1.1 Introduction

The Mobile phone industry in India has become very popular today. Its growth is so stupendous that it has surpassed most of the other industries. The reason for its rapid growth is due to the fact that man spends most of his time in interacting with others. Cell phones have come handy to men as a means to communicate with others. As a result of this, mobile penetration in the market has overshadowed all other means of communication.

According to the Oxford English Dictionary, the word ‘mobile’ was derived from the Latin phrase ‘Mobile Vulgus’ which means excitable crowd. As it stands today, the mobile phone lives upto the etymology of the term.

The technological revolution in the cellular industry has ushered in a booming market for cell phones and cellular service. Many people have become the customers of some mobile company or the other and obviously customers of cellular service providers of their choice. The use of cell phones has brought about a magical change in the life style of most of the people in the country. It was only a few years back that owning a mobile phone was looked upon as a costly affair and an invaluable possession of the well-to do. Little did anyone dream that it would become so cheap and ubiquitous. Several reasons may be attributed for the phenomenal growth of cell phones. It has now come to stay as an essential accompaniment of communication that people evince an unusual interest in it, to add to it, cell phones are handy, easy to acquire and provide wireless communication anywhere and anytime which is its great advantage. Cell phones have become a grand commercial success over the years due to reduced call rates, easy accessibility, the inadequacy of landline service and its affordable prices. The arrival of new models with advanced features day-by-day, has opened the floodgates to a high demand for mobile phone industries and cellular service providers. Tamil Nadu has a large number of mobile users and it still has potential for further growth. Making and receiving calls were considered as the core value of the product sometime ago. But at present, the thrust is on net access, music
down loads, text messages, navigation and so on. In the world of mobile technology, these are some of the new services which are different from voice.

It is a well known fact that India is one of the fastest growing mobile markets in the world. Mobile operators have not been able to uphold or increase mobile satisfaction level significantly. Customer satisfaction rankings are even more critical now than before, given the competitive nature of mobile services. There is almost a rat race among mobile operators to increase their subscriber base but none of them worry about the quality of service that is provided to the user. It is necessary to earmark more funds and effort, to improve the level of satisfaction among customers but unfortunately the satisfaction level of mobile users is generally below their expectations. Therefore, a lot of effort and initiative is needed from the side of the operator to improve these parameters to give Utmost satisfaction to their mobile users. (Voice & Data, 2008)

In many parts of the world, there is a kind of rapidity in the adoption of mobile phones. In the present days, cell phones are almost as common as wrist watches. It may be interesting to know that Finland has as much as 90 percent mobile penetration. The cell phone market has the attributes of the consumer market. Consumer Market has been defined by Kotler (1999) as “All the individuals and households who buy or acquire goods and services for personal consumption”.

1.2. The Indian Cell Phone Industry

Telephones came to India in the year 1882 in Kolkatta. Initially there were only as many as fifty connections and gradually it was extended to other parts of the country. Indian Telephone Industrial Corporation (ITIC) was established in Bangalore in 1948. It was established with the intent of providing sufficient communication facilities to people across the country. In 1973 the Postal Department was bifurcated into the Postal Department and the Telecommunication Department. The Telecommunication Department has been making remarkable progress since its inception and its services cover the length and breadth of the
whole country. The Department of Telecommunication (DOT) was established in the year 1984.

The cellular phone concept was devised by a team of researchers at Bell Labs in the year 1947. The first automatic analogue cellular phone was made in the 1960s. In the recent years the mobile industry has become very popular and has surpassed all other industries in terms of growth in a short spell of time. It has grown at a higher pace in terms of Tele-density and at present the industry concentrates on rural areas, as it has already established a foothold in the towns and cities of the country.

It goes without saying that telecommunication infrastructure contributes to the overall economic and social development of a country by providing it with market information, reduced isolation and increased connectivity to international economic activity. It is expected to provide a fillip to service sectors like tourism, hotels, travels, airlines, etc. (Hardy, 1980)

In the 1990s, owning a telephone was considered a status symbol. There was a waiting period of more than a year before a person could get a telephone for himself unless people applied for it under QYT by paying a big sum of money. But the whole scenario has changed completely today. The service providers are able to connect people through cell phones instantly without having to wait for the cellular service. There are ever so many cell phone manufacturers and service providers that there is almost a cut throat competition among them. Owning a cell phone today is considered as a necessity and not a luxury or extravaganza considering the value of service it renders to its users.

