

Brands and Competing Factors in Purchasing Hand Phones in the Malaysian Market

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Received: March 21, 2017. Revised: April 23, 2017. Accepted: May 2, 2017.

Abstract

Hand phones are standard paraphernalia among university students. Factors that motivate them to own the gadget would be of interest to both the students as well as marketers. Hand phone usage is an unexamined field in academic literature, this exploratory study attempts to investigate student purchasing motives in cellular phone markets. It also intends to know the student's satisfaction with the different services and its future impact on socio economic changes. In this study, undergraduates (n=336) were requested to specify their purchase criteria of hand phone. The instrument used in the study to collect feedback from the respondents contains a combination of open-ended and scaled questions, and some background demographics. The study employed content analysis, Pearson's correlation, and t-tests as the primary tools to analyze the responses. Results show that brand was rated as the most important factor in student purchase decisions. Other factors, arranged in decreasing order of importance comprise price, product quality, features, durability, availability, promotion, and post purchase service. Brand and price correlated significantly. It is also observed that there is very little difference regarding preference between brand and price in purchasing a hand phone. Marketers may formulate suitable strategies out of the findings to promote hand phones to university undergraduates in Malaysia by emphasizing at brands and price.

Keywords: Brand, Consumer Product, Hand Phone, Market Research, Price, Undergraduates.

JEL Classification Code: M39, D10, E29, E31.

1. Introduction¹

Hand phone markets became very competitive due to the presence of many manufacturers in hand phone industry (Karjaluoto et al., 2005; Keelson, 2012; Liu, 2002; Singh & Goyal, 2009). Current and potential customers are pampered with many choices of hand phones due to rapid advancement of mobile technology (Bukhari et al., 2013; Liu, 2002; Riquelme, 2001; Singh & Goyal, 2009; Turnbull, Leek, & Ying, 2000).

There are many factors that attract users to buy hand phones, which include brand, quality and price. Despite these, brands play a vital role in hand phone industry. The most popular brands of hand phones in Malaysian market include Nokia, Samsung, and Sony Ericson. There are several factors like product attributes, social status, durability and ease of use that motivate students to purchase reputable hand phones. Brands are perceived as a warranty not only for quality and performance but also for distinction and emotional attachment (Balakrishnan, 2009). According to Kay (2006), branding is an important strategy to win consumer preferences and to establish long term relationship with customer. In the hand phone industry, brand is not projected as a link between products and companies, rather the brand image. However, an increasing number of hand phone companies are now undertaking brand building activities in order to generate long-term profits (Aaker & Jacobson, 2001).

Aaker and Joachimsthaler (1999) demonstrated that both personal and situational factors have direct effect on a brand. However, there are many factors that influence the student to purchase hand phone other than brands like price, functions, promotions, post-purchase service, model, sales and others. In fact, price elasticity of demand is high for the lower or no earning group like student. It will therefore be

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interesting to know students' preferred factors in purchasing hand phones. However, the rapid globalization of developing countries is stimulating consumers in these markets to buy luxury brands. Against this backdrop, it is necessary to find out whether the trend exists across various levels of income groups. Globalization has brought changes in cultural values in various countries (De Mooij, 1998) and created awareness among consumers about multinational luxury brands (Kumar et al., 2009). Consumer perceived brands as an extension of their self-image (Belk, 1988) and the need to purchase branded products is driven by the desire to enhance self-image in the social context. Yet price elasticity of demand is higher for individuals with lower or no income like student than individuals with higher income like working individuals.

Mobile phone markets are one of the most turbulent market environments today due to increased competition. Marketers have special interest in consumer buying decision process and the factors that determine consumer choices among different mobile phone brands. On this basis, this paper attempts to ascertain the preferences of hand phone brands among students of two public universities in Malaysia. By knowing their preferences, hand phone marketers can mount appropriate strategies to attract and maintain this market segment.

Next section of the literature review deals with brands, perceived quality, satisfaction and hand phone brands, product attributes and hand phone brands, social status and hand phone brands, trust of new technology and hand phone brands, consumer choice in market and hand phone brands. It is followed by data collection method and analysis. Next sections present findings and discussions. The paper ends with conclusion and future research direction.

