Factors Influencing Purchase Decision of Smartphones among Young Indian Consumers

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Abstract

Marketing practitioners agree that understanding the psyche behind how consumers are choosing to use a particular brand is of utmost importance so that they can develop appropriate strategies. India is one of the largest markets for smartphone companies and the competition in this market has become extremely fierce in recent times. Strong brand loyalty provides competitive advantage to companies to successfully participate in the market; and hence it is necessary to understand the factors affecting the purchase intention of smartphones. The study examines the relationship of brand awareness and other important variables on the consumer purchase behaviour specifically in the smartphone brands product category. The study has significant implications for marketing practitioners and can help identify and justify marketing expenditures which affect purchase behaviors of consumers.

Purpose: This paper aims to study and examine the relationship of brand awareness, brand association, perceived quality and brand loyalty on the consumer purchase intention of the smartphone brands.

Methodology: An experiment-design survey obtained the responses of 200 smartphone users from Mumbai. Data was collected using structured validated questionnaire and then analyzed to test the proposed hypothesis.

Findings: The analysis revealed a significant influence between the brand awareness, brand loyalty, brand association, perceived qualityand purchase intention for Smartphones.

Managerial Implications: The paper systematically reviews the framework of consumer-basedbrand equity and develops strategic recommendations and practical implications for marketing professionals and brand strategists.

Limitations: The study has been conducted with a limited sample size from the Mumbai region.

Future scope: This experimental study can be carried out for other product categories and in other geographies, including demographic variables like age or income.

Keywords: Brand awareness, Perceived Quality, Brand loyalty, Purchase behavior, Purchase intention, Smartphone.

Introduction

India is one of the largest smartphone markets in the world. The number of smartphone users in India has been estimated to be around 830 million in the year 2022. This is significantly higher than the number of estimated users in 2017 which was about 400 million users as per the Statista Research department. The number of smartphone brands available in India has also increased multi-fold creating an industry with hyper-competition. India is an attractive market for smartphone manufacturers around the world as they try to attract and retain consumers. In this extremely competitive market customer loyalty and retention is going to be of paramount importance.

In the field of marketing, understanding the process and the factors behind how consumers are choosing to buy and use a particular brand is of utmost importance so that marketing practitioners can develop appropriate strategies. For a company to be successful in this marketplace, it must carefully understand the consumer buying process with reference to smartphone brands. The first major component is brand awareness. Most research studies suggest that if a brand is well known, it will lead to favorable response from consumers and in turn lead to higher revenues for the brand.

Many companies use brand as one of the most important tools in the marketplace to create competitive advantage. Companies must be careful in defining, creating and managing brands. The process of branding allows the marketer to obtain the benefits of supplying products with unique or superior quality. It also provides a prospective opportunity to transfer such identifiablerelationships to other products or services (Motameni and Shahrokhi, 1998)

In today's competitive times, one of the most powerful means with marketers to create distinction is branding. (Pappu, et al. 2005). A great quality brand triggers a positive attitude and feeling among the customers who will then consider buying the brand in the next opportunity to purchase. The precise consumer attitudes can be of immense value in understanding the brand values and benefits. Therefore, understanding consumer buying behavior towards mobile phone brands is necessary. This study is aimed at making contributions to smartphone companies in terms of understanding buying behavior cues and strategies to retain a loyal customer base.

Literature Review

In this section, we review some of the important past studies and research with specific reference to this topic. We then develop the theoretical framework for this study. For the purpose of this study we have identified four key variables viz. Brand awareness, Brand association, Perceived Quality and Brand Loyalty.

Brand Awareness

Brand Awareness refers to how easily the brand can be recognized or recalled by the target audience of the brand.In many studies, brand awareness has been identified as thefirst step in building a brand. A consumer often recognizes a brand and then places in the brand in a particular product category in his mind.

Brand awareness refers to the strength of the brands presence in the consumer's mind (Aaker, 1991; Keller, 1993). Brand awareness could be of different levels for different consumers. For instance, it can vary from a feeling of uncertainty about a brand (low brand awareness) to be able to confidently identify a brand a place it in the appropriate product category (high brand awareness). A dominant awareness occurs if the brand is the only brand recalled by the consumers for a particular product category. When product decisions are made in retail stores; brand awareness or brand recognition is likely to be very important (Keller, 1993).