The Indian telecom service is gaining momentum day-by-day and is becoming one of the fastest growing sectors in the world. As such India has become the fifth largest network in the world in terms of the number of telephones after China, U.S.A., Japan and Germany which had crossed more than 100 million telephone subscribers by April 13, 2005 (IAMAI report, 2006). The two factors responsible for this great growth of telecom services in India are:
1. Availability of cheaper handsets with lesser functionality, which lowered the entry barrier and which is perfectly suited to Indian conditions with dust resistance and battery capacity.

2. Significant dip in tariffs from a level of around Rs.16 a call and chargeable incoming calls to a low tariff regime of Re. 1 a call.

The cell phone services were launched in the year 1994. The major boost in the sector however began in 2000 after the announcement of the NTP in the year 1999 (New Telecom Policy, 1999) which led to a drop in code tariff. Following this announcement, there was an exponential growth in the years 2003 to 2005, when telephone connections almost doubled from 54.62 million in March 2003 to 95 million in January 2005. This doubling was due to the fact that cell phone services had become so cheap, well within the reach of the people of the lower strata of society and a necessity for businessmen to further their business interest. Thus cell phones which were once considered a luxury and meant for upper-middle class people have been belied in the mobile scenario of India today.

1.3 Telecommunication Infrastructure is the Most Vital of all other Infrastructure Services

The development of telecommunication has a bearing on the development, of every other sector of economy. It is even essential for the integration of Indian economy with the rest of the world. The call rate in India is the cheapest in the world today. Subscriber base in the country is growing by 6 million every month. The total Internet connections as on 31 March 2007 were 40.57 million as compared to Broad band Policy (2004) target of 18 million subscribers by the end of 2007 and 40 million by the year ending 2010. India has the fourth largest telecom network after China, USA, and Russia with the lowest tariff. The revenue of the telecom sectors has reached a phenomenal size of Rs. 1100 billion Indian rupee in 2006-07. The current Tele-density of India is 22.5 in the year 2008 as against 55% in China and over 100% in US, Germany and Japan (Gartner Study, Gartner Press Release, 2006)
1.4 Consumer Buying Behaviour

As buying behaviour is a decision process, it is required that the marketers must understand the buying behaviour of consumers, since buyers reactions to the strategy of marketers’ has a great impact on their success. All purchases do not involve the same type of buying behaviour. For example, take the case of a purchase of a car and purchase of soft drinks while purchase of a car involves a complex decision process whereas there is no conscious planning in the purchase of soft drinks.

The term consumer behaviour may be defined as the behaviour that a consumer displays when he is on the look out for his purchase, using and evaluating products and services which would satisfy his needs. It is a study of human behaviour which influences the purchase decision of the consumer.

A consumer is a person who purchases or has the capacity to purchase goods and services offered by the marketing firms to satisfy his personal or domestic needs. In the words of Mahatma Gandhi, “A customer is the most important visitor on our premises. He is not dependent on us. We are dependent on him. He is not an outsider to our business. He is part of it. We are not doing him a favour by serving him. He is doing us a favour by giving us an opportunity to do so.”

A successful business must understand the needs of its customers and satisfy them. This fact is highlighted by Sir Richard Greenbury, Chairman, Marks & Spencer who said, “We do not need financial pundits to tell us how to run our business, we have customers to tell us Yoshiro Okishima, General Manager, Minolta said, “The customer prizes are the ones that count,”

1.5 Stages of Consumer Buying Process

There are six stages of consumer buying process. All consumer decisions need not lead to a purchase. They need not involve the six stages of the buying process, which depends on the complexity of a purchase. The six stages are:

1. Problem Recognition (awareness of need): This deals with the real need for a product. Hunger stimulates one’s need to eat. Likewise, when one sees an advertisement for some products, he/she may feel the need for them.
2. Information Search: The recognition of a need leads to information search. It may be internal search, like memory or external search like friends and relatives and marketers commercial.

3. Evaluation of Alternatives: After collecting information from various sources, criteria for evaluation may be established.

