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Understanding the Influence of Utilitarian and Hedonic Factors on Buying Behaviour of Gen Y while Purchasing Smartphones

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Abstract

The paper focuses on the influence of utilitarian and hedonic factors on the buying behaviour of the Gen Y consumers while purchasing smartphones. The researcher has followed a mixed method approach for the research with a descriptive research design. Primary data was collected through a survey that was conducted with 450 participants which consisted of teenagers and adults aged between 16-30 years. This collected data was then quantified using mathematical tools to come to a conclusion. Secondary data was collected from online published research articles and convenience. The influence of both these factors have a different sense of impact on every individual in the buying process, but post analysis, utilitarian factors gained primacy over hedonic factors.

Keywords: Gen Y, smartphone, purchasing, hedonic, utilitarian, buying behaviour.

1. Introduction

21st century is all about changing technology. According to Oxford dictionary- a smartphone is "a mobile phone that performs many of

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the functions of a computer, typically having a touch screen interface, internet access, and an operating system capable of running downloaded apps." Using smartphones has become very popular among consumers especially students and young professionals. The smartphones are becoming smarter day by day by incorporating latest technology and adding new features. They have turned in to minicomputers which one can carry in his/her pocket and can use anywhere, anytime. With smartphones one can not only just call and send messages to others but can also use internet easily and connect to social media portals like Facebook, Twitter, WhatsApp etc. along with audio-video facility and instant messaging. These features basically draw a differentiating line between ordinary mobile phones and Smartphones and make the use of smart phones easier and more user-friendly and increase its utility for the consumers.

There has been a sudden increase in the number of companies manufacturing smartphones. There is a smartphone for all the category, be it low budget phones or premium category. Online platforms like Amazon, e-bay, Flipkart, Alibaba, Taobao, NewEgg, and the likes have made shopping experience quite easy for the consumers. They can now browse through a variety of smartphones, check reviews, compare prices of the same smartphone model on various websites. This greatly influences them to purchase a smartphone. This has also helped the companies to avoid middlemen, hence a decrease in the operational costs, which has led to smartphones now being sold at cheaper rates.

1.1 Smartphones in India

India, the second-most populous country in the world, was projected to pass the United States in number of smartphone users in 2017. Around 223 million people in the U.S. were predicted to use a smartphone by 2017, compared to 340 million in India. Despite this increase in volume, the U.S. still has a higher smartphone penetration rate than India. The smartphone penetration rate in India was forecasted to reach more than 28 percent by 2018, a penetration rate that the U.S. already reached in 2011. There were 291.6 million smartphone users in India by the end of 2017. The

number of smartphone users in India was estimated to hit 337 million by the end of 2018. The number of smartphone users in India is predicted to reach 490.9 million by 2022. Between 2017 and 2022, the number of smartphone users in India is estimated to grow over 60%. Despite the growing trend, smartphone penetration in India will reach only 36.2% by the end of 2022. Therefore, India portrays a big window of opportunity window for all smartphone OEMs at least for the next decade.

2 Literature Review

Uddin, et al. (2014) conducted a study on factors affecting buying decision of customers in Khulna city. Participants in the study were selected by convenient sampling method. Research was carried out using a structured questionnaire. Using factor analysis method, the factors affecting buying decisions were identified. Identified factors were physical attributes, followed by price, size, charging facility, operating facility, weight, recommendations of friends and colleagues and advertisements. Debadutta (2012) carried out research to find the mobile phone buying behavior of young youths in coastal districts of Odisha. Research was carried out by empirical method based on survey. The survey results were obtained by carrying out percentage test, chi-square test and Paired T-test model and revealed that people bought mobile phones in credit system. Karen Lim Lay-Yee, et al. (2013) researched on the factors affecting mobile phone purchase decision of youths in Malaysia and their association with concern for convenience, concern, product, brand, and social influence. This study revealed that marketers have to understand the purchase decision of consumers to become more competitive. Owusu Alfred (2013) conducted research on the influence of price and quality on consumer purchase in Kumasi. The data was collected through personal interview, questionnaire and pricelist of the chosen mobile phones. The study had revealed that both price and quality having high influence on consumers purchase decision. Guleria (2015) conducted research on preference of consumers for smartphones in Himachal Pradesh. The identified factor were the availability of various usability features of mobile phones. M. Aftab Uddin et al. (2015) researched on factors affecting the buying decisions of

