

“A Study on The Various Factors Which Affect or Influence The Consumer Perception Towards Premium Smartphones In Pune Region”

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ABSTRACT: *The increasing trend in the premium smartphone segment among people is one of the main reasons that has developed the interest to research on this topic. The main objective of the study is to find out that what makes a consumer choose a premium smartphone brand over others and why. The smartphone industry is ever-evolving, brands now have to keep innovating something new in order to sustain themselves in the market. Consumers look for various things before purchasing a premium smartphone, the criteria could be photography, gaming, entertainment, operating system, build quality, for work and the most important brand name and image. Nowadays customers are willing to pay heavy prices for premium smartphones. Social factors such as family, friends, online ads social media and personal factors such as age, occupation, personality and lifestyle could affect the buying behavior of a customer.*

Keywords: smartphone, technology, premium, market, customers, industry

INTRODUCTION:

It is hard to imagine life without a smartphone in this technologically advanced era. Smartphones have become a very desirable device. The Indian smartphone industry has transcended the USA for the first time in history, becoming the second largest smartphone market globally. Nowadays, smartphones are being used to replace desktop or mobile computers. We no longer need computers to share information and data, sending receiving e-mails, the demand for smartphones has been rapidly growing around the world because of the increasing innovation in smartphones. India is the fastest growing smartphone market in the world, the smartphone market in India has intense competition different brands offer different features and target different needs of the consumer. It is estimated that by the year 2022 there will be nearly 442 million smartphone users in India. The budget smartphone industry is dominated by the Chinese brand “Xiaomi” also known as “Redmi” and “Mi”, as it is the most sold smartphone brand in India. Whereas the premium smartphone segment is dominated by these three brands: “OnePlus”, “Apple”, “Samsung”. OnePlus is the current market leader in the premium smartphone segment. Smartphones have made life very easy with just one click you can order food, check the weather outside, browse the internet, video call a friend who is abroad, make an appointment, pay bills, control your home (smart devices for home). A lot of people prefer to purchase premium smartphones, they believe that premium smartphones have a better build quality, and because of better hardware they tend to process data faster helping an individual to be faster. Premium smartphones also sell very well because a lot of people use them as status symbol, but there’s a vigorous competition amongst premium smartphone competition, the brand One plus entered the market as a flagship killer it was priced at ₹20,000 but it had features and specifications which could beat premium smartphones, and in the past few years one plus has gained a lot of popularity, now it is considered as a premium smartphone. In this study I’ve tried to understand the consumer’s perception towards the premium segment smartphones. The study focuses on the premium segment smartphones. Increasing trend of premium smartphones. The Psychology behind choosing a premium brand.

RESEARCH PROBLEM:

Smartphone companies invest heavily in research and development of their devices and it is important to understand customer perception towards different smartphones. The consumers are not clear on how they should choose a brand over others like on the basis of features, brand value, technological factors, price, social influence, reliability among the different brands in the smartphone industry. There is a need for study in the field of consumer perception towards premium smartphone brands.

Smartphone companies invest heavily in research and development of their devices to introduce them as a premium smartphone, but it is crucial for them to understand what all factors influence consumer perception towards premium smartphones.

Objectives of the study:

Primary objective:

To study the different factors affecting the consumer perception towards premium smartphones

Secondary objective:

To study the relationship between income of an individual and the price range of his premium smartphone.

HYPOTHESIS:

H₀: Factors do not influence consumer perception towards premium smartphones.

H₁: Factors influence consumer perception towards premium smartphones.

HYPOTHESIS:

H₀: There is no significant relationship between the income and the price of premium smartphone.

H₁: There is a significant relationship between the income and the price of premium smartphone.

LITERATURE REVIEW:

A.Mohankumar and U.Dineshkumar (2008): The authors mention that consumers tend to buy a brand which satisfy his wants and they are always influenced by his purchasing activities by some considerations which lead him to select a particular brand over others. For an individual a brand could satisfy his need for another individual features could be the priority.

