

# CONSPICUOUS CONSUMPTION BEHAVIOUR OF RURAL AND URBAN CONSUMER FOR PURCHASING SMART PHONES: A STUDY IN BHUBANESWAR REGION

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**Abstract:** *In the 21st century the Mobile phone markets are one of the most turbulent market globally due to the competition and rapid technological changes. Nowadays, Youth peoples are highly technology oriented and act as an active part of society in the use and demand for digital technology. They are highly interest to adopting the new technology in the field of smartphone and gradually the use of smartphone increased amongst youth worldwide. The present study is aims to examine the comparative buying behaviour of rural and urban consumers, while purchasing the smart mobile phone. For this Research, 154 respondents were selected from Bhubaneswar region by applying some descriptive and T-test statistics and the findings reveal that rural people give more importance to promotional schemes as compare to urban people, while urban people give more important to brand name as compared to rural people. While in case of functions of mobile both urban and rural people give equal importance to it.*

**Keywords:** *Consumer buying behaviour, Mobile handsets, Rural & Urban Consumers.*

## 1 Introduction

The Indian Telecommunication market is one of the largest and rapidly growing industries in the world and forecasted to reach 1 billion mobile users by 2020 (GSMA,2016) and every year more than 100 million phones shipped to India from other country. According to the (CyberMedia Research,2017) the total mobile phone shipments in 2016 stood at 262 million units, of which smartphones accounted for 113 million, while the remaining 149 million were feature phones. In India there are numbers of good and average mobile company brand offer smartphones at a low cost to hit the market. The main target is to reach at the low-income group people basically in rural areas. The user patterns of mobile phone rural areas are gradually changing to increasingly resemble the user patterns of urban areas. Because the urban market almost reaches its saturation. The availability of a number of competitor brand and different promotional offer of each player lead the consumers to switch over the current service provider. Switching behaviour of the consumers differs based on the satisfactory level of the consumers with the providers or companies. it can be enunciated as the process of being loyal to one service and switching to another service, due to dissatisfaction or any other problems. Even if a consumer is loyal to a particular brand, and the brand does not satisfy his/her needs, the consumers switch to another competitor brand. There are different factors and determinants which affect the consumers in switching their service from one service to another. The cost which is incurred during the switching process is called switching cost. Consumer loyalty is defined as “the degree to which a Consumer exhibits repeat purchasing behaviour from a service provider, possesses a positive attitudinal disposition toward the provider, and considers using only this provider when a need for this service arises” (Gremler and Brown, 1996). Losing a consumer is a serious setback for the company in terms of its present and future earnings. Consequently, retaining the current consumer base is much more attractive and viable than searching for new consumers.

The present paper is divided into five sections, where section 2 provides a brief review of the literature regarding the buying behaviour of the consumer. Section 3 describes the data and methodology of the research work. Section 4 provides the empirical analysis of the data and discussion of results while Section 5 concludes the research.

## 2. Literature Review

Customer wants are unlimited towards the product with lower price. When the customer wants to buy a smartphone first of all the customer will think about the price and then the other features. Now a day’s customer is more familiar with different brands and selecting a good smartphone is identified as a critical factor, especially among younger people when they are buying new smartphones.

Singh, & Srivastava, (2016) examined the factors contributing to the decision to purchase a mobile handset among young people by taking 240 sample from the National Capital Region and find out that young people basically cost, core technical features oriented.

Sata,(2013) conducted a study to investigate the factors affecting the decision of buying mobile phone devices in Hawassa town by taking 246 sample with considering six major factors like, price, social group, product features, brand name, durability and after-sales services. the study conclude that consumer’s value price followed by mobile phone features as the most important variable amongst all and it also acted as a motivational force that influences them to go for a mobile phone purchase decision.