mobile phones. Through the literature survey, 21-item instrument was designed. Reliability, Kaiser-Mayer-Olkin (KMO) and Bartlett's tests were carried out to analyze the data collected from 432 participants. The major factors were uniqueness, social identity, brand image, physical attributes, ease of operation and price. Bhatti (2015) explored the factors influencing mobile commerce. In the research, technology acceptance model was extended. Factors such as perceived ease of use, personal innovativeness, subjective norms, behavioural control, and subjective norms were modelled. Regression analysis was used to validate the empirical data. Subjective norms, behavioral control, influence perceived ease of use were factors which were identified as being capable of affecting their purchase intention. Sujata (2016) presented a study on factors capable of affecting consumers on purchase decision. The identified factors from 306 participants were technology factors, hardware factors, basic factors, brand factors and financial factors. Pandey (2015) studied the influence of consumer's determinants on hedonic value perception for mobile phones. The study revealed that lifestyle and qualification play a key role when it comes to buying a mobile phone as educated individuals are not easy to fool with utilitarian aspects of a product. Kim et al. (2014) explored the psychological effects of screen size on smartphone adoption by proposing an extended Technology Acceptance Model (TAM). The data was collected from 130 undergraduates. It was found that screen size is a major utilitarian feature that drives consumers to buy a particular mobile.

3. Conceptual Model

The conceptual model of this study depends on 3 variables, i.e. hedonic factors, utilitarian factors and purchase Intention.

3.1 Image

There are several utilitarian factors. For smartphones, utilitarian factors has been shown to relate to the features provided by the smartphone, such as bigger screen size, larger battery capacity, rear camera quality, selfie camera quality, processor, RAM capacity, charging speed, OS updates, user interface, wireless charging, product add-ons, face unlock and fingerprint scanner (Soomro, et

al., 2013). The utilitarian features also include the consumer's demand for features (Lay-Yee et al., 2013). In general, utilitarian value has been described as instrumental, task-related, rational and cognitive.

There are several hedonic factors as well. Hedonic value, which is less studied, is more subjective and personal. It is related to the emotional needs of the consumers. Hedonic value reflects entertainment and emotional worth. It is non-instrumental, experiential and effective. For smartphones, hedonic value may be derived from brand value, social status, peer influence, social networking, reviews or the pleasure derived from communicating with others (Batra et al., 1990). It is therefore understood as the emotional benefits the customer perceives through owning the particular smartphone. Researchers have shown that mobile technologies have hedonic aspects that influence peoples' perceptions of them. The authors suggest that a person's evaluation of hedonic value of mobile technologies will influence whether they perceive them to be an opportunity or not.

In addition, what becomes important to take note of is the purchase intention. Purchase intention is the implied promise to one's self to buy the product again whenever one makes the next trip to the market (Fandos & Flavian, 2006; Halim & Hameed, 2005). It has a substantial significance because the companies want to increase the sale of specific products for the purpose to maximize their profit. Purchase intention portrays the impression of customer retention. Student's mobile phone purchase intention depend on their consumption experiences, consumption habit, and intuition (Li, et al., 2010). The social influence plays an important role in deciding which brand of smartphone to purchase (Kaushal, et al., 2016).

4 Methodology

4.1 Problem Statement

In this 'technology savvy' era, it is very difficult to study, analyze and interpret consumer purchase intention. Smartphone companies are willing to financially invest in order to study their respective potential consumer's purchasing behavior. This study tries to understand the influence of Hedonic and Utilitarian factors in

smartphone purchase intention among Gen Y consumers. Gen Y consumers are selected as they are the most tech-savvy age group, also they frequently purchase new smartphones in comparison to other age groups.

4.2 Objective of the Study

1. To study the influence of Hedonic Factors in purchase of smartphones among Gen Y consumers.
2. To study the influence of Utilitarian factors in purchase of smartphones among Gen Y consumers.

4.3 Scope of the Study

This study focuses on the Gen Y population in Indian cities like Bangalore, Delhi, Kerala, Ahmedabad, and Pune. The study includes a sample size of 450 people from various backgrounds like academics, corporates, and even homemakers. A questionnaire was used in order to conduct the survey and gather data.

4.4 Research Methodology

Both primary and secondary data is used in order to complete this study. Primary data collection is done through self-administered questionnaire distribution. The questionnaire is handed out by online distribution.

The majority of the respondents of the Gen Y population belong to the age category 16-18. For online distribution, it is distributed through email as well as social media platforms like WhatsApp, LinkedIn, and Facebook to people in Ahmedabad, Jaipur, Delhi and various parts of South India. It is distributed by convenient non-probability random sampling method, where respondents are chosen randomly among the targeted group.

Around 450 questionnaires were distributed online. It is received as an individual answer. The questionnaire distribution is controlled and hence no answers were biased to only one age group or gender. For secondary research, data are collected through various online literature and journals. The scope of the literature reviewed include area like consumer decision process, Smartphone in India, Generation Y and determinant of the purchase decision, including

brand value, convenience, price, product feature concern and social influence. Variables derived from these literature reviews are investigated through primary research.

4.5 Research Instrument

In this research, the instrument used in primary research is questionnaire and all the questions in this questionnaire are designed in English, which is simple for respondents to understand and answer. The questions asked are directly linked to the objectives of this research. There are a total of 12 questions, which include multiple choice answers and also 5 point Likert Scale.