4. Purchase Decision- Deciding to buy from the alternative chosen after the evaluation process.

5. Purchase: The actual purchase of a product may or may not be on the basis of the decision. Very often consumers make impulsive purchases.

6. Post-Purchase Evaluation: This refers to the outcome of the purchase-satisfaction or dissatisfaction.

1.6 Types of Consumer Buying Behaviour

The different types of consumer behaviour may be determined by the level of involvement in purchase decision. This refers to the importance and intensity of interest in a product in a particular situation. Besides, buyer’s level of involvement determines how far, buyers are motivated to seek information about a certain product and brand ignoring others. Usually, if the risk is high, the involvement is also high. Risks may be personal risk, social risk and economic risk. There are four types of consumer behaviour. They are:

1. Routine Responses/Programmed Behaviour: Frequently purchased low cost items do not take much of the consumers’ time; they are purchased without much effort. For example, purchase of a snack or soft drinks does not involve high involvement.

2. Limited Decision Making: Certain products like clothes are bought occasionally. They may require moderate amount of time for information gathering.

3. Extensive Decision Making: Expensive, unfamiliar and infrequently bought products involve high involvement. Examples: purchase of a car, house, computer and other durable items. Consumers may spend a lot of time seeking information and deciding.

4. Impulse Buying: This refers to purchase of products without any conscious planning.
Harley Davidson’s company is a maker of heavy weight Motor Cycles. While marketing their product they spend a great deal of time thinking about customers and their buying behaviour. They are interested to know who their customers are, what they think, how they feel and why they buy a Harley rather than Yamaha or a Kawasaki or a big Honda classic. Harley owners themselves do not exactly know what motivates their buying (Kotler 2001). Knowledge of consumer behaviour will be of paramount importance to the mobile marketers in promoting sales.

1.7 Consumer Preferences

A consumer forms preferences among the brands in the choice set. He may form an intention to buy the most preferred brand. In executing a purchase intention, the consumer may make up his mind to the following facts: brand, dealer, quantity, timing and payment (Kotler, 2005).

In economics and other social sciences, preference refers to “the set of assumptions relating to a real or imagined choice between alternatives and the possibility of rank ordering of these alternatives, based on the degree of happiness, satisfaction, gratification, enjoyment or utility they provide. Consumers face problems when choosing the best, one from all the available alternatives. Their optional choices are assumed to be influenced by preferences as well as by budgetary limitations.

1.8 First Cell Phone Emission Law

In San Francisco, U.S’s first cell phone emission law was passed requiring cell phone retailers to disclose phones’ Specific Absorption Rate or SAR to customers. This was in Responses to the fear expressed by the people over the relationship between long-term use of cell phones and health problems such as brain tumor and so on.

SAR measures the maximum amount of radiation absorbed by a person using a handset. The Federal Communications Commission limits SAR to an average of 1.6 watts per kilo gram of body tissue, but information about radiation level is not readily available when people purchase phones at stores.
Michael Miligan, Secretary General, Mobile Manufacturers Forum has said that “50 years of scientific research has proved the safety of this technology”. He further adds that health agencies and expert review bodies around the world are also continuously reviewing the available research. Since 2000 alone, there has been more than 30 such expert reviews undertaken on the literature. The conclusions have been very consistent; that there has been no established adverse health effect at levels below the international guidelines- a conclusion the WHO has also reached.

At the same time, we should also not forget that several billion people have embraced this technology for its clear benefits, including convenience, business and for their own and their family’s personal security and safety. Thus, he concludes by saying that the public unfortunately has received a rather distorted picture.

Mobile manufacturers and service providers will be in a better position to market their products if they can identify consumer buying behaviour. Consumer buying behaviour refers to the decision processes and acts of final household consumers associated with evaluating, buying, consuming and discarding products for personal consumption.

1.9 Basic Concepts

1.9.1 Cell Phone Users: Cell phone users are the actual users of cell phones irrespective of who makes the purchase of the phone.

1.9.2 Preferences: Preferences refer to the choice of a consumer for a particular brand of cell phone and service provider from among the various brands of cell phones and service providers available in the market.

