

## **Factors Affecting Consumer Behaviour in Telecom Industry**

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### **ABSTRACT**

*Customers make purchases in order to satisfy needs. Some of these needs are basic and must be filled by everyone on the planet while others are not required for basic survival and vary depending on the person. It probably makes more sense to classify needs that are not a necessity as wants or desires. Knowing why and how people consume products helps marketers to understand that how to improve existing products, what types of products are needed in the market place, or how to attract consumers to buy their products. In essence, consumer behaviour analysis helps the firms to know about how to please the king and directly impact company revenues. The current study is an attempt to examine the factors influencing buying behaviour of the customers in Telecom Sector. After applying factor analysis, various influential factors have been extracted.*

**Keywords:** Consumer Behaviour, Consumer Satisfaction, Behavioural analysis.

### **INTRODUCTION:**

Gone are the days when market place used to be seller's market & customers didn't have any/many choices. Now with the advances in technology entire world has become a single market & consumers have been bombed with hundreds of choices. The seller's market has disappeared and buyer's market has come up. This has led to paradigm shift of the manufacturer's attention from product to consumer and more so, on the consumer behaviour. The evaluation of marketing concept from mere selling concept to consumer oriented marketing has resulted in buyer behaviour becoming an independent discipline. Consumer Behaviour is the study of how individuals make decision to spend their available resources (time, money and effort) on consumption related aspects. It is the study of when, why, how, where and what people do or do not buy products. It blends elements from psychology, sociology, social psychology, anthropology & economics. It attempts to understand the influencing factors of a customer purchase decision making process, both individually and in groups by understanding his demographics and behavioural variables, influences on the consumer from groups such as family, friends, reference groups, and society in general.

Belch and Belch define consumer behaviour as 'the process and activities people engage in when, searching for, selecting, purchasing, using, evaluating and disposing of products and services so as to satisfy their needs and desires'.

According to Kotler and Armstrong (2001), consumer buying behaviour refers to the buying behaviour of the individuals and households who buy goods and services for personal consumption. Consumers around the world are different in various factors such as age, income, education level and preferences which may affect the way they avail of goods and services. This behaviour then impacts how products and services are presented to the different consumer markets. There are many components which influence consumer behaviour namely; cultural, social, personal, and psychological. Consumer behaviour is the study of when, why, how and where people do or do not buy products and refers to the mental and emotional process and the observable behaviour of consumers during searching, purchasing and post consumption of a product or services. Consumer behaviour blends the elements from psychology, sociology, socio psychology, anthropology and economics.

Customer Relationship Management has emerged as one of the most demanding way for the firms to come close to demand of the customers. The word customer derives from "custom," meaning "habit"; a customer was someone who frequented a particular shop, who made it a habit to purchase goods of the sort the shop sold there

rather than elsewhere, and with whom the shopkeeper had to maintain a relationship to keep his or her "custom," meaning expected purchases in the future. The slogan "customer is king" or "customer is god" or "the customer is always right" indicate the importance of customers to businesses - although the last expression is sometimes used ironically.

## REVIEW OF LITERATURE:

Jegan and Sudalaiyandi(2012) conducted a research study on *Consumer Behaviour towards mobile phone services in Kovilpatti, Thoothukudi* district on 100 mobile users and concluded that the factors that influence the consumers to buy a particular mobile phone operator is called Call tariffs followed by network coverage and brand image.

Shimpi and Sinha (2012) conducted a study to investigate and evaluate product attribute variables which affects consumer buying behaviour of male cosmetic products. The study concluded that various variables used for analysis and reveals that texture of product, promised effects, previous usage experience and suitability to skin types have given more significance by pune men for purchasing male cosmetic products.

Nair (2013) in a study conducted across over 15000 mobile users in 14 markets worldwide and found that over 50% of the average mobile web user now uses the mobile as means of going online. The study also reveals that the users get updates from their mobile devices, it had provided them with better options and even they made their purchases using their mobile devices.

Ling and Siou (2013) opined that mobile technology services have gradually influenced consumer shopping behavior and e-commerce pattern. For this he conducted a study to understand the impulsive purchase intent of consumers on mobile commerce platforms on 322 customers of iTunes. The result indicates that a high level of impulsivity reduces the effect of enjoyment on irresistible urge to buy. The data also shows that emotional conflict, positive buying emotion, mood management, cognitive deliberation, disregard the future and unplanned buying are important to impulsivity formation and thus relevant within the context of impulse buying intention.