4.6 Plan of Data Analysis

The analysis was broadly classified into - Descriptive statistics, Test of adequacy of sample (KMO), Reliability tools (Decision tools like regression are used).

4.8 Data Analysis and Interpretation

Table 1.1 Demographic Details

		Frequency	Percent
Age	16-20 years	78	17.1
	21-25 years	297	65.1
	26-30 years	81	17.8
Gender	Male	273	59.9
	Female	182	39.9
Occupation	Student	293	64.3
	Private	36	7.9
	Professional	107	23.5
	Self-employed Homemaker	15	3.3
I purchased my current smart phone from	Online site	272	59.6
	Multi-Brand Retail Store	82	18
	Exclusive Brand Outlet	53	11.6
	Electronic Store (Reliance Digital, Croma)	41	9
When I purchased my current smart phone, I got the information from:	Online Reviews	222	48.7
	Peer Recommendation	115	25.2
	Advertisements	38	8.3
	Mobile Retail Store	36	7.9
	Mobile Phone Website	33	7.2
Current Smartphone Brand	Other brands	13	2.9
	Apple	51	11.2

	Samsung	66	14.5
	One plus	44	9.6
	Motorola	55	12.1
	Xiaomi	109	23.9
	Vivo	8	1.8
	Oppo	21	4.6
	Poco	9	2.0
	Nokia	14	3.1
	Asus	13	2.9
	Google	6	1.3
	Honor	18	3.9
	Lenovo	14	3.1
	Huawei	6	1.3
	HTC	1	.2
	Sony	2	.4
	Apple	124	27.2
	Samsung	40	8.8
	Oneplus	152	33.3
	Motorola	16	3.5
	Xiaomi	47	10.3
	Vivo	6	1.3
Future Smartphone Brand	Oppo	5	1.1
	Poco	11	2.4
	Nokia	12	2.6
	Asus	6	1.3
	Google	22	4.8
	Honor	4	.9
	Lenovo	2	.4
	Huawei	1	.2

Table 1.2 Case Processing Summary

		N	%
Cases	Valid	456	100.0
	Excluded	0	0.0
	Total	456	100.0

Table 1.3 Reliability Statistics

Cronbach's Alpha	No. of Items
0.961	28

The overall alpha value is .961 which shows the data collected is from a reliable source and also indicates good internal consistency among the data collected. The reliability analysis was conducted by computing the Cronbach’s alpha (α) for each moderating variables The Cronbach alpha for dependent variable (28 items) or independent variables measure 0.892 indicating that the measures have acceptable internal consistency

Table 1.4 KMO and Bartlett’s Test

Kaiser-Meyer-Olkin Measure of Sampling		.958
Bartlett’s Test of Sphericity	Approx. Chi Square	10318.168
	df	378
	Sig.	0.000

The KMO has given the significance level of 0.958 which informs that the data collected is appropriate to do a factor analysis, which will indicate the suitability of our data and proportion of variance in our variables selected for the proposed model. The KMO statistic of 0.958 is also large (greater than 0.50). Hence, Factor Analysis is considered as an appropriate technique for further analysis of the data.

Hypothesis

H0: there is no significant impact of utilitarian factors on purchase intention

H1: there is no significant impact of utilitarian factors on purchase intention

Table 1.5 ANOVA Table for utilitarian factors

Anova

Utilitarian

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	226.010	20	11.301	28.391	.000
Within Groups	173.145	435	.398		
Total	399.156	455			

The groups considered here are utilitarian factors and their impact on purchase intention, and as the significance level is less than 0.05 it suggests that these utilitarian factors have a significant impact on consumer’s purchase intention.

H0: there is no significant impact of hedonic factors on purchase intention

H1: there is a significant impact of hedonic factors on purchase intention

Table 1.6 ANOVA Table for hedonic factors

ANOVA

Hedonic

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	194.667	20	9.733	24.656	.000
Within Groups	171.720	435	.395		
Total	366.386	455			

The groups considered here are hedonic factors and their impact on purchase intention, and as the significance level is less than 0.05 it informs that these hedonic factors have a significant impact on consumer’s purchase intention.