Aaker (1991) has identified several levels of awareness such as top-of-mind, brand dominance, brand knowledge and brand opinion. Brand awareness is a prerequisite in the process of buying a commodity. A person can recognize a brand and place it in a certain product category. Brand awareness refers to the strength of a brand's presence in consumers' minds and is an important component of brand equity (Aaker, 1991; Keller, 1993). Brand Awareness ranges from a feeling of uncertainty about a brand to confidently knowing which product category a brand belongs to. Keller (2003, p.76) defines awareness as "the customers' ability to recall and recognize the brand as reflected by their ability to identify the brand under different conditions and to link the brand name, logo, symbol, and so forth to certain associations in memory". Brand Recognition is the extent to which a potential buyer can correctly recognize a brand when given a certain cue. Brand Recall refers to the ability of a potential buyer to retrieve the brand from memory when provided with the product category. Aaker (1991) identifies other higher levels of awareness other than brand recognition and brand recall.

Marketers execute attractive marketing communications to the consumers as they seek information about the brand (Keller, 1993). Sasmita and Suki (2014)were able to verify positive association between brand awareness and brand equity in a study conducted among younger consumers.

Brand Association

Brand Association refers to anything that is linked in the memory to a particular brand(Aaker 1991). Brand association also signifies the elements which the consumer can associate with the brand for instance the brand logo, brand ambassador, parent company, advertising and other such associations. It also consists of all the thoughts, attitudes, perceptions, images, feelings and anything related to the brand.

It has been proposed that brand association has a level of strength and can reflect some of the key product characteristics. The link to a brand becomes stronger as the number of experiences or exposure to communication increases. Brand association determines the brand position and how the brand differs from its competitors. It can create a positive attitude towards a brand, provide a reason to purchase, provide a point of differentiation and hence give a competitive advantage to a brand.

Brand associations create positive attitude and feelings among consumers. They provide value to the consumer by defining a pertinent reason to buy the product or service (Aaker,1991).

Rio et al (2001) reasoned that brand associations play an important role in the creation of brand equity. It can be observed and argued that strong positive associations of the brand help in developing high brand equity.

Perceived Quality

Perceived quality is another important variable that the consumer considers while making a purchase decision of a product or a services. It is important to note the key difference between actual quality and perceived quality. Perceived quality is the subjective assessment of the product as per the consumer (Zeithmal, 1988).

Aaker (1991) recognized perceived quality as an important factor used by consumer when deciding to choose a particular brand of product or service. He further stated that a high perceived quality allows for product differentiation and also offers the marketer an opportunity to extend the brand in other categories.

Kotler (2000) argued that product and service quality is linked with some of the other key metrics of an organization particularly the company's profitability and consumer satisfaction scores.

Brand Loyalty

Brand loyalty is considered one of the major components of brand equity (Aaker, 1991). Javalgi and Moberg (1997) examined brand loyalty from behavioural, attitudinal and also choice perspectives. The behavioural perspective primarily dealt with the quantity purchased of a particular brand. The attitudinal perspective examined specific consumer preferences and attitudes.

Oliver (1997) defines brand loyalty as a deeply held commitment to repurchase or rebuy a product despite other influences situational or competitive. Rossiter and Percy (1987) stated that usually brand loyalty is accompanied by a favorable attitude towards the brand. They also postulated that such a favorable attitude motivates the customer to purchase the brand over and over again.

Chaudhari and Holbrook (2001) stated that consumer's attitudinal loyalty is a result of some unique value associated with the brand.Finally, Yoo and Donthu (2001) looked at brand loyalty from an attitudinal perspective. As per them, brand loyalty was the tendency to be loyal to a focal brand as it the primary choice of the customer to buy under normal circumstances.

The Relationship between Brand awareness, brand associations, perceived quality,and purchase intention

Jalilvand, Samiei and Mahdavinia (2011) researched on factors affecting purchase intention in the automobile industry. Richardson et al. (1994) postulated that it is not possible for customers to make complete and accurate judgments on the objective quality of a product. They further maintained that high objective quality does not necessarily reflect in higher brand equity for the brand. Additionally, Wu and Chang (2006) concluded in their study that perceived quality has a positive relation with purchase intention.Chang and Liu (2009) argued that brand preference would be reflected in purchase intention. The variables brand awareness, brand association, perceived quality and brand loyalty have been probed in previous empirical research studies such as (Eagle and Kitchen, 2000), (Yoo et al, 2000), (Washburn and Plank, 2002). Most previous research studies focused on understanding brand parameters in different contexts such as service industry –airlines, hotels etc. (Chen and Chang, 2008). However, their effect on purchase intention has not been systematically investigated.

Hypothesis Development

There has been a substantial rise in smartphone users in India and this paper attempts to understand the factors affecting the purchase intention of smartphone consumers.

Conceptual Model and Research Hypothesis

The pertinent research question for this study is that is there a significant influence from brand awareness, brand association, perceived quality and brand loyalty towards purchasing intentions.