BishalNagarkoti (2009): analyzed that when it comes to latest technologies and brands in terms of smartphone, customers pay huge money. People of the age group 20-30 prefer expensive smartphones according to them expensive smartphones are more durable, have better hardware,

Y.J. Liao (2012): concludes that a consumer notices the brand image more than other factor like design, file transfer and display, price of additional, purchase, price of the phone, hardware and software and camera while purchasing a smartphone. Some people use it as a computer or a portable reader, some , could use it for work smartphones satisfy our needs more than just communication.

Sudha Rani and Neeta Sharma (2014): According to the authors, one of the main reason for smart phone purchase is its features. They also say that Internet websites & television is an important source of information to consumer and it also influences consumers to make a purchase. Consumers are mostly brand loyal, they prefer the same brand when purchasing a new smartphone.

Amrit Mohan (2014): Elicits that consumers perceive brand image while purchasing any smartphone and few consumers in the Indian market are brand loyal, and would rather choose the same brand again when purchasing a new smartphone, smartphones have made people smarter by organizing their lives with a single device, one can use it for educational purposes, job related tasks, information search or entertainment purpose.

K.Vikram (2015): According to K.Vikram, Smartphone is rapidly becoming an essential part of the life of new generation of mobile users branding, product design, product performance and price all these factors influence people's buying decision process, which echoes to the literature that whether the product can satisfy people's needs.

Dr. S.K. Kaushal and Rakesh Kumar (2016): Mention in their research that price, product features, relative advantage, convenience, compatibility, social influence, dependency influence consumer intension to purchase Smart phone. However only social influence, compatibility and dependency were found to be significantly influencing purchase intension of the Smart Phone buyers.

Ridhi Jain, Dr. Teena Bagga (2017): From the interpretation we can see that price is the most influential factor on the dependent variable, the purchase intention of consumers towards Chinese brand mobile phones. Perceived features and quality rank next that brings most impact on purchase intention of consumers

RevathyRajasekaran (2018): People are ready to pay and afford it for their social needs even when the prices of smartphones are high as it has become an integral part of our lives and made life easier there are immense opportunities and scope for Smartphone brands to get a larger share in market share as long as they are innovating in the industry.

Bhanwar Singh (2018): Postulates that Physical Attributes & Guarantee are the features most considered by customers when buying a smart phone. Other factors that play a significant role in the same are offers, special schemes, and recommendations of family, friends and social factors like opinion of the salesman.

DrSukhvir Singh (2018): States that mostly consumers collect information about brand, their features and make comparisons before purchasing a smart phone. Brand name is an important factor while purchasing a smart phone. Most consumers prefer to go for different smart phone brands instead of looking for the same brand.

Ankita Chakravarty (2020): Latest reports suggested that Samsung and Apple occupied the second and third position with 26 per cent and 25 per cent market share whereas OnePlus is the market leader with 33 per cent market share in 2019 becoming the first brand in the premium segment to surpass 2 million shipments in just a year.

Dr.T.N.R.KAVITHA : Highlights that the consumer buying a variety of smart phones which satisfy his wants and they are always influenced by his purchasing activities by some considerations which lead the consumer to select a particular brand or a particular operating system which satisfies his/her need more over other brands.

RESEARCH METHODOLOGY:

Research Approach	Quantitative	<u>DATA ANAL YSIS: RELIA BILIT Y</u>
Research Design	Descriptive	
Research instrument	Survey research Questionnaire	
Sample size	102 Responses	
Sampling	Convenience	
Source	Primary	
Research tool	SPSS, Excel	

Case Processing Summary

		N	%
Cases	Valid	101	100.0
	Excluded ^a	0	.0
	Total	101	100.0

a. Listwise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
.857	10

Conclusion:

- The Cronbach Alpha value of data is 0.857 for 10 items which indicates that the data is reliable, therefore we conduct further analysis.