Lee (2013) conducted a study to find the impact of social media on the buying behaviour of the consumers. The study concluded that in the marketing era, the social media has likely to revolutionize, the relationships marketers have with retailers, channels of distribution, their ultimate consumers. Their accessibility and transparency that social media offers are the main reason that led changes in the consumer's behavior. The study also aimed at finding out the consumer's perception about the social media in the decision making process. The study concluded that marketing via social media is about creating high quality contents that are consumer relevant and build good relationships between consumer and companies. Social media is an important tool for getting relevant information where as mass media create awareness of various promotion.

Agyeman (2013) conducted a research on 375 customers that conclude the staff and students of the institution to find out whether the social class, gender, and sub cultural factors influence the purchase of a mobile phone. The study revealed that the maximum respondents use the mobile phones with multi functions. The residential area has the minimum influence on the purchase decision of the consumers where as income is an important factor as higher the income higher will be the spending level. In respect to sub cultural factors, religion and language are not an important factor to effect the purchase decision where as work side colleagues, peers and friends have influence on the purchase decision of the consumer.

Daneshkhu (2013) revealed the fact that the rise in advertising spending by the consumer companies reflects the increase in Smartphone usage by shoppers who are spending more time than ever online, according to PwC. The consumers spend maximum time online out of which is usually spent on entertainment, social networks and blogging.

Jha (2013) conducted a study to investigate the buying behavior of rural and urban consumers in Bihar. The sample of 320 persons was selected that include the rural and the urban consumers. The study shows the important factors that influence the consumer for purchase decision are brand, features, user friendly, quality, price, advertisement and after sales services where as features is the main priority for rural consumer. In urban and rural areas the major influencers are friends and television is the main source of information for both types of consumers.

In the Ofcom's seventh annual report published in 2013, the consumer's experience of telecomm were gathered and was analyzed that text messages are the most used method for daily communication with friends and family. Mobile data use and ownership of connected devices continues driven by both smart phone and tablet take up.

Packard and Wooten(2013) in their paper on *Compensatory knowledge signaling in consumer word of mouth* reviewed the prior studies and concludes that there is relationship between consumer knowledge and word of

mouth transmission depends not only what they think they know but also on what they wish they knew. Chandragupta (2013) conducted a research on *Changing Consumer Behaviour for Mobile Phones in Rural India* and concluded that village demography includes a very good number of literates and there is high growth rate in the number of consumers of mobile phones. Importantly that they are not using the phones with fewer features but they use the phones having many multimedia features as they not only use the phones for calling purpose but they use the phones for entertainment purpose also.

### **Objectives:**

The current study is aimed at exploring the various Demographic, Psychographic, social, cultural and marketing factors that affect the buying behaviour of the consumers.

### **Design of the Study:**

Descriptive method of research was used to know the influence of various factors on the purchase behavior of Telecom users in tricity.

### **Population and Sample Size:**

The term research population refers to all members of the group of interest to the researcher. The population of the present research are the customers who are using mobile services. The sample is randomly drawn from the Rural, Semi urban and urban areas in and around Chandigarh. It consisted of 200 members from each area. The questionnaire was personally administered to all selected respondents.

**Research Instrument Used:** The Questionnaire prepared consisted of Likert's five-point scale for measuring attitudes & behaviour of the customers where strongly disagree is coded as 1 while strongly agree is coded as 5.

**Reliability:** Its reliability has been tested by applying the Cronbach Alpha whose value came out to be 0.887 which is acceptable indicating that the internal consistency of the questionnaire is good.

### **ANALYSIS & FINDINGS:**

The study aims at finding out the different factors that can effect the purchasing decisions of the telecom users in rural, semi urban and urban areas that includes their demographic factors, their psychological, social and cultural and marketing factors. For extracting the different factors, Factor analysis was done.