1.9.3 Cell Phone: A Cell phone is a portable electronic device that is used for communication in different formats such as voice, text, picture, e-mail, etc. Cell phones are manufactured by different companies such as Nokia, Sony Ericson, Samsung, LG and Motorola. ...
1.9.4 Service Provider: Service provider refers to a company that activates, cell phones for tariff with or without SIM (Subscribers’ Identity Mode) cards, like Airtel, Aircel, Vodafone, BSNL, Reliance and Tata Indicom

1.10 Significance of the Study

In India, cell phones have become a common accessory like any other household gadgets. It has transformed the life style of millions of people where barely a decade ago owning a landline was considered a luxury and a rarity. The whole scenario has changed today. Mobile industry has reached a stage of revolution from evolution.

Mobile technology introduces new feelings of speed and connectivity to social life. If the landline telephones have brought restricted communication links between workplace and homes, the cell phones have put virtual communication in the hands of millions of consumers of different hues. Apart from being a mode of communication, it provides options for relaxing too. Some self-restraint is advocated in the use of cell phones. Continuous and indiscriminate use of cell phones may physically harm the users and also lead to alleged compulsive behavioural disorder. Prolonged conversation on the cell phones may make the users feel their ear hot which is known as ‘hot ear’ syndrome.

Studies have revealed that exposure to radio frequency signals generated by the use of cell phones bring about psychological, neurological, cognitive and behavioral changes and induces, initiates and promotes carcinogenesis (cancer). Therefore, a balance is required in the use of cell phones.

The study aims to understand the extent of information gathered by consumers at the time of search process and how effectively they use the information in making a purchase. There are different sources of product information available to a prospective consumer. The sources that he gathers and uses to make a decision on the purchase are of great importance. The relative importance of sources of information may vary from product to product based on the perceptions of consumers. At the time of making a choice, a consumer usually
has different alternatives to consider. He has to evaluate the different alternatives gathered at the time of the search process.

The study identifies and analyses the factors that influence a purchase decision. There are lots of studies conducted by the cell phone companies and service providers but all studies are kept as top secrets within the four walls of the companies. The present study is an attempt to add some more information to the existing knowledge of purchase decision in the Indian context. Issues of consumers affect all the players in the market and should be of great interest not only to marketers but to students of marketing, and researchers as well.

The telecom revolution in India is considered to have a greater impact on society than any other revolution of our time, be it the green revolution or the white revolution. Till now, the telecom revolution is taking place and there are enough reasons to believe that subscribers of cell phone will exceed 500 million by 2010. It will be an exaggeration to say that Telecom sector will be the spring board of the expansion of IT in the future, heralding an informed society. The benefit of the mobile industry is sure to trickle down to everyone- the rich and the poor, the young and the old, the organized and the unorganized.

According to a study conducted by the reputed International Agency Ovum (Jan 2005) on “The Economic Benefits of Mobile Service in India” the Indian mobile industry is a major contributor to the socio-economic growth of the country in terms of employment generation, revenues to the government, GDP growth and rural development.

As people long very much for cell phones, there is an eagerness to possess it. Over a period some people get addicted to cell phones in such a way that there is an over indulgence in the use of cell phones. It is said that people in western countries make the minimum use of cell phones, using it only when it cannot be avoided. But in India, on the contrary, there is an indiscriminate and unnecessary use of cell phones. The reason may be either because of the illiteracy of consumers or because they have surrendered their landlines or because of the ignorance of the side effects of over use of cell phones. The excessive use of cell phones brings with it
a plethora of side effects of different dimensions-medical ramifications and social degradation. The habit of over using cell phones has become insurmountable in people and they are unable to desist from the excessive use of it.

The excessive use of cell phones has taken a toll on the youth. Parents generally allow mobile phones to their children to know their safety and well being. However, they tend to misuse or over use it neglecting their priorities which could affect them morally. An indiscriminate use of it has spoilt the youth of today. Though, it is a useful gadget, it can be misused as youngsters are not aware of where to draw the line in its use. Thus cell phones are most often misused and sometimes used for derogatory purposes. Therefore, the study is desirable to understand the users’ extent of awareness of side effects due to excessive use of cell phones. The study finds that a good number of respondents are not aware of any side effects of using cell phones

1.11 Statement of the Problem

Perception and attitudes of users have been used widely by the marketers to understand consumer choice behaviour. Very few studies have been carried out to find out the process by which perceptions and attitudes are formed.