Chi square:

Customer perception towards premium smartphone importance with respect to the design.

Chi-Square Testing

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	63.463 ^a	16	.000
Likelihood Ratio	45.086	16	.000
Linear-by-Linear Association	24.685	1	.000
N of Valid Cases	101		

Customer perception towards premium smartphone * importance with respect to brand name

Chi-Square Testing

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	57.704 ^a	16	.000
Likelihood Ratio	43.100	16	.000
Linear-by-Linear Association	33.298	1	.000
N of Valid Cases	101		

a. 19 cells (76.0%) have expected count less than 5. The minimum expected count is .01.

Customer perception towards premium smartphone * importance with respect to operating system.

Chi-Square Testing

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	42.208 ^a	12	.000
Likelihood Ratio	32.888	12	.001
Linear-by-Linear Association	18.062	1	.000
N of Valid Cases	101		

a. 13 cells (65.0%) have expected count less than 5. The minimum expected count is .05.

Customer perception towards premium smartphone * importance with respect to camera**Chi-Square Testing**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	35.972 ^a	16	.003
Likelihood Ratio	27.116	16	.040
Linear-by-Linear Association	9.470	1	.002
N of Valid Cases	101		

Customer perception towards premium smartphone * importance with respect to performance.**Chi-Square Testing**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	64.874 ^a	12	.000
Likelihood Ratio	32.711	12	.001
Linear-by-Linear Association	17.895	1	.000
N of Valid Cases	101		

a. 17 cells (85.0%) have expected count less than 5. The minimum expected count is .01.

Customer perception towards premium smartphone * importance with respect to water and dust resistance.**Chi-Square Testing**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	22.076 ^a	16	.141
Likelihood Ratio	20.562	16	.196
Linear-by-Linear Association	7.737	1	.005
N of Valid Cases	101		

a. 19 cells (76.0%) have expected count less than 5. The minimum expected count is .01.

Customer perception towards premium smartphone * importance with respect to battery.**Chi-Square Testing**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	41.281 ^a	12	.000
Likelihood Ratio	25.319	12	.013
Linear-by-Linear Association	15.696	1	.000
N of Valid Cases	101		

Customer perception towards premium smartphone * importance with respect to hardware.**Chi-Square Testing**

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	51.044 ^a	16	.000
Likelihood Ratio	27.802	16	.033
Linear-by-Linear Association	11.104	1	.001
N of Valid Cases	101		

Chi square interpretation:

Since in majority of the cases the significance value of factors is less than 0.05, taking this fact in consideration we accept alternate hypothesis and reject null hypothesis.

FINDINGS AND LIMITATIONS:**FINDINGS:**

- It was found that the majority(38.2%) of respondents are using Apple's iPhone followed by 21.6% respondents who are OnePlus users. Further followed by 18.6% respondents who are Samsung users.
- 45.1% of the respondents think that spending up to Rs.50000 is ideal on a premium smartphone.
- It was found that water and dust resistance is one factor which people don't much care about while purchasing a premium smartphone.
- 44.11% of the respondents "satisfied" followed by 41.17% "highly satisfied" shows that majority of the respondents are satisfied with their current premium smartphone.
- Brand name, performance and camera are factors which play a vital role in influencing a premium smartphone purchase.
- It was found that OnePlus provides affordable premium smartphones which have a good design and a decent build quality.

LIMITATIONS:

- Since this study was conducted during covid-19 pandemic the medium for collecting the data was online and it is quite possible that the respondents might have filled the questionnaire casually as there was no one to one communication.
- Since there was no personal interaction with respondents, therefore I could not get the exact idea of the respondents' mindset.
- The research was conducted for Pune city only so the results cannot be generalized for the rest of the country.
- Sample size was too small (N=102) due to time constraint.
- Convenience Sampling was used.