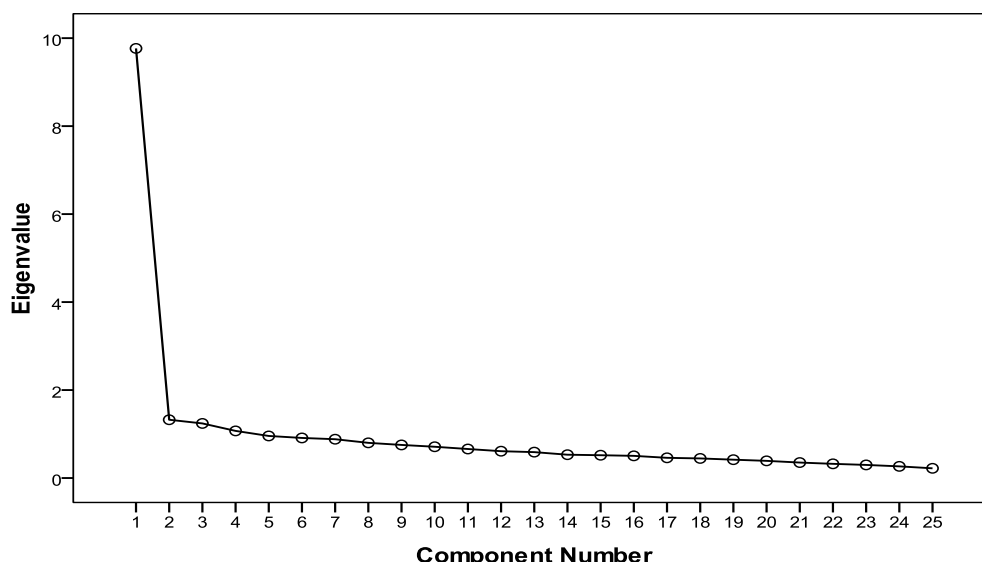
Factor analysis is a tool for data reduction and structure detection. Different factors have been studied and the role of factor analysis is to keep the significant factors and omit the non significant factors. The method followed here is the Principal Component Analysis along with rotation procedure of Varimax for summarizing the original information with minimum factors and optimal coverage. Here the Kaiser-Meyer-Olkin measure of sample adequacy test is followed and Bartlett's test of sphericity if followed to check if the factor model is appropriate.

**Table 1.1: Kaiser-Meyer-Olkin and Bartlett's Test of Sphericity test**

| <b>KMO and Bartlett's Test</b>                   |                    |          |
|--------------------------------------------------|--------------------|----------|
| Kaiser-Meyer-Olkin Measure of Sampling Adequacy. |                    | .941     |
| Bartlett's Test of Sphericity                    | Approx. Chi-Square | 6669.406 |
|                                                  | Df                 | 300      |
|                                                  | Sig.               | .000     |

As per Kaiser Criterion, we retain only those components whose Eigen value is greater than 1. This is because unless a factor extracts at least as much as the equivalent of one original variable, we drop it. The KMO measures the sample adequacy which should be greater than 5 for satisfactory factor analysis and in our study KMO value is 0.941. The degree of common variance is marvelous as per Kaiser Criterion among all variables. If a factor analysis is conducted, the factors extracted will account for substantial amount of variance  
Cattell's Scree plot: Catell's scree plot is a plot of Eigen values associated with each of the factors extracted, against each factor.

**Scree Plot**



Bartlett's test of sphericity following Snedecor and Cochran (1983) is used to test if K samples are from populations with equal variances.

**Table 1.2: Total variance explained by factors**

| Component    | Total Variance Explained |               |              |                                     |               |              |                                   |               |              |
|--------------|--------------------------|---------------|--------------|-------------------------------------|---------------|--------------|-----------------------------------|---------------|--------------|
|              | Initial Eigen values     |               |              | Extraction Sums of Squared Loadings |               |              | Rotation Sums of Squared Loadings |               |              |
|              | Total                    | % of Variance | Cumulative % | Total                               | % of Variance | Cumulative % | Total                             | % of Variance | Cumulative % |
| Promotion    | 9.767                    | 39.067        | 39.067       | 9.767                               | 39.067        | 39.067       | 5.069                             | 20.276        | 20.276       |
| Social Class | 1.325                    | 5.3           | 44.367       | 1.325                               | 5.3           | 44.367       | 3.71                              | 14.84         | 35.116       |
| Perception   | 1.241                    | 4.965         | 49.332       | 1.241                               | 4.965         | 49.332       | 3.359                             | 13.437        | 48.553       |
| Religion     | 1.071                    | 4.285         | 53.617       | 1.071                               | 4.285         | 53.617       | 1.266                             | 5.064         | 53.617       |

Extraction Method: Principal Component Analysis.

The table shows that these four components are Eigen value more than 1, so the four components will be used. The cumulative percent of the variance explained by these factors is 53.617%.