In order to address these questions, the study aims to examine the influence of brand awareness, brand association, perceived quality, perceived quality along towards the purchase intention of smartphone customers in India.

Hypothesis statements:

H1: Brand awareness positively affects consumer purchase intention.

H2: Brand association positively affects consumer

purchase intention.

H3: Perceived quality positively affects consumer purchase intention.

H4: Brand loyalty positively affects consumer purchase intention.

Research Methodology

Description of Research Design

The primary objective of the research study is to understand the relationship between various factors influencing the purchase intention in smartphone brands in India. We propose the following research model as outlined in Figure 1.

Proposed Research Model

Figure 1. Proposed Research Model(Source: Aaker, 1991)
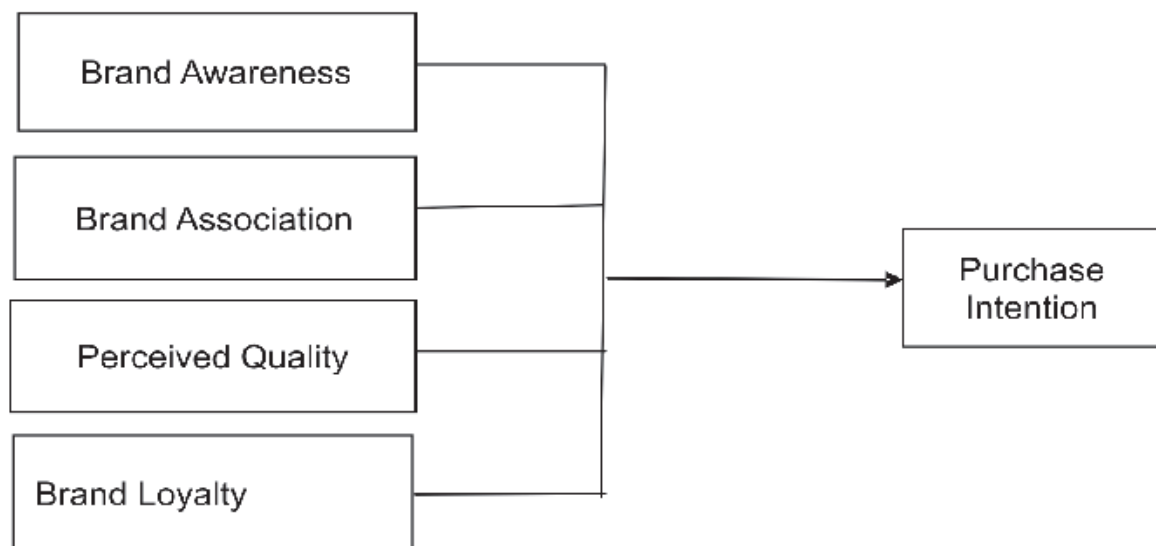
Survey Instrument- Questionnaire

The framework takes into account the four key variables brand awareness (four items), brand association (three items), perceived quality (four items) and brand loyalty (three items), all are measured using a seven-point Likert scale. Purchase intention (three items) considers the respondents' likelihood of purchasing a smartphone by using a seven-point Likert scale.

The items for the questionnaire were taken from scales developed in previous research studies, primarily from

Jalilvand M. et al. (2011).

Sources of Data

The data has been collected through carefully designed and structured questionnaire. The target audience of this study consisted of young respondents, particularly students in Mumbai who use various brands of smartphones. The questionnaire was sent to 263 consumers and 200 usable responses were obtained. The responses which were incomplete (21 such responses) have been eliminated from

the study.

Data Analysis

The reliability statistics test of the data was conducted on the sample. The reliability measure indicates the extent to which the data is error-free and thus ensuring consistent measurement across time and various other instruments. Validity refers to how well an instrument is developed to measure the particular concept it is intended to measure. Cronbach's alpha was used to verify the internal consistency and reliability. To determine the relationship between variables, regression analysis was done. It indicates whether the dimensions have a significant association with the other dimensions. The variableswhich had the most significant impact on the purchase intention were found out.

RESULTS

Summary of Data

Data collected from 200 respondents was used for analysis. In this sample, 71% of respondents were male and 29% of respondents were female as shown in Table 1.

