

# AN ANALYSIS OF CONSUMER BEHAVIOR IN MOBILE PHONE MARKET IN SINDH

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## Abstract

This study besides studying brand selection by the young consumers of Sindh will also help to understand the overall purchase behavior of this segment of consumers. The results of this study will provide insight and information for administrators, practitioners, and researchers about the behavior of consumers towards various mobile brands and services particularly in Sindh. The population of the study is students of various universities in Sindh. Descriptive statistics is applied to analyze the characteristics of the respondents. For the testing of hypotheses, exploratory factor analysis with varimax rotation is applied. The results of the current study supports majority of the hypotheses. The results concluded that a large number of respondents prefer the purchase the mobile phone handset with value added facilities like camera, large screen, familiar brand and low price. The respondents also focused those service provider companies that offer the services such as SIM at low rate, free minutes, low call rates and call clarity

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**Keywords:** Consumer behavior, mobile brands, services providers, Sindh

## Introduction

It was in the mid-80s to mid-90s, that Data communications, Public payphones and mobile services were first opened to the private sector in Pakistan. Mobile telephone services were introduced in Pakistan in 1989 after the initial launch with two AMPS operators, the initial estimation was that of an ultimate mobile potential of 300,000 subscribers, in 10 years' time. By 1991 the number had reached 80,000. In 1991, mobile services sector was severely affected by their forced withdrawal from the main city, Karachi. According to 2006 statistics, teledensity across the country jumped from a mere 6.3% to over 23.7% over the previous year and is predicted to reach 30% by the years 2009-2010. This would signify an additional 30 million fixed and mobile telephone lines. In a population of 162.4 million (as of 2006), Pakistan had 5.37 million fixed telephone lines. However, within a

year, mobile subscriptions surged to over 19.6 million, making this, as telecom experts assert, one of the most rapidly expanding mobile phone markets in the world.

These restrictions were lifted in 1994, and a third operator, on GSM, got the license in 1995. This led to a fast boost in subscribers counts, and figures began to return to original targets (300k by 1999); In the year 2000 there was a massive reduction in import duties on telecom equipment's, and lowering of the activation fees. This resulted in the doubling of the figures in 2001. In 2004/5, two more operators entered paying \$291 million each for the dispensation! The increase in competition led to a substantial reduction in call charges and an exponential increase in growth of the subscribers' base in the telecom sector.

The telecom sector of Pakistan has seen an extraordinary growth in the last six years. From 1992 when there were only two operators namely Instaphone and Paktel (now China Mobile Pakistan) the country now boasts of five operators including Telenor, Warid, Ufone and Mobilink each competing neck to neck with each other which in turn has not only reduced the call charges but has also improved the quality of services. Presently, Mobilink enjoys a 50% subscriber base which is understandable because it is in its 16th year of service, Ufone and Telenor have around 18% subscription base, Warid 10% & and Instaphone and China Mobile Pakistan completing the rest of the numbers.

The impact of the growth of the economy on the telecom industry is also worth mentioning. From 1988 to the year 2000, Pakistan's economy went through several traumas; GDP growth, which had averaged about 6% for over 30 years, fell to less than 3% during the 90s. Things changed in the new millennium as the country's economy started to show healthy growth. Liberalization of telecom led to private operators laying submarine optic fiber for international connectivity, domestic long-haul fiber for IP backbones, developing wireless local loop in rural areas, and even building fiber networks for integrated telephony/DSL/video delivery in the bigger cities (Bhatti, 2008). If we look into the revenue collection by the telecom sector, it has contributed over Rs 45 billion to national exchequer. This contribution comprises 17% of total public sector development program.

On the other hand, revenue and tax collection through import and sales of millions of cell phones across the country has also contributed towards improvement in revenues for the government. So the journey from monopolistic era to this competition age has proved to be fruitful in all aspects. Foreign investment, job creation, revenue growth and economic activities, everything has showed positive signs.

## **Study Purpose**

The use of mobile phone in Pakistan has progressed dramatically in last five years. At least 60% of the population is using mobile phone. 65% of the population of Pakistan consists of young persons and are the extensive users of mobile phone. A large number of youth is enrolled in higher education institutions that make a hot market segment for marketers of mobile phone in Pakistan. What is mentioned above the university students' market segment is faced with an unending range of choices especially about mobile phones. Though, little research has been accompanied to better understand this group of consumers' decision making in terms of purchase of mobile phone set and using services in Pakistan and particularly in Sindh. Literature on mobile phone purchase behavior in Pakistan and specifically in Sindh has yet to fully explore under the settings of consumers interacting with various attributes of mobile phone set and services provided by different companies.

The foremost purpose of this research endeavor is to comprehend and examine the behavior of the consumers of Sindh towards various mobile set brands and services providers of cell phone services. This study besides studying brand selection by the young consumers of Sindh will also help to understand the overall purchase behavior of this segment of consumers. The knowledge acquired through this research will contribute on one hand to the manufacturers and marketers of mobile phone sets and also the scholastic work would be available to services providers for maintaining and improving the mobile phone services according to the desires of consumers.