2. Literature Review

Mobile phones have been a standard item just like standard textbook among university students in Malaysia. Born in the technological era, students seem to be able to cope with courses without textbooks, but not so much hand phones and related personal communication gadgets. According to Muniz and O'Guinn (2001), brands can be powerful symbolic products, having considerable social impact, and provoking considerable loyalty. A reputable brand is associated status in a society. Strong brands carry strong appeal to consumers in comparison with those of competitors (Kay, 2006). Petruzzellis (2010) argues that brand attitudes do relate positively to consumer intention to use (purchase) specific mobile phones over others. Most purchases reflect social objectives and values and very few products are bought to satisfy basic needs through utilitarian

benefits (Chernev, 2004). Brand is a strategic asset and a powerful source of differentiation which plays a critical role in marketing strategy (Lim & O'Cass, 2001).

The perception of high quality and expected satisfaction of branded product influences the customer to purchase branded hand phone. Perceived quality and customer satisfaction lead to customer loyalty as brand is considered to add extra value in form of emotional benefits, which extend beyond product attributes and functional benefits (Martensen et al., 2004). Consumers generally associate branded products with high quality. Consumers desire to promote self-consistency and self-esteem when brands fit with their desired self-image (Fournier, 1998). Such perceptions conjure the image of brand personality (Plummer, 2000) that is defined as the set of human characteristics associated with a brand. Brand personality can be described and communicated in terms of both demographic and psychographic characteristics (Aaker, 1997), providing features for the brand position in consumer's mind. A well-established brand personality heightens emotional ties with the brand, increases preference and patronage and develops trust and loyalty. Moreover, the product experience results in active construction of meanings associated with the behaviors, thoughts and feelings that occur during consumption (Padgett & Allen, 1997), which consequently impact on consumer purchase criteria of a product. This results in many university students purchase hand phones based on brands. According to Keller (1998), a customer focuses on the functional, emotional and self-expressive benefits of brands.

Attributes refer to the features that an object may or may not have, which include both intrinsic and extrinsic (Mowen & Minor, 1998). Benefits are the positive outcomes that emerge from the attributes. People seek products that have attributes that will solve their problems and fulfill their needs (Mowen & Minor, 1998). Understanding why a consumer choose a product based upon its attributes helps marketers to understand consumers preferences for certain brands (Gwin & Gwin, 2003). People chose brand the latter offer particular attributes within a budget range. Both tangible and intangible attributes of a product are equally important in choosing a product or brand (Myers, 2003). Research shows that there is no evidence that certain attributes are more related to customer loyalty than others (Romaniuk & Sharp, 2003). It was found that the more (non-negative) attributes are associated with a brand, the more loyal the customer tends to be (Romaniuk & Sharp, 2003). Romaniuk and Sharp (2003) suggested that marketers should focus more on how many attributes the brand should be associated with and not what attributes since product attribute is an important factor for customer to buy a specific

product or a brand. One should be cautioned that unfounded belief in product attribute can mislead consumer into expecting something that is not there (Mason & Bequette, 1998). Hence, if products fall short of customer expectations, they cause dissatisfaction. Some attributes may still be important in influencing consumer choice.

Approximately 95 per cent of all nations have mobile phone networks, and the majority of these countries have more mobile phone than landline subscribers, and probably today more mobile phones than TVs (Botelho & Pinto, 2004). Unlike other technology, mobile phone is now perceived as a social necessity, especially among teenagers (Skog, 2002). The mobile phone has become a true "extension of man" (Castells et al., 2004). While being a simple status symbol hand phone brand has been positioned in relation to the benefits it provides. The status-symbol system is substitute with experience. Indeed, the mobile phone has become an everyday, highly regarded, multipurpose interpersonal communication device (Levinson, 2004; Ling, 2002). However, even though the mobile market is greatly subject to the commoditization phenomenon, brand is one of the most strategic elements in distinguishing the products for the consumer. Consumer trust on technology can be reinforced through a strong brand, proves to be a primary factor affecting consumers' intentions of using a hand phone (Doney, Cannon, & Mullen, 1998). When highlighting the role of trust of technology, mobile technology trust lets customers shape their attitudes and behaviours on the utilitarian basis.

