Chapter III

Review of Literature

3.1 Introduction

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In the modern marketing philosophy it is necessary to understand consumers’ needs for the product and take effort to fulfill them. Today’s marketing is not seller oriented it is rather consumer oriented. Hence understanding the consumers’ buying behaviour is the key to success in modern marketing. There is a cutthroat competition in market and the mobile industry is not the exception. To survive in the competitive market it is necessary to identify needs of the consumers better than the competitor. Understanding consumer behaviour not only helps the manufacturer but also to the distributors and retailers. It helps in making distribution system more effective. Marketing strategies of companies related with product, price, promotion, and distribution decisions mostly depends upon the consumer behaviour.

Consumer behaviour helps in studying the buying decision patterns of the consumer on the continuous basis. It helps to understand changes taken place in the market in the recent past and expected change in the future. It helps the businessmen to make necessary changes to cope with the change. It also helps in market segmentation and caters the need of all segments by making necessary changes in the product and product line.

There are lot of inventions and innovations which are taken place in technology market and mobile is not the exception for that. The one of the
important reasons for these developments in the mobile is the changing needs of the consumers.

To understand the problem of the consumer behaviour of cell phone users there is a need to reviews the work of different scholars and critics in the relevant subject which may help in obtaining broader prospective of the subject under study. There are many research works were undertaken on consumer behaviour by different authors. There are many researches taken place on consumer behaviour but there are very few researches taken place on cellphone market in the underdeveloped areas of Marathwada in general and Nanded district in particular.

A critical analysis of literature helps to identify the scope of the subject as well as helps to prepare research design for the study to be undertaken in a systematic manner. During the study survey of relevant literature has been carried out and it is presented herewith in this chapter.

Review of various articles, government and non-government reports, available studies in the field of consumer behaviour in general and consumer behaviour in cell phone market in particular is presented herewith in the current chapter.

3.2 Review of Literature

According to Kotler\(^1\) there are five important stages through which consumer reaches to buying decision. During the first stage consumer tries to
analyse the difference between his current states with the expected change due to fulfilling the need. The need can also arise because of external stimuli. Thereafter consumer starts to search for the necessary information through different channels of the information. Then the information is analysed and alternatives will be evaluated on the basis of certain parameters. And Finally decision for purchasing a particular product will be made.

**Hazel Barkworth**², in his article presented the conclusion derived from the survey conducted by the Cultural Insight Team in determining the global trends in the year 2014 as defined by culture. The survey identified top six trends which expected to shape consumer behavior in 2014. These trends are Multiplicity, Hyper Efficiency, The New Industrial Revolution, Escape, Mindfulness and Super Personalization. The survey shows that there is intense change in the consumer behaviour. Consumers are trying to enrich their lives with all aspects. These trends indicate that the manufacturers have to work hard to meet buyers’ expectations.

**Ashok Gopal and Rajesh Srinivasan**³ in their article surveyed 2000 respondents to assess habits, hopes and plans of the Indian consumers during 1996 to 2006. It was assumed that Indians are spiritual and not materialistic in nature. But according to the survey Indian consumer is no longer a stereotype in nature. There is greater materialistic approach developing in the Indian consumers. Indians believe in saving and it is their top priority. Life’s pleasure is gaining importance among the Indian consumers in last decade. There is
increase in trend to buy electronics and durables in India. This trend of buying is not only amongst young consumers but also from the middle aged consumers too. The trend is prevalent in urban and rural areas in India. There is increasing trend in mobile buying and surprising in a country that is adding more than 3 million subscribers a month. The faith on domestic companies is also increasing among the Indian consumers. Success in Indian markets can be achieved only if products customized in such a way that it will meet needs of Indian consumers.

Leslie Lazar and Schiffman\textsuperscript{4} rightly stated that there is different consumer behaviour in the group and individual. There is difference between buying decision by family and individual buying behaviour of the consumer. In the book different consumer behaviour variables are discussed in detail. The book focused on family life cycle and various needs of consumer during different life stages. The family decision making process as a group decision making is elaborated and it is recommended to segment the market according to family need hierarchy.

Nitin Gupta\textsuperscript{5} studied consumers from five major cities in India through structured questionnaire to study changes because of globalization among the consumer behaviour among Indian consumers. The study reveals that there is assumption among the Indian consumers that foreign brands had a significant impact on materialistic values. The study reveals that the young Indian consumer has higher materialistic value than the middle aged and older
consumers. Lower income groups have showed significantly greater materialistic values than the higher income groups. Significant positive relationships were shown between materialistic values and the buyer behavior traits studied.