The results of this study will provide insight and information for administrators, practitioners, and researchers about the behavior of consumers towards various mobile brands and services particularly in Sindh. Management from the organizations that would be evaluated through this research effort may benefit from the survey feedback, and could implement strategies for addressing the needs, wishes and demands of consumers. Finally, researchers can use the information to conduct similar studies that will contribute to the knowledge base regarding the behavior of consumers regarding the selection of mobile set brands and services providers. Researchers may attempt to determine, what similarities in behavior of consumers of other provinces of Pakistan exist regarding the selection of mobile brands and services providers.

## **Objectives of Study**

- To investigate purchase behavior of consumers towards various mobile phone brands and services providers.
- To explore the purchase motives of consumers.

- To discover the factors that influences the purchase behavior of consumers of Sindh.

### **Literature Review**

Due to fierce competition, mobile phone markets are very insecure, in this paper scholar tried to detect the choice standards of consumers in cell phone markets in Sindh. Researcher studies the factors for purchasing new cell phone and observes the factors for changing cell phone by consumers, researcher survey from 197 respondents. In results researcher found the factor brand, price and characteristics of mobile phone are the main factors for purchasing new mobile phone and technical problems are the main cause for changing the mobile phone by users. (Heikki Karjaluoto et al., 2005). Bangladeshi scholar conclude in his research that low connection charges or SIM card rates have great impact on consumer decision of purchasing mobile phone service and this is the big reason in rapid growth of subscribers in Bangladesh. Researcher conclude that the first thing consumer prefer is connection charges or SIM card rates than he/she think about other charges (Azam, 2008 ). In other study researcher try to find out how students of university make decision for purchasing mobile phone in Jordan. Researcher use random sampling method and collect the primary data from 395 students of different public and private universities of Jordan, the results of this study shows that university students of Jordan have perfectionist style of purchasing mobile phone, they are price and brand conscious, they are confused to try new brand. Researcher also mentioned that there is a difference of mobile phone selection between the male and female students of Jordan. (Ziad., et al 2011). Another researcher observed connection between personality factors and cell phone usage style. Researcher uses 235 university students as a sample for study. In results scholar found that there is a personality impact on mobile phone purchasing, fashionable users prefer new technology and friendliness users prefer economical use of mobile phone (Kamran, 2009). The research scholars Srikes, Monthathip (2009) define and assess the cultural differences affect the purchasing behavior of consumers of British and Thailand about mobile phone purchasing. In this study researcher tried to compare the main cultural factors that effect on mobile phone purchasing by the consumers of both countries, primary survey is used for data collection from the students of the universities of both countries. Result shows that there is a major difference among the British consumers and Thai consumers about mobile phone purchasing behavior. The result suggest that marketing managers should aware about the cultural difference of countries for making segmentation, advertising, communication and promotion strategies within the cultural limits and values (Srikes, Monthathip, 2009). Another research scholar discovered purchasing and re-

purchasing activities of cell phone brands, buying features and service providers. Data has been collected through questionnaire formulated by researcher students were selected as a sample for study. The researcher concludes that in Pakistan mobile phone users are not showing extreme usage patterns of cell phone. They are reliable consumers towards service operators. Nokia is the preferred mobile phone handset brand, Ufone is their preferred mobile phone service operator, and they consider all characteristics of service and handset before purchasing (Ishfaq Ahmed., et al 2011). Another research shows the consumer behavior about mobile phone purchasing is influenced by its features because consumer always make decision on the basis of product features. The results of this research explored the features of mobile phone purchasing are outlook, price, new features, durability, advertisement, and after sales service are the key factors which influence on consumer at the time of purchasing mobile phone, researcher suggest the mobile phone manufacturers to consider these features to satisfy the consumer (Safiek Mokhlis., et al 2012). Research scholar tries to find out the factors that satisfy the mobile phone subscribers in Pakistan. The results of this study explored four factors that have impact on subscribers' satisfaction in Pakistan mobile phone industry, network coverage and price are two major factors influence on the subscriber satisfaction, and easy use and customer service are two other factors. This study is very important for mobile phone service providers in Pakistan; this study will help them to understand the preferences of subscribers. Researcher suggests that cheap price is not only factor that satisfy the subscriber but availability of network and customer service are also important factors. Mohsin Butt. et al (2009) and Liu (2002) has studied the brand decision in the mobile phone market in Asia, they found that the choice of cellular phone is characterized by two distinct attitudes, the brand and network. They were found to be the main factors on choice of networks; mobile phone brands were affected by new features such as memory capacity, SMS option, camera, color, display, internet facility and in network low call rates, free minutes and network coverage. Riquelme (2001) studied six key attributes, such as, telephone features, connection fee, access cost, phone to phone rates, call rate and free calls. Hanif et al (2010) have studied about customer satisfactions; Price Fairness and customer services were the taken as predicting variables towards customer satisfaction as criterion variable. Their results showed that both the factors significantly contributed to explain customer satisfaction but comparatively price fairness had the larger impact on customer satisfaction than customer services.