Factor loading is the correlation between a variable and a factor that has been extracted from the data. For rotated factor loadings we will consider only those statements whose factor loading is more than 0.5. Rotation with factor loading is used to eliminate all the statements whose factor loading is less than 0.5.

**Table 1.3: Rotated component with factor loading for all items greater than 0.05**

|                                                                                | Component |              |            |          |
|--------------------------------------------------------------------------------|-----------|--------------|------------|----------|
|                                                                                | Promotion | Social Class | Perception | Religion |
| I give special consideration to transparency in billing                        | .507      |              |            |          |
| I give special consideration to brand image                                    | .543      |              |            |          |
| For me Word Of Mouth is an important consideration                             | .715      |              |            |          |
| Sales promotion offers and advertising is an important consideration on factor | .764      |              |            |          |
| Exclusive applications offered by the providers is an important factor         | .726      |              |            |          |
| Advertising campaign is an important factor                                    | .612      |              |            |          |
| I give special consideration to call rate/tariff schemes/STD rates             | .601      |              |            |          |
| I give special preference to that which will increase                          | .531      | .543         |            |          |

|                                                                                                              | Component |              |            |          |
|--------------------------------------------------------------------------------------------------------------|-----------|--------------|------------|----------|
|                                                                                                              | Promotion | Social Class | Perception | Religion |
| my interaction                                                                                               |           |              |            |          |
| I give special preference to that which will increase my prestige                                            | .528      | .518         |            |          |
| I give consideration to Customer Care Services                                                               |           | .529         |            |          |
| I give preference to that which is already used by friends and family members                                |           | .667         |            |          |
| I want to choose the one that is maximum used by my colleagues/seniors                                       |           | .814         |            |          |
| I give consideration to group opinion                                                                        |           | .640         |            |          |
| Data Speed is an important factor for consideration                                                          |           |              | .604       |          |
| Proper information regarding new and special services offered by the providers is an important consideration |           |              | .661       |          |
| Network Connectivity is an important factor                                                                  |           |              | .561       |          |
| Quality of service is an important factor.                                                                   |           |              | .658       |          |
| I give preference to the audio quality.                                                                      |           |              | .622       |          |
| I consider religion as an important factor                                                                   |           |              |            | .823     |
| I give consideration to Value Added Services                                                                 |           |              |            |          |
| Ease of Availability and Recharge facility is an important factor.                                           |           |              |            |          |
| I give consideration to rebate and discount on calls                                                         |           |              |            |          |
| I give consideration to different plans for different set of consumers(students, working person)             |           |              |            |          |
| I give special consideration to the innovation in services and technology                                    |           |              |            |          |
| Special Offers to buy a handset from the service provider is an important factor                             |           |              |            |          |

Four components were factor analyzed by Principal Component analysis using Varimax rotation. The analysis yields four components i.e. Promotion, Social class, Perception and religion. Out of 25 statements while using rotation 6 statements were deleted as their factor loading was less than 0.5.

First factor is labelled as Promotion. The factor is loaded with nine items. It is clear from these items that they are related to the promotional strategies adopted by the service providers to promote the services of their company. These items include the brand image, transparency in billing, word of mouth, sales promotion offers, exclusive applications offered by the providers, tariff and STD rates etc.

Second factor is labelled as Social Class. It is loaded with six items. The table shows that these items are related with the Society, social class. These factors include the consideration for maximum interaction, that increase the prestige, customer care services, friends and family, Seniors and colleagues, group opinion etc. The factor is labelled as Social factors.

Third factor is labelled as Perception. It is loaded with five items. The items shown in the table are related with the perception, learning and attitude of the consumers which include data speed, proper information, Network Connectivity, Quality of services and audio quality. This factor is labelled as Psychological factors as they are related with the psychology of the consumers.

Fourth factor is labelled as Religion. It is loaded with only one item that is the religion.

The other items which have factor loading less than 0.5 have deleted to extract the relevant factors.

## CONCLUSION:

The current study was aimed at extracting the factors that are affecting the consumer behaviour in telecom sector. Various Demographic, Psychographic, Social and Cultural factors were used and after factors analysis four components were identified i.e. promotion that includes the marketing factors like brand value, various

promotional offers, Social Class that shows the friends and relatives also effect the buyers decision, Perception includes various services and the quality of services and Religion. Various previous studies also reported the same results adding value to this study. The study will be beneficial for the marketers to prepare more marketing strategies considering consumer behaviour for that particular product.

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