SUGGESTIONS:

- From my research I was able to find out that majority of the respondents are ready to pay up to Rs.50,000 for a premium smartphone. Therefore the premium smartphone companies should provide these smartphones at a price around this figure.
- After conducting the research I was able to find that battery and design play a crucial role in premium smartphone purchase, therefore the premium brands should focus on these aspects, so that large number of customers are attracted to them.

- From my research I was able to find out that majority of the respondents are using Apple's iPhone, therefore I would suggest other premium smartphone brands to match up with the quality and performance levels of Apple.
- 84% respondents agree that a premium smartphone makes professional work easy, therefore premium brands should make their smartphones more work oriented. So that they attract more customers.

CONCLUSION:

The smartphone industry has changed a lot since the time they were introduced first and are likely to evolve more in the future. There is a cut-throat competition among budget smartphone brands and so is the case with premium smartphone range as well. Smartphones are being offered with a variety of features but what makes the customers choose a brand over others is the question. A lot of people buy Apple's iPhone for status symbol, where as there are also people who buy it to simplify their work, as the operating system on the iPhone is world class and very user friendly. A lot of people also say that the buying behaviour also gets affected at large because of T.V. Commercials, family opinion and also by what the salesman says or by his speculation. Premium smartphones have a very limited customer base as they are very heavily priced.

FURTHER RESEARCH AND DIRECTIONS:

- The previously conducted researches have solely emphasized on budget and affordable smartphones.
- There is a vast scope for research in the premium smartphone industry and the consumers' mindset.
- The researchers can further analyze the comparison of the market leaders in the premium smartphone industry.
- Researches in other locations can also be carried out.
- The premium smartphone industry is not properly explored

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Appendix B: Questionnaire

Q1. Name

Q2. Gender

Male , female, other

Q3. Age

- 18-30
- 31-48
- 49-60
- 60 and above
-

Q4. Occupation :

- Student
- Employed
- Entrepreneur
- Freelancer
- Other

Q5. Annual income :

- Dependent
- Below Rs 5 lac
- Rs.6 - Rs.10 lac
- Rs.11 - Rs.15 lac
- Rs.16- Rs.20lac
- Rs.20 lac and above

Q6. Which smartphone are you using currently ?

- OnePlus
- Apple
- Samsung

- Other

Q7. Price range of your smartphone?

- Under 30k
- 30-50k
- 50k-100k
- More than 100k

Q8. According to you purchasing a premium smartphone :

(likert scale Strongly disagree, disagree, neutral, agree, strongly agree)

- Is an investment
- Represents status symbol
- A waste of money
- Makes professional work easy

Q9. Rate the importance of the following factors with reference to your premium smartphone purchase.

(likert scale: Not important, Slightly important, Moderately important, Important, Highly important)

- Design
- Brand name
- Operating system
- Camera
- Performance
- Water and dust resistance
- Battery
- Hardware

Q10. Customer perception changes because of various factors provided by premium smartphone companies

- Customer perception
(onlikert scale: Not satisfied, Slightly satisfied, Moderately satisfied, Satisfied, Highly Satisfied)

Q11. On a scale of 5 rate your premium smartphone on the following basis. (1 being lowest and 5 being highest)

- Classy
- Durable
- Handy
- Work oriented
- Easy to use

Q12. How likely are you to suggest your current smartphone to others?

(in linear scale)

- Not recommended at all
- Highly recommended

Q13. Would you switch over to alternative brands, if they offer a similar smartphone for low price (in linear scale)

- Strongly disagree
- Strongly agree

Q14. How much money according to you is ideal to spend on a premium smartphone

- upto Rs.30,000
- upto Rs.50,000
- upto Rs.70,000
- More than Rs.70,000

Q15. Out of the three brands which will you prefer on the following factors
(multiple choice grid :Apple, one plus, samsung)

- Price
- Design and appearance
- Build Quality
- Status symbol
- After sale service