By understanding how a consumer forms a preference decision on a particular product i.e., the sources he may rely on for evaluation of information and the product attributes, which he considers important, will help the marketers to predict the brand, that the consumer may choose.

In the eighties, India got a whiff of liberalization, which in turn aided her to usher in a new era of consumerism. A whole range of cell phones had flooded the markets after 2000, which were once the preserve of the upper class during the nineties. A few years later it started enriching the middle-income group households. The focus of everyone’s attention has shifted to owning these gadgets, and the very social status of the family has come to be assessed by the possession of these assets. A noteworthy development of the new millennium is that even the low-income groups have started acquiring a wide range of cell phones.
Till the late 90’s, the growth of telecom sector was not very significant. But the new millennium witnessed an upswing in the growth of the mobile market due to various reasons. There was a paradigm shift in the perception and attitude of the people to make use of the mobile technology. The ever growing population which leaves prospective buyers in the market serves as the catalyst to augment their markets by the cell phone manufacturers and service providers.

Any technology is not an unmixed blessing and so is the case with mobile technology. With the passage of time, researchers have come out with studies regarding the medical side effects of excessive use of cell phones. As marketers, it is necessary for them to understand what makes consumers prefer cell phones, rebuking the findings on side effect? A study is therefore, desirable to identify the reasons for the user’s preference for cell phones over land line and the preference for particular brands of cell phones and service providers.

1.12 Scope and Importance of the Study

In this study, attempts have been made to find the triggers for purchase of cell phones and what exactly influences consumers in the selection of a particular mobile brand and service provider. The study is confined to the four towns of Dharmapuri District. The researcher had collected data from people of different categories and an assessment was made of the influences of various variables on consumers. Efforts were made to understand the usage patterns of mobile phone users and their perceptions on issues like medical and social side effects and privacy implications.

1.13 Objectives of the Study

The overall objective of the present study is to analysis the consumer preferences for cell phones and service providers and to examine the awareness of side effects due to the excessive use of cell phones in Dharmapuri District of Tamil Nadu. The specific objectives of the study are enunciated below:

1. To examine the socio-economic status of cell phone users in the study area, Dharmapuri District.
2. To identify the various reasons for preferences of cell phones by users.
3. To evaluate the reasons for the preference of a particular brand of cell phone by the users.
4. To analyse the reasons for the preference of cell phone users for a particular service provider.
5. To offer suggestions for the consumer preferences and mobile phone users in the study area.

1.14 Hypotheses of the Study

The following hypotheses are framed based on the above objectives

i. Preference for a particular mobile phone brand is related to the socio-economic status of consumers.

ii. Preference for a particular service provider is related to the socio-economic status of consumers.

iii. Higher the level of education, the higher the level of awareness of the medical side effects of using mobile phones extensively.

iv. Monthly income of the consumers has no relation to the use of a particular cell phone brand.

v. Purchase value of cell phones is highly related to the socio-economic status of consumers.

1.15 Limitations of the Study

i. The study seeks to provide an outline of the market reality. Hence, inferences drawn from the study may not provide conclusive evidence to any social or economic characteristic in particular. On the other hand, they aid in spotting the underlying trend in the market.

ii. The sample size is limited to 600 respondents and the researcher has selected only ten towns of the district.

iii. Similar studies have to be conducted periodically to understand consumers’ perceptions and preferences correctly, which change from time to time.

iv. The focus of the study centres around the preference of consumers for cell phones and service providers and side effects caused by the excessive use of it. Other aspects of consumer behaviour are not considered in this study.
1.16 Chapter Framework

The report is presented in Seven Chapters

Chapter I introduces the subject matter and set out the problems, objectives, significance and Limitations of the study.

Chapter II relates to the review of Literature and Basic concepts used in the study.

Chapter III provides the profile of the study area - Dharmapuri District.

Chapter IV deals with the Profile of Mobile Phone Industry.

Chapter V relates to the methodology of the study.

Chapter VI Analysis and relative importance of the socio-economic conditions of mobile phone users, the reasons for opting for mobile phones, their preference for the brands of cell phones and service providers and the side effects due to the excessive use of cell phones and factors determining preference for a Brand of mobile phones.

Chapter VII Summarises the major Results and Findings of the study.