to the address book so that users can see who is calling. Navigation software uses addresses stored in the address book in combination with GPS data to facilitate data entry. E-mail clients are integrated with address book.

**CONCLUSION**

A new electronic gadget by the name of Smartphone is rapidly becoming an essential part of the life of new generation users of mobile. The versatility of this instrument is resulting in the exponential rise of its market share. The major purpose of this study is to analyse consumer behaviour towards smartphone in Indian market by finding the factors which influence consumer of smartphone purchase. The result in this study shows that branding, product design, product performance and price have the influence on people’s buying decision process, which echoes to the literature that whether the product can satisfy people’s needs, appearance, branding and cost of smartphone can affect consumer behaviour.