Subramanyam & Venkateswarlu, (2012) conducted a study on factors influencing buyer behaviour of mobile phone buyers in Kadapa district in India after considering different types of marketing strategies adopted by market to acquire the attention of the consumer and conclude that income, advertising and level of education in a family are the determining factors of owning a mobile phone set. Saeed et.al.,(2012)

conducted a study at Pakistan conclude that buying behaviour of urban and rural consumers is different and most of the urban consumer will prefer good brand like Nokia, Samsung, and Sony etc. and the rural consumer are preferring basically china made mobiles. They also conclude that the maximum rural consumer is less educated as compare to urban consumers and they get any information relating to purchase of phones from the retail store. The study also concludes that Pakistani community lives in collective environment that's why consumers urban and rural give first preference to the opinion given by their friends.

Hans et al.,(2010) conclude that consumers of mobile phones can be characterized by combinations of decision-making styles and find three clusters based on decision-making styles: "price conscious and cautious" consumers, "brand-loyal and quality-driven" consumers, and "functionalist" consumers. Whereas (Petruzzellis,2010) finds that there are various dimensions that are relevant in consumer minds when considering decisions regarding technological products. Brand attitudes do relate positively to consumer intention to purchase specific mobile phones over others.

Singh & Goyal, (2009) conducted a study buying behaviour of consumer and conclude that the handset of reputed brand, smart appearance and with advanced value-added features is the choice of 18-30 years age group. However, these sets with advanced and moderate core technical features may exclusively be offered to male and female consumers respectively of this age group. Male consumers of 30-50 years age group look for a handset of reputed brand and with all other features moderate, while the female consumers of the same age group prefer to buy a handset of attractive appearance with all other features. A handset with moderate appearance, and lowly developed core technical and value-added features; is the probable liking of 50 years and above age group but at the low price. However, the male consumers of this age group may see brand leverage fairly in selecting the handset but not at the increased price.

Singla, (2009) conclude that the most terrible thing about having a cell phone is that no matter how good the service provider claims service, there are still places your phone would not work or will cut out on you. However, Indian Market has still not reached to its saturation level, but it has to still make inroads in rural areas. Companies should divert their attention to rural areas to cater to the rural market. Government should also provide the companies secure environment so that they should invest in India. This will ultimately benefit the consumer. Xue, (2008) conclude that a consumer buys product not only for their material utilities, but also for the symbolic meaning associated to their images.

Temporal & Lee, (2000). Conclude that as technologies mature, and product features become more similar, consumers are often unable or unwilling to differentiate between brands on rational attributes alone

From the above-selected literature study, it can identify that Consumers are rational and have a chance of switching their mobile phones due to the expansion of telecom industry. telecom industry is growing technically and becoming economical due to the innovative and attractive services of the competitors and the Number of players are increasing, so that each one of them wants to overplay others to attract the ultimate consumers.

### Research objective

- To know about brands and the place from where rural and urban consumer purchases the mobile phones.
- To know about the differences and similarities in the buying behaviour of rural and urban people for purchasing mobile phones.

### Hypotheses Development Based on Literature Survey & research objective:

The present study attempts to compare and analyze the motivational factors for purchase of mobile phone are: Price, Quality, Style, Functions, technology, celebrity endorsement, social status, after sale service, availability and Brand. Following Hypothesis are tested:

H1: There is no significant difference between rural and urban consumers regarding mobile phone on 'Price Consciousness'

H2: There is no significant difference between rural and urban consumers regarding mobile phone on 'Quality Consciousness'.

H3: There is no significant difference between rural and urban consumers regarding mobile phone on 'Style Consciousness'.

H4: There is no significant difference between rural and urban consumers regarding mobile phone on 'Functions Consciousness'.

H2: There is no significant difference between rural and urban consumers regarding mobile phone on 'Brand Consciousness'.

H6: There is no significant difference between rural and urban consumers regarding mobile phone on 'Technology Consciousness'.

H7: There is no significant difference between rural and urban consumers regarding mobile phone on 'Celebrity Endorsement Consciousness'.

H8: There is no significant difference between rural and urban consumers regarding mobile phone on 'After Sell Service Consciousness'.

H9: There is no significant difference between rural and urban consumers regarding mobile phone on 'social status Consciousness'.

H10: There is no significant difference between rural and urban consumers regarding mobile phone on 'Availability Consciousness'.