Recently, the explosive growth of usage of hand phone has attracted students. Thus, the history of consumers' usage of mobile phones suggests the attraction of consumers to innovation. Furthermore, previous studies (Ha & Stoel, 2004) show that innovative consumers are in general better educated and younger than the rest of the population, have higher incomes and occupational status, and are more often female than male. Consumption attitudes link personal values to actual consumption behaviors. The utilitarian components of attitude hold much potential for advancing the understanding of consumer attitudes. The benefits that come from the hand phone usage can be functional, such as comfort, functions availability, durability (Kay, 2006). This is particularly evident in the mobile phone market, in which the very differentiating factors are no longer the core product innovations that can be easily commoditized, but the additional attributes that bring added value. A wide range of value-added services, such as call-divert and mail box facilities, are now becoming standard. However, the intense competition has led to a sharp fall in prices, which has enhanced the commonality of mobile phone usage and led to the mobile phone becoming an increasingly common part of everyday life in most

developed countries. Branding offers the marketers the escape mechanisms from the commodity spiral. It gives a higher value alluring the product with new dimensions. In fact, when the product as driver of customer values begins to get commoditised, brand helps increase value by adding dimension and promotes discrimination (Verma, 2007).

Normally, students obtain information about hand phone through friends and families, advertisement and from their own experience. In the long-run promotion and advertising help brands by making consumer less price sensitive and more brand loyal (Mela, Gupta, & Lehman, 1997). According to Evans, Moutinho, and Raaj (1996), publicity of an advertisement is crucial in changing consumer knowledge, attitude and behavior towards brands. However, famous brands are more successful due to the influence of the brand itself regardless of the content of the advertisement. Therefore, advertisement for less popular brands may be less successful even though the content may be good. Though advertisement is important for brand preference, liking towards the brand itself can influence liking for the brand. However according to the study by Gaskill (2004), consumers like or dislike towards advertisement does not necessarily lead to brand acceptance or rejection. So, even though consumers may like the ad that they see, it does not necessarily mean that they will go out and buy the branded product advertised. Usually the consumers attitude towards the ad is the same as their attitude towards the brand. However, advertisers must remember that advertising messages are interpreted differently between different genders.

3. Methodology and Data

The study used quantitative approach to generate highly relevant complementary data for analysis. This research selected students from main campus of two public universities in Malaysia. The field work was completed within two months. The university students have been chosen since the authors agreed that they represent their peers in purchasing mobile phone. A questionnaire was developed to investigate the factors that influence consumer choice. The questionnaire was divided into four sections: the first section deals with students personal use products, factors in buying hand phone, and the decision criteria of buying. Second section uses scale questions to learn about the importance of the factors to purchase hand phones. The third section deals with understanding of brand by students, choice between brand and other factors to purchase hand phones as well as reasons to purchase other than branded hand phones. The last section seeks respondent demographics. Apart from general information such as

gender, age and education, respondents were asked to specify the number of the mobile phones, favorite connection and name of the brand they use.

4. Results and Discussions

Table 1 reports the demographic profile of the respondents. Majority of the respondents were female (58.9%), Malaysian (53.9%), pursuing bachelor of business administration (57.1%), having two hand phones (46.4%) and using Nokia branded hand phones (37.8%).

<Table 1> Demographic profile (N=336)

Demographic characteristic	Percentage	
	Gender	Female
	Male	41.1
Nationality	Malaysia	53.9
	Others	47.1
Area of study	BAcc	19.9
	BBA	57.1
	BEcon	11.6
	BHS	2.1
	BIRK	3.0
	LLB	2.7
	Other	3.6
Number of hand phones	One	45.5
	Two	46.4
	Three	8.0
Hand phone brands	Blackberry	1.8
	iPhone	9.2
	Nokia	37.8
	Samsung	33.0
	Sony Ericsson	18.2

Source: Author's estimation

The results in Table 2 provide in detail synopsis of a selected Malaysian urban university's students' behavior in choosing hand phone. The hand phone has constantly changed its function from the original. The basic changes are in design, size, color of covers, ring tones, logos, screensavers, and by the actual use such as timing and placing the phone calls and messages.

Paired sample t-test analysis was carried out to investigate whether there is any difference in mean between each of the factors that is considered by students in their purchase of hand phone in Malaysia. The highest mean was reported for price (4.6) and the lowest was for post purchase service (2.8). This suggests that the consumers in this sample focus the most on the price of the hand phone and the least on the post purchase service. The results in Table 2 show that there is significant difference between all factors