**Jim Blythe**\(^6\) gave detail analysis about consumer behaviour. Consumer behaviour is not only a part of marketing but also the part of economics, psychology and sociology too. The book helps to have good framework about the subject which ultimately helps in decision making. The book also talks about consumer education. The book also covers the sociological issues of consumer behaviour and its impact on the decision making. The book also covers the changes taken place in the consumer behaviour as compared to olden days.

**David Loudon, Albert Della Bitta, A.J. Della Bitta**\(^7\) have tried to explain that studies on consumer behaviour helps in framing marketing strategies to the businessmen. It helps organizations in understanding the consumers and adjusting products as per the need of the consumers. Market segmentation, consumer decision making and buying behaviour is considered as core marketing activities in designing effective marketing strategies. The book factors affecting consumer behaviour in two types that is macro and micro factors.

**Dorie Clark**\(^8\) in her article stated that consumer psychology is less of a guessing game. But that doesn’t mean selling to consumers is any easier. It is
difficult to understand consumer psychology as consumer may not behave rationally every time they make buying decision. Many times consumers are unable to answer why they want to buy. The study reveals that there are many subconscious drivers which motivate to buy.

**Tim Jackson**\(^9\) believes that at its broadest level, the problem of motivating sustainable consumption – or of encouraging pro-environmental changes – is a particular manifestation of an eternal social issue. Forms of governance familiar to the individualistic/entrepreneurial society are never, by themselves, going to be sufficient to achieve the kind of behavioural change demanded by sustainable development.

**Sharma Shashikumar**\(^10\) has conducted his research on consumer behaviour on mobile purchase in Bhutan. He tried to explore unexamined areas on cell phone purchase in his research article. The study is related to young customers and their behaviour while buying mobile phones. The study reveals that brand is one of the important factors while selecting the mobile phone. Some of the other attributes which are the major concern while buying mobile are looks, battery life, technology used and signal reception strengths. The study reveals that the advertisements in print and visual media have positive impact on the buying decision of the consumer.

**Mesay Sata**\(^11\) tried to study factors affecting mobile buying decision. The study reveals that there are six major factors which affect the buying decision of mobile. With Price, product and brand the other factors are social
group, durability and customer care. Mobile phone features also plays an
important role in buying decision.

**Debasish and Mallick**\(^\text{12}\) in their research paper compared buying
behaviour of rural and urban consumers towards mobile phone. The study
considers four factors for comparison which are Brand, Price, Looks and
Functions. The study reveals that the rural consumers are less conscious about
quality, functions and brand of the mobile as compared to the urban consumers.
The study reveals that rural consumers trust on friends, TV and mobile phone
retailers to obtain information of the product. On the other hand, urban
consumers are taking the help of friends and internet for taking information
about the product.

**Tao Zhang, Pei-Luen Patrick Rau, and Jia Zhou**\(^\text{13}\) in their article
explained that it is difficult to define product attribute in cell phone market.
The authors believe that other studies concentrated a lot on the individual
attributes of mobile phones. In their article they identified eight factors which
influences buyers’ behaviour. These factors are common functions of the
mobile, appearance of the mobile, available multimedia functions, types of
available connectivity, management functions for personal information, design
of the body, brand of the mobile, and product image. Ease of use of input
methods also influences their perception of common functions.

**Hashim Zameer, Rashid Saeed & Raheel Abass**\(^\text{14}\) conducted survey
in rural and urban areas of Pakistan to study consumer behaviour towards
buying mobile phones. It was found that there is difference in consumer behaviour of rural and urban consumers. The preference made to the China mobiles is more in rural areas than the urban areas in Pakistan. Urban consumers take information though internet but this is not the case about the rural consumers. TV is the most preferred way of information for the rural consumers.

Md. Ashaduzzaman, S. M. Sohel Ahmed and Md. Moniruzzaman Khan\textsuperscript{15} undertook an extensive research in Bangladesh to study consumer preferences in the mobile industry. Consumer behaviour helps in framing marketing policy of the business. As mobile is becoming the need of every individual irrespective class and gender in Bangladesh hence it creates need to study the Consumer behaviour in the telecommunication industry. It is found in the study that the consumers are well aware about the activity in the telecommunication industry. Newspapers and television channels are the most important sources of the information for the consumers in Bangladesh. There is substantial increase in the mobile users in the Bangladesh.

Tim Worstall\textsuperscript{16} in his article believes that there is significant change taking place in the developing countries where consumers are shifting to online buying rather than buying in malls. Another way to put this, and the piece makes the point that it is “high end” malls that are doing well, the middle market that is failing, is that high end shopping is still that experience desirable in and of itself while middle ranking shopping is, well, it’s just shopping, that
thing that is so much easier to do online. And however convenient, cheap or
simple Amazon or other online stores are, “experience” is not really the
description we would apply to the use of them.