### 3 Research methodology

To execute the research study, a structured questionnaire was prepared after considering all the important aspects which is deemed deterministic of consumer behaviour for smartphones. For the purpose of the study, both the rural and urban consumers of Bhubaneswar urban and rural region are asked to rate the 10 factors, which motivate them while purchasing the smart mobile phones like (Price, Quality, Style, Functions, Brand, Technology, Celebrity Endorsement, After Sell Service, social status and Availability ) on 5 – point Likert scale (Where 5- Extremely Important, 4- some-what Important, 3- neither – important nor unimportant, 2- some-what important, and 1 for extremely unimportant). For the purpose of testing Hypothesis, the average score and standard deviation is calculated, then Z- test is used to test the hypothesis. Additionally, percentage analysis is used to analyze the sub-objectives. The Z- test is a parametric test which determine the statistical significance between sample distribution, mean and population parameter. The Z – test is selected as parametric tests are more powerful because their data are derived from interval and ratio measurements.

This present study is Descriptive Research study mainly based on primary data from Bhubaneswar. A survey was conducted (2015-2016) at Bhubaneswar region both considering rural an urban areas mobile phone buyers & users and their belonging. In this survey, the primary data was obtained by administering structured questionnaires. The secondary data was collected through various literature reviews and articles.200 sample was collected and after data screening process only 154 sample (77 from rural and 77 from urban areas) are considered for

final analysis through SPSS-22 software. In this survey, the primary data was obtained by administering structured questionnaires. The secondary data was collected through various literature reviews and articles.

#### 4 Data Analysis and Discussion

##### 4.1 Demographic Profile of the Respondent

In the survey total 154 respondents are analyzed, sample is equally divided in rural and urban sample (i.e. – 77 from rural and 77 from urban area). Around 70% of the rural sample is male and 66% of the respondents are male in urban sample. As per educational profile of the respondent, in rural sample 38% are Graduate while in the urban sample 61% are Graduate.

##### 4.2 Demographic Region and Percentage of Smart Mobile Phone Used

**Table 4.1 demographic region \* phone used Crosstabulation**

		phone_used										Total
		apple	other	sony	htc	nokia	samsun g	Motoro la	micro max	xiomi	blackber ry	
demogra phic region	Count	4	20	4	3	8	13	10	3	4	6	75
	% within demographic region	5.3%	26.7%	5.3%	4.0%	10.7%	17.3%	13.3%	4.0%	5.3%	8.0%	100.0%
	% within phone_used	100.0%	39.2%	40.0%	75.0%	50.0%	56.5%	71.4%	23.1%	36.4%	100.0%	49.3%
	% of Total	2.6%	13.2%	2.6%	2.0%	5.3%	8.6%	6.6%	2.0%	2.6%	3.9%	49.3%
rural	Count	0	31	6	1	8	10	4	10	7	0	77
	% within demographic region	0.0%	40.3%	7.8%	1.3%	10.4%	13.0%	5.2%	13.0%	9.1%	0.0%	100.0%
	% within phone_used	0.0%	60.8%	60.0%	25.0%	50.0%	43.5%	28.6%	76.9%	63.6%	0.0%	50.7%
	% of Total	0.0%	20.4%	3.9%	0.7%	5.3%	6.6%	2.6%	6.6%	4.6%	0.0%	50.7%
Total	Count	4	51	10	4	16	23	14	13	11	6	152
	% within demographic region	2.6%	33.6%	6.6%	2.6%	10.5%	15.1%	9.2%	8.6%	7.2%	3.9%	100.0%
	% within phone_used	100.0%	100.0%	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0%	100.0%
	% of Total	2.6%	33.6%	6.6%	2.6%	10.5%	15.1%	9.2%	8.6%	7.2%	3.9%	100.0%

(Source- authors own calculation)

Information pertaining from the Table no 4.1 indicates that in rural sample most of the respondents are having SAMSUNG, NOKIA and MICROMAX it's around 19% of the total phone used. whereas in urban area the respondents are having NOKIA, SAMSUNG and MOTOROLA it's around 20% of the total phone used.