<Table 2> Paired sample Mean test of all the variables

Variables	Mean difference	t	Correlation
Availability - Brand	-0.83	-10.97*	-0.40
Availability - Durability	-0.50	-8.51*	0.28
Availability - Model (Features)	-0.89	-14.86*	0.11
Availability - Post purchase service	0.78	12.31*	0.51
Availability - Price	-1.08	-14.70*	-0.28
Availability - Product quality	-0.83	-13.61*	0.21
Availability - Promotion	0.40	5.62*	0.31
Brand - Durability	0.33	6.10*	0.16
Brand - Model (Features)	-0.07	-1.22	-0.02
Brand - Post purchase service	1.61	17.68*	-0.32
Brand - Price	-0.26	-6.20*	0.44
Brand - Product quality	0.00	0.00	-0.17
Brand - Promotion	1.22	15.12*	-0.14
Durability - Model (Features)	-0.40	-6.72*	-0.02
Durability - Post purchase service	1.28	18.21*	0.34
Durability - Price	-0.59	-10.12*	0.08
Durability - Product quality	-0.33	-6.48*	0.35
Durability - Promotion	0.89	13.42*	0.33
Model (Features) - Post purchase service	1.67	22.87*	0.21
Model (Features) - Price	-0.19	-3.60*	0.06
Model (Features) - Product quality	0.07	1.12	-0.01
Model (Features) - Promotion	1.29	17.24*	0.03
Post purchase service - Price	-1.86	-20.07*	-0.33
Post purchase service - Product quality	-1.61	-21.90*	0.27
Post purchase service - Promotion	-0.38	-5.50*	0.49
Price - Product quality	0.26	4.21*	-0.03
Price - Promotion	1.48	16.96*	-0.30
Product quality - Promotion	1.22	18.73*	0.36

Source: Author's estimation

except between product quality model (feature) and brand. The results also show the mean difference between each pair. The mean difference ranges between -1.86 (for post purchase service and price) and 1.67 (post purchase service and model, features). In addition, bivariate correlation is reported in Table 2. The correlation is the lowest between availability and brand (-0.40) and highest between availability and post purchase service (0.51). This suggests that the higher the availability of the product the more important is the brand of the phone. Moreover, the model (feature) has close to zero correlation with product quality, price, brand, and durability. That is, the features alone do not reflect quality, price, brand or durability. Similarly, price has almost zero relationship with product quality of the mobile phones which means that for students, price is not perceived to reflect quality.

Table 3 compares the mean of male and female of each factor. The results show that there is a significant difference between male and female in all factors except Brand where they are indifferent. Looking at the mean of each group it is clear that females have higher emphasis on all the factors than males. The highest mean for male and female students goes to price (4.5 and 4.7 respectively) and the lowest is for post purchase service (2.1 and 3.2 respectively). Looking at the means of each factor for both male and female it is found that the preferences differ. For example, although both male and female rank price as the most important factor, brand is the second most important factor for male students but it is the fourth for female students. In addition, both male and female students agree on the four least important factors which are post purchase services, promotion, availability and durability.

<Table 3> Gender difference and hand phone purchase priorities.

Factors	Gender	Mean	t	Sig. (2-tailed)
Availability	Male	3.3623	-2.785***	.006
	Female	3.6515		
Brand	Male	4.4058	1.033	.302
	Female	4.3283		
Durability	Male	3.7971	-4.173***	.000
	Female	4.1919		
Model (Features)	Male	4.2609	-3.790***	.000
	Female	4.5404		
Post purchase service	Male	2.1377	-7.823***	.000
	Female	3.1818		
Price	Male	4.4638	-2.928***	.004
	Female	4.7222		
Product quality	Male	4.1884	-3.197***	.002
	Female	4.4798		
Promotion	Male	2.6159	-6.761***	.000
	Female	3.5000		

Source: Author's estimation

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The result supports the high price elasticity of hand phone demands. In previous research the result might indicate that brand is the most important factor that consumers look at when purchasing a hand phone (Kay, 2006; Petruzzellis, 2010). This is because the price elasticity of demand is lower for individuals with income higher than students. Therefore, the current result is economically sound since students do not really earn income and if they do it will be lower than working individuals.

5. Conclusions

This study is in an attempt to understand student's preference regarding hand phones, highlighted some considerations that are equally important as brand like price. In fact, the findings have indicated the variables that influence students in the choice of hand phone. As there are many factors specified in questionnaire like price, quality, design etc. are also some important determinants for university students to purchase hand phones. However, among the factors students emphasize their preference on brand as it is supported by many authors that brand has a standard which satisfies customer by providing good quality products. In particular, brand plays a vital role for students to purchase hand phone. On the other hand, price is also very important factor for students to select a hand phone. There is very little difference regarding preference between brand and price in purchasing a hand phone.

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