Anu Raghunathan\textsuperscript{17} in her article stated that there is huge rise in the
private equity investment in internet and mobile services in India during the
year 2015. The amount of investment during the year 2015 is $5.3 billion. This
amount is one third of the total investment in the year 2015 by private equity
companies in India. The major investors are Flipkart with $700 million and Ola
and Snapdeal with $500 million investment during the year 2015.

Saritha Rai\textsuperscript{18} in her article stated that India’s mobile phone subscriber
base crested the 1 billion users mark, as per data released recently by the
country’s telecom regulator. But experts see the milestone as the beginning of
some dramatic action rather than as a climax. It is assumed that there will be
expected growth in smart phone users in recent future. It will help mobile
operators in increase in data usage. There is positive move by the government
to initiate Digital India Campaign which will expect rise in eGovernance in
India.

Anand Chandrasekaran\textsuperscript{19} in his article believes that there is potential
growth in the ecommerce segment in India. The author suggested that there is a
need to focus on a long-term vision in ecommerce business to increase profit
and customer loyalty. There is a need to introduce innovative and customer
centric approach in ecommerce business. There are four focus areas which will
require special attention - digital payments, O2O and Omni channel, vernacular interfaces, and predictive analysis.

**PwC’s Global Total Retail Survey**\(^{20}\) is the study undertaken on more than 19,000 consumers throughout the world. The survey found out that although online buying is more convenient but consumers still gave preference to the buying in the store. There are many factors which motivates customers buying in the stores. Some of the reasons buying in the stores are delivery fees, immediate delivery, trying items personally, supporting local business etc. The survey also revealed that people survey the product online and buy in stores. The survey found that security reason is one of the major cause which restricts buyers to shop online. In order to keep shoppers coming back, brick-and-mortar stores will need to become more tailored to the digital age.

According to **the 2014 Mobile Behavior Report**\(^{21}\) reveals that there are different uses of tablets and mobiles. It is found that the consumers believe that the tablet is used more at home as it has lesser mobility and convenience to carry. Tablets and mobiles became part of daily life. It helps in building relationships, communications, shopping, information searches, getting news and forecasts etc. The study found that calling, email and texting, are the base of all mobiles. There are many consumers who do not know how to use advance features in the mobile.

**The Second Quarter Report by Ericsson**\(^{22}\) revealed that 47% Indian smartphone users spent their time on applications such as WhatsApp, We Chat,
Hike and Skype. The report stated that the Communication is dominant activity on smartphones. Broadband usage is mostly associated with these applications. The report analysed behaviour of mobile application users and its influence on modern communication. The report covers samples from India, Japan, South Korea, the United Kingdom, and the United States of America.

Singh Jagwinder and Goyal\textsuperscript{23} in their article tried to analyse two factors age and gender which affects while buying mobile. Mobile is not the device for communication but also for entertainment and lifestyle. Age and gender have different look towards self-image and lifestyle. The study concludes that the users of age group of 18-30 years are less price sensitive than consumers of other groups; rather they consider ‘physical appearance’, ‘brand’, ‘value added features’, and ‘core technical features’ more important than users of any other age groups. The mature consumers on the other hand may have priorities for other products due to other obligations. That is why they are more price-sensitive. Also they have less knowledge about new technological developments and therefore, consider ‘value added features’, ‘brand’ and ‘core technical features’ less important. The gender differences were very conspicuous in ‘core technical features’ and ‘brand’. This is probably due to less familiarity of female consumers with core technical aspects. Though less significant, yet gender differences also emerged in ‘value added features’ and ‘physical appearance’. The female consumers probably due to their overwhelming orientation to ‘physical appearance’ of handset do not find ‘brand’ as much important as men do.
Michael DeGusta in his article reviewed the space of spreading technology. If companies are not able to adjust with speed of change in the technology, then the company will be hampered. Those technologies with “last mile” problems—bringing electricity cables or telephone wire to individual homes—appear to spread more slowly. It took almost a century for landline phones to reach saturation, or the point at which new demand falls off. Mobile phones, by contrast, achieved saturation in just 20 years. Smart phones are on track to halve that rate yet again, and tablets could move still faster, setting consecutive records for speed to market saturation in the United States. Study reveals that the speed of technology adoption in case of electricity and telephone is slower than the speed of smartphones, mobiles and tablets. The author believes that Apple’s iPhone played a major role in smartphone market not only in USA but all over the world.

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