##### 4.3 Source of Information

**Table 4.2 Which sources have you used for gathering information for your mobile phone \* demographic region Crosstabulation**

Count	demographic region		Total
	urban	rural	
Which sources have you used for tv	6	10	16

gathering information for your mobile phone	news paper	6	27	33
	internet	32	5	37
	mobile phone retailer	10	10	20
	friends	12	13	25
	other	11	12	23
Total		77	77	154

(Source- authors own calculation)

**Table No 4.3 Which sources have you used for gathering information for your mobile phone**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Tv	16	10.4	10.4	10.4
	news paper	33	21.4	21.4	31.8
	Internet	37	24.0	24.0	55.8
	mobile phone retailer	20	13.0	13.0	68.8
	Friends	25	16.2	16.2	85.1
	Other	23	14.9	14.9	100.0
	Total	154	100.0	100.0	

(Source- authors own calculation)

Information relating to the sources of information (Table -4.2 and 4.3) for mobile phone, in both rural and urban sample most of the respondent come to know by Television (10.4%) and then (24%) Internet, (21.4%) Newspapers and only (16%) come to know from friends (13%) from retail store owners and 15% from other sources.

**4.4The Motivational Factors:****Table no 4.4 Independent Samples Test**

		Levene's Test for Equality of Variances		t-test for Equality of Means						
		F	Sig.	t	df	Sig. (2-tailed)	Mean Difference	Std. Error Difference	95% Confidence Interval of the Difference	
									Lower	Upper
price	Equal variances assumed	5.080	.026	-2.061	152	.041	-.351	.170	-.687	-.015
	Equal variances not assumed			-2.061	137.317	.041	-.351	.170	-.687	-.014
style	Equal variances assumed	15.869	.000	-2.405	152	.017	-.390	.162	-.710	-.070
	Equal variances not assumed			-2.405	112.412	.018	-.390	.162	-.711	-.069
function	Equal variances assumed	4.798	.030	-3.808	152	.000	-.364	.095	-.552	-.175
	Equal variances not assumed			-3.808	145.900	.000	-.364	.095	-.552	-.175
brand	Equal variances assumed	6.381	.013	-2.470	152	.015	-.299	.121	-.538	-.060
	Equal variances not assumed			-2.470	139.654	.015	-.299	.121	-.538	-.060
quality	Equal variances assumed	10.610	.001	-2.470	152	.015	-.299	.121	-.538	-.060
	Equal variances not assumed			-2.470	137.443	.015	-.299	.121	-.538	-.060
technology	Equal variances assumed	7.532	.007	-3.066	152	.003	-.442	.144	-.726	-.157
	Equal variances not assumed			-3.066	112.153	.003	-.442	.144	-.727	-.156
celebrity endorsement	Equal variances assumed	11.087	.001	-3.075	152	.002	-.506	.165	-.832	-.181
	Equal variances not assumed			-3.075	131.588	.003	-.506	.165	-.832	-.181



after sell service	Equal variances assumed	20.205	.000	-3.205	152	.002	-.299	.093	-.483	-.115
	Equal variances not assumed			-3.205	135.410	.002	-.299	.093	-.483	-.114
social status	Equal variances assumed	34.401	.000	-3.254	152	.001	-.338	.104	-.543	-.133
	Equal variances not assumed			-3.254	130.975	.001	-.338	.104	-.543	-.132
availability of the product	Equal variances assumed	32.946	.000	-2.213	152	.028	-.338	.153	-.639	-.036
	Equal variances not assumed			-2.213	116.769	.029	-.338	.153	-.640	-.035

(Source- authors own calculation)

From the above Table No 4.4 states that all of the parameter like Price, Quality, Style, Function, Brand, Technology, Celebrity Endorsement, After Sell Service, Social, Availability Are statistical significant at 5% level. The values of the Inferential of statics T-Test results clearly states that all the null hypothesis is rejected, and alternative hypothesis is accepted.

H1: There is no significant difference between rural and urban consumers regarding mobile phone on 'Price Consciousness'. The significant value in paired sample test is .041 which is less than 0.05 so null hypothesis is failed to accept. So, there is a difference between Price consciousness of rural and urban sample for purchase of mobile phone in Bhubaneswar urban and rural is significant.