Table 1: Profile of respondents (Source: Authors)

	Item	Number	Percentage
Age	Below 25	200	100%
Gender	Male	141	71%
	Female	59	29%
Occupation	Student	170	85%
	Employee	30	15%
	Total	**200**	**100%**

Reliability and Validity of Data

The Cronbach Alpha of the dimensions has been mentioned below. This shows that the reliability of the questionnaire is acceptable. (Table 2)

Table 2: Reliability Analysis Results (Source: Authors)

Constructs	N of items	Cronbach's Alpha
Brand Awareness	4	0.709
Brand Association	3	0.734
Perceived Quality	4	0.957
Brand Loyalty	3	0.939
Purchase Intention	3	0.929

Descriptive Statistics

The descriptive statistics (shown in Table 3) show the mean score and standard deviation for each question.

Table 3: Descriptive Statistics (Source: Authors)

	N	Minimum	Maximum	Mean	Std. Deviation
Brand Awareness	200	3.5	7	6.180233	0.638238
Brand Association	200	3.25	7	5.053488	0.56973
Perceived Quality	200	2.25	7	6.161628	0.714226
Brand Loyalty	200	1.33	7	5.859209	1.023669
Purchase Intention	200	1	7	5.280698	1.136469
Valid N (listwise)	200				

Result of Regression Analysis

Table 4 summarises the results of regression analysis. Results reflect that the four variables identified for this study brand awareness, brand loyalty, perceived quality and brand association have a positive effect on the purchase intention.

Table 4 –: Regression Analysis (Source: Authors)

SUMMARY OUTPUT	
Regression Statistics	
Multiple R	0.789839
R Square	0.623845
Adjusted R Square	0.616129
Standard Error	0.704125
Observations	200

	Coefficients	Standard Error	t Stat	P-value	Lower 95%	Upper 95%
Intercept	-2.19	0.57	-3.87	0	-3.31	-1.08
Brand Awareness	0.11	0.11	1.07	0.08	-0.1	0.32
Brand Association	0.17	0.11	1.61	0.09	-0.04	0.38
Perceived Quality	0.50	0.11	4.44	0	0.28	0.72
Brand Loyalty	0.48	0.07	6.62	0	0.34	0.63

Discussion

Key Findings

There is a noticeable scarcity of quantitative research examining the roles played by various factors in determining the purchase decision of smartphones. This study has taken a detailed look at the factors affecting purchase intention of smartphones in India and has investigated the consumer buying process with a fresh perspective. The objective of this study is to examine the effects of four dimensions namely, brand awareness, brand association, perceived quality and brand loyalty on consumer purchase intention.

The data analysis supports the direct existence of a causal relationship between the four variables chosen for this study – namely brand awareness, brand associations, perceived quality, brand loyalty and purchase intention. The two variables Perceived Quality and Brand Loyalty have significantly higher impact on purchase intention.

We accept all the hypothesis which were a part of our research objectives.

Hypothesis	Result
H1: Brand awareness positively affects consumer purchase intention.	Accepted
H2: Brand association positively affects consumer purchase intention.	Accepted
H3: Perceived quality positively affects consumer purchase intention.	Accepted
H4: Brand loyalty positively affects consumer purchase intention.	Accepted

Recommendations

The study has several implications specifically in brand strategy management for brand managers and marketing managers. The study has strategic implications for marketers of smartphones. We have proposed a conceptual framework to predict the purchase intention specifically in the smartphone industry.

Based on the findings from the study, we recommend that the companies in the smartphone industry focus on building brand awareness, brand associations, improve the perceptions of quality and finally focus on customer loyalty. Managers should first focus on building brand awareness and design focused activities to improve the familiarity of the brand. Further, there needs to be a special attention on Perceived Quality which is an important variable in the consumer'sdecision making process.The company should identify and focus on Quality cues that the consumers identify with specifically with reference to smartphones. Marketers can invest in activities that promote in-store visibility of the brand price/quality value equations must be emphasized in ATL or BTL activities. Finally, the other dominant factor is brand loyalty. Brand loyalty plays a critical role in establishing the brand as brand of choice amongst other options available in the market-place. Hence, companies should also focus on marketing activities to improve loyalty towards the brand by promoting loyalty programs (examples are frequent shopping or frequent flying points).

Limitations

Despite some of the contributions made by this study, it has certain limitations. The first limitation is that the sample size considered for the study is 200 and all from the city of Mumbai. Hence the sample may not be a true representative sample of the population in India. The second limitation arises due to the non-probabilistic nature of sampling. Lastly, consumers may have biased perceptions about the smartphone brand they are currently using and may influence their responses.

Scope for further research

There is scope for further investigation in the study conducted by us. The role of demographic variables such as age, gender, income, and employment status can be considered as moderating variables in the study. The study can be done in different countries or cultures to understand if there are cultural differences. Research can be conducted in multiple urban and rural areas to understand if there are any differences in results with reference to urban/rural consumers.

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