## **Hypotheses**

Based on extensive literature review following hypotheses of the study were formulated.

**H1.**The consumers in Sindh prefer built in camera while selecting mobile phone brands.

**H2.** The consumers in Sindh prefer large screen size while selecting mobile phone brands.

**H3.**The consumers in Sindh prefer familiar brands while selecting mobile phone brands.

**H4.**The consumers in Sindh prefer low price of hand set while selecting mobile phone brands.

**H5.**The consumers in Sindh prefer new technical properties (large memory, battery life, color display, internet facility ) while selecting mobile phone brands.

**H6.** Consumers of mobile phone in Sindh prefer (Call rate and free minutes) while selecting service of different companies.

**H7.** Consumers of mobile phone in Sindh prefer call clarity while selecting service of different companies.

**H8.** Consumers of mobile phone in Sindh prefer SIM rates while selecting service of different companies.

## **Methodology**

The population for this study was students of public and private universities in Sindh. The MBA students of various business departments of public and private universities were included in the sampling frame of the study. Sampling unit were both male and female students of business institutes and universities of Sindh.

A detailed questionnaire based on Richardson & Smith (2007) was applied; the items in the questionnaire were modified to suit the conditions and characteristics of respondents. The face and content validity of the instrument was also tested before the application. Descriptive Statistics (mean, Standard deviation) was applied to explain the demographic characteristics of the respondents. An exploratory factor analysis using principal components analysis with varimax rotation was applied to find out the underlying structure among the variables of consumer behavior regarding purchase of mobile set and services.

Primary data is collected from the departments of business administration of six different universities in Sindh. The total sample size was 500 data is collected from each university according to their population, the fifty percent of population from each university is selected as a sample for study, statistically at fifty percent the margin of error is minimum. The population of business students of Shah Abdul Latif University Khairpur is

180 and sample is selected 90. In Sindh University Jamshoro the number of business students enrolled 220 and the sample is selected 110. In Karachi University the number of students enrolled 140 and the sample is selected 70. In SZABIST Larkana 120 students are enrolled in business department and sample is selected 60 and from Iqra University Karachi 85 respondents were selected out of 170 enrolled students. From SISTEC business institution 85 respondents were selected out of 170 enrolled students.

## Results

In order to check the fit of data in context of Sindh Pakistan we performed exploratory factor analysis (EFA). All the items having cross loadings and loadings below .5 were excluded from further analysis. Through the EFA, the items were resulted in two factors. These factors explained the variance around 62%. The results of EFA are given in Table 1 as under.

Table No.1 Exploratory Factor Analysis (EFA)

ITEMS	BRAND	SERVICE
Large screen	.728	
Camera	.718	
familiar company	.658	
low price	.610	
SIM at low rate		.762
Free minutes		.732
Low call rates		.668
Call clarity		.513

Kaiser-Meyer-Olkin Measure of Sampling Adequacy: .723

Bartlett's Test of Sphericity: .000

**Total Variance Explained: 62 %**

Extraction Method: Principal Component Analysis with Varimax Rotation

## Descriptive Statistics Results

The descriptive statistics results revealed that arithmetic mean results for the large screen was 3.67, for camera it was 3.99, for familiar company it was 4.11, for low price its was 3.64, for SIM at low rate it was 4.03, for free minutes it was 4.39, for low call rates it was 4.34, and for call clarity it was 4.21. Over all mean results ranged from 3.64 for low price to 4.39 for low call rates. The results of descriptive statistics are given in table No 2 as under

Table No 2

Variables	Mean	Std. Deviation
Large screen	3.67	1.167
Camera	3.99	1.070
familiar company	4.11	1.188
low price	3.64	1.137
SIM at low rate	4.03	.986
Free minutes	4.39	.767
Low call rates	4.34	.833
Call clarity	4.21	.975

### Discussion and Conclusion

The mean results showed that overall respondents perceived all the characteristics of brand and services necessary for selecting a mobile set. Among the brand characteristics respondents perceived the familiarity of company characteristics most as compared to other characteristics and low price was perceived least by the respondents. Among the services characteristics respondents perceived the free minute's characteristics most as compared to other characteristics and SIM at low rate was perceived least by the respondents. The main purpose of this study was to find out the opinion of the respondents from various universities of Sindh regarding the preference in purchasing mobile phone handset and mobile phone services of various companies. The results of the current study supports majority of the hypotheses, which are in line with the studies of Liu (2001), Karjaluoto (2003) and Alkio (2004). The results describe that a large number of respondents prefer the purchase the mobile phone handset with value added facilities like camera, large screen, familiar brand and low price, these results also support the studies by Liu (2001), Karjaluoto(2003), Alkio (2004) and Gartner (2004). The respondents also focused those service provider companies that offer the services such as SIM at low rate, free minutes, low call rates and call clarity. This study is exceptional in the sense that it has investigated the general opinion of young generation regarding the purchase of mobile phone handset and mobile phone services of various companies the study also concluded that the purchase preference is not discriminated by the gender of the respondents. The current study has opened new avenues of research for the research scholars in Pakistan.



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