H2: There is no significant difference between rural and urban consumers regarding mobile phone on 'Quality Consciousness'. The significant value in paired sample test is .017 which is less than 0.05 so null hypothesis is failed to accept. So, there is a difference between Quality consciousness of rural and urban sample for purchase of mobile phone in Bhubaneswar urban and rural is significant.

H3: There is no significant difference between rural and urban consumers regarding mobile phone on 'Style Consciousness'. The significant value in paired sample test is .041 which is less than 0.05 so null hypothesis is failed to accept. So, there is a difference between style consciousness of rural and urban sample for purchase of mobile phone in Bhubaneswar urban and rural is significant.

H4: There is no significant difference between rural and urban consumers regarding mobile phone on 'Functions Consciousness'. The significant value in paired sample test is .001 which is less than 0.05 so null hypothesis is failed to accept. So, there is a difference between function consciousness of rural and urban sample for purchase of mobile phone in Bhubaneswar urban and rural is significant.

H2: There is no significant difference between rural and urban consumers regarding mobile phone on 'Brand Consciousness'. The significant value in paired sample test is .015 which is less than 0.05 so null hypothesis is failed to accept. So, there is a difference between brand consciousness of rural and urban sample for purchase of mobile phone in Bhubaneswar urban and rural is significant.

H6: There is no significant difference between rural and urban consumers regarding mobile phone on 'Technology Consciousness'. The significant value in paired sample test is .015 which is less than 0.05 so null hypothesis is failed to accept. So, there is a difference between technology consciousness of rural and urban sample for purchase of mobile phone in Bhubaneswar urban and rural is significant.

H7: There is no significant difference between rural and urban consumers regarding mobile phone on 'Celebrity Endorsement Consciousness'. The significant value in paired sample test is .003 which is less than 0.05 so null hypothesis is failed to accept. So, there is a difference between celebrity endorsement consciousness of rural and urban sample for purchase of mobile phone in Bhubaneswar urban and rural is significant.

H8: There is no significant difference between rural and urban consumers regarding mobile phone on 'After Sell Service Consciousness'. The significant value in paired sample test is .002 which is less than 0.05 so null hypothesis is failed to accept. So, there is a difference between After Sell Service consciousness of rural and urban sample for purchase of mobile phone in Bhubaneswar urban and rural is significant.

H9: There is no significant difference between rural and urban consumers regarding mobile phone on 'social status Consciousness'. The significant value in paired sample test is .001 which is less than 0.05 so null hypothesis is failed to accept. So, there is a difference between social status consciousness of rural and urban sample for purchase of mobile phone in Bhubaneswar urban and rural is significant.

H10: There is no significant difference between rural and urban consumers regarding mobile phone on 'Availability Consciousness'. The significant value in paired sample test is .028 which is less than 0.05 so null hypothesis is failed to accept. So, there is a difference between availability consciousness of rural and urban sample for purchase of mobile phone in Bhubaneswar urban and rural is significant.

## 5. Conclusion

Even in 21st century real India subsists in village. More than 70% population resides in rural area. So, the manufactures of mobile handsets cannot avoid such a large population. In order to utilize and cover the rural market, marketer must plan specific marketing strategies and action plans to influence the rural consumers' behaviour. Rural marketing cannot succeed if the marketing strategies and action plans are not modified. Consumer buying behaviour of rural people is relatively different from urban people. The present paper reports on research aimed at making a contribution to understanding the consumer buying behaviour with respect to smartphones. The study compared rural and urban consumer from different aspects and from each and every aspect it is found that both rural and urban consumer have different opinions and different strategies while buying smartphones. That makes it difficult to attract customer from both the areas by utilizing common strategies for each of them. The study suggest that the marketer should change their approach in both the rural and urban market to attract their consumer. The scope of the present study can be extended to other geographical areas. It also can be extended to study the usage of mobile services of different age groups and accordingly new plans can be formulated. This study further can be extended to understand the switching behaviour of a cellular service provider.

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