Regression

Table 1.7 Variables Entered/Removed

Model	Variables Entered	Variables Removed	Method
1	Utilitarian hedonic		Enter

a. Dependent Variable: purchase intention
 b. All requested variables entered

Table 1.8 Statistics

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	Change Statistics			Sig. F Change	Durbin - Watson
						F	df 1	df 2		
1	.758 ^a	.575	.573	.64557	.575	306.156	2	453	.000	1.918

a. Predictors: (Constant), hedonic, utilitarian

b. Dependent Variable: purchase intention

Table 1.9 Model summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.758 ^a	.575	.573	.64557

a. Predictors: (Constant), utilitarian, hedonic

Table. 1.10 ANOVA

Model	Sun of Squares	df	Mean Square	F	Sig.
1. Regression	255.184	2	127.592	306.156	.000 ^b
Residual	188.790	453	.417		
Total	443.975	455			

a. Dependent Variable: purchase intention
 b. Predictors: (Constant), utilitarian, hedonic

Table. 1.11 Coefficients

Model	B	Std. Error	Standardized		
			Coefficients		
			Beta	T	Sig.
1 (Constant)	.302	.122		2.470	.014
hedonic	.408	.055	.371	7.401	.000
utilitarian	.453	.053	.430	8.580	.000

a. Dependent Variable: purchase intention

From ANOVA analysis, the authors examine the null hypothesis, i.e. there is no impact of the independent variables on the dependent variables against the alternate hypothesis. i.e. the factors like utilitarian and hedonic have a significant impact on the purchase intention of the consumer when it comes to buying a smartphone.

P-value from the ANOVA table is 0.000 which is lesser than the significance 5% and this implies a failure to accept the alternate hypothesis and say that there exists a significant impact of the utilitarian and hedonic factors in influencing the purchase intentions.

The adjusted R2 value 0.573 means that the regression analysis can explain 57.3% of the data. The utilitarian and hedonic factors vary with purchase intentions of consumers. The P-value 0.000 is lesser than significance value and thus the authors decline the null hypothesis and accept alternate hypothesis which in this case is factors like, the utilitarian and hedonic factors and does have an impact on purchase intentions of the consumers. The beta value for utilitarian factors are higher than the beta value of hedonic factors which suggests that the utilitarian factors have more impact on the purchase intention of a particular consumer.

5. General Discussion and Implication

The studies reported here quite clearly indicate that attitudes towards purchase intention have at least two distinct components, hedonic and utilitarian. Gen Y population is more adaptable towards technology and hence the study mainly focuses on them. A questionnaire was circulated and responses were collected which were considered as primary data. The study has registered 450 responses. The questionnaire has covered all the basic topics like price, social concern, brand value, features etc. The data obtained was analysed using statistical tools like SPSS and Excel. Methods such as descriptive analysis for demographics, Cronbach's Alpha for reliability, ANNOVA test for checking Hypothesis, Regression Analysis for final factors analysis, and KMO and Bartlett's Test for checking the stability of the data. Initially the data showed that both utilitarian and hedonic features played an important role in purchasing a smartphone. But with more analysis, the data suggested that utilitarian factors are more influencing while purchasing smartphones.

The findings from the paper are important for both researchers and practitioners as this model can be used to understand how each individuals' decisions are affected by either utilitarian or hedonic factors of a smartphone. In this dynamic market where hundreds of smartphone brands exist and how one brand can withstand the existing competition and also outshine amongst all the other brands can be understood by this model. Gen Y is now not only looking for less price of the smartphone but also want something other than that, some may want better features or brand value and some may even be influenced by the person endorsing the product and few may need a combination of all these, so companies have to develop strategies to attract their customers and also strategically place their product in people's minds so that the next time they select a smartphone, the first brand which comes to their mind must be theirs. Based on that, manufacturer plans should ensure the best combinations of all utilitarian factors that benefit and satisfy customer's needs, which in turn informs and stimulates them to become involved in long-term relationships. Also, the framework enables managers to determine which behaviour elements have the greatest impact on customer retention behaviour

and how they should plan to improve particular customer retention elements to control and maintain a specific behaviour which they hope their customers will repeat. From another point of view, the model can help suppliers not only to control but also manipulate consumer behaviour settings and consequences. As the utilitarian factors have a greater impact, companies can focus more on the features of the smartphone as some consumers are more inclined towards the camera features, some want better speed and some need a better charging capacity, so companies must try to provide all these factors together at a reasonable price because at the end price plays a major role in selecting a phone. This will provide the customers value for their money and also will give them a product which will meet all their needs. This intent will help the companies to increase their brand value and market presence and will then create trust in the customer's mind, thus facilitating the hedonic part of the study.

6. Conclusion

From the survey conducted, it was observed that the Utilitarian factors play a more significant role in influencing the purchasing behaviour of an individual over Hedonic factors. The results suggest that the features of a phone like screen size, processor performance, and body colour play a vital role in selecting a mobile brand which gives consumers a more affiliated feeling while using a mobile phone along with the brand value. After the research analysis, the most preferred brand was found to be Xiaomi smartphones which provide numerous features along with a reasonable price which motivates the consumer to purchase this particular brand. Hence one can predict that though hedonic factors do have some influence over consumers when buying a mobile phone but utilitarian factors have an upper hand when it comes to the final decision making and thus proving it to be the vital influencing factor in consumer's purchase intentions.

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