Research Paper

Factors Affecting Consumer Buying Decision towards Choosing a Smartphone among Young Adults

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Abstract

Smartphone usage nowadays is become more active, and the challenges for smartphone companies are to analyze potential customer’s buying decisions to ensure sales growth and become competitive. Therefore, the key objective of this study is to investigate the factors affecting consumer buying decision towards choosing a smartphone. The conceptual framework was adopted from (Adoyele, Adetola & Ifeanyichukwu, 2016) and (Jun, 2018). Statistical Package SPSS software was conducted to analyze the data collected from 100 respondents administered to a convenience sample of young adults in Cyber 11, Cyberjaya. The results show that social groups and product features are significantly contributes buying decision; however, price and brand name does not have significant impact on buying decision. The social group is among the strongest predictor to predict buying decisions in the future. This current study was able to provide both academics and practitioners a significant contribution.

Key Terms: buying decisions, smartphone, young adults, price, social groups, brand name, product features

1. Introduction

Dichter (1962, p. 116) was the first to discuss the country of origin’s probable impact on support and achievement of products. Bunn (1993) stated that consumers face complicated issues, and they struggle to make decision or buying decision. The buying decision is the thought process that guides a consumer from classifying a need, generating options, and choosing a specific product and brand.

At present, the growth of mobile phones and technology has been an extended history of innovation and advancements cropped up due to dynamic changes in consumers' needs and preferences (Sata, 2013). Among these developments, mobile phone devices have had one of the fastest household adoption rates of any technology in the world’s modern history (Comer and Wikle, 2008; Bakon and Zubair, 2013).
The challenges for the company are to study and analyses its potential consumer's purchasing decisions. Smartphone companies even eager to participate in order to study their respective potential consumers purchasing behavior. The fact, group of people are willing to buy it at high price without considering in-depth on their preferences (Safin et al., 2016). The customer will create word of mouth or make it viral and suggest the product to people around them if they feel satisfied with that certain product.

According to statistics from Malaysian Communication and Multimedia Commission (MCMC), percentage of smartphone users increases from 68.7% to 75.9% in 2017. There are some driving factors that lead users to use the smartphone. The statistic depicts the smartphone penetration in Malaysia as share of the population from 2017. In 2017, 49% of the population in Malaysia used a smartphone. This statistic is forecasting to 2023 which the smartphone penetration increases to 61%. This will lead to unanswered research on the determinants of consumer buying decisions among young adults towards choosing a smartphone.

Therefore, the purpose of this study is to investigate the factors affecting consumer buying decision towards choosing a smartphone among young adults in Cyber 11, Cyberjaya. The researcher has come out with potential questions to be answered:

RQ1: How price will influence young adult's buying decision on smartphone?
RQ2: How social groups will influence young adult's buying decision on smartphone?
RQ3: How product features will influence young adult's buying decision on smartphone?
RQ4: How brand name will influence young adult's buying decision on smartphone?

In this study, the subsequent sections that formed this paper are organized as follows. Section 2 explains the literature and hypothesis development while Section 3 highlights the research methods applied in this study. Section 4 examines data analysis and results which is followed by discussion. Section 5 considers the implication and conclusion will be remarked in this section as well.

2. Literature Review

Based on this few research studies, a few significant factors that affecting buying decision can be identified such as price, social groups, product features and brand name:

2.1 Price

There are two types of the product price. High-priced products are market brands where image is seen as the key factor. Low-priced brands tend to be purchased for utilitarian value, with the consumer relying on the perceived value for price (Mohd Suki, 2013). Nagle and Holden (2002) state that price can determine where the consumer will trade with a product. Kabadey, et al. (as cited in Juwaheer et al., 2014), assert that mobile phone customers have perceived price as a significant indicator of product quality, whereby high price indicates advanced technology, design, and improved features.

In addition, loyal consumers will have strong belief in the value and price and believe that the price they pay can get what they need (Noraihi, Lim, Maizura, Syahira, 2015). Similarly, the other also proved in advance that it indicates that price standard is estimated by perceived quality and perceived sacrifice (Monroe 2011). Thus, the first hypothesis proposed will be:

H1: The more expensive smartphone price, the buying decision will become easy for young adults.
2.2 Social Groups

According to Rashotte (2007), social influence is about changing feelings, attitudes, thoughts and behavior, intentionally or unintentionally influenced by the other person. It is due to the interaction with other people that know each other such as parents and peers. Consumers would be influenced by media, parents, and peers in order to purchase smartphones (Nelson & McLeod, 2005). Nowadays, people can develop their social network online through social media such as Facebook, Twitter, Instagram and so on. They can find not only the information regarding smartphones, but they can also get comments and product reviews from the other users that currently or previously used the smartphones. Moreover, Bristol and Mangleburg, (2005) stated that peer influence is defined as the degree which peers exert influence on the thoughts, attitudes, and actions of an individual (Ling, 2014). Users are concerned whether their friends like the brand of smartphone they are currently using and would buy a smartphone if it helped them to fit in with their social group (Mohd Suki, 2013).

According to Kotler and Armstrong (2007), consumers’ action is being influenced by people surrounding them. They would seek for the suggestion, advice as well as experiences of people that already purchase and use the smartphones. According to Bearden and Etzel (1982), the degree of peer influence is varied to affect purchase decisions of different products. His study was concerned with two dimensions. First is the degree of influence on luxury versus a necessity and the second dimension is concerned with the degree of influence on publicly or privately used products (Ling, 2014). They might tend to get it from different types of people especially for those that close to them such as friends, peers, family members, and spouses. Based on previous research conducted in Malaysia by Mohd Azam Osman et al. (2012), 35.6% of the respondents prefer to purchase the smartphones according to the trend in the community (Safin et al., 2016). Thus, the second hypothesis proposed will be:

\[ \text{H2: The more information and suggestion get from social groups; the buying decision for young adults will become easy.} \]

2.3 Product features

A feature is an attribute of a product that meets the satisfaction level of consumer’s needs and wants through the owing of the product, usage, and utilization for a product (Kotler, Armstrong & Gary, 2007). In these modern days of technology, consumers have come to realize that different features will bring a diverse level of satisfaction towards smartphones (Mei Min et al., 2012). Apart from operating system (OS), the camera is the feature that Smartphone users focus on (Mei Min et al., 2012).

In this new era, Oulasvirta et al. (2011) stated that the phones now feature with wireless connectivity, a built-in Web browser, application installation, full programmability, a file management system, multimedia presentation and capture, high-resolution displays, several gigabytes of storage and location and movement sensors (Mei Min et al., 2012). Based on previously done by Lay-Yee et al (2013), 31% of users prefer software compare to hardware only 17.6%. This indicates consumers will look more on software rather than hardware to purchase the smartphone (Safin et al., 2016). Thus, the third hypothesis proposed will be:

\[ \text{H3: The more sophisticated in smartphone product features, the buying decision will become easy for young adults.} \]
Brand names are veritable assets that help correspond product quality and suggest exact knowledge structures that relate to the brand (product) (Srinivasan & Till cited in Chow et al., 2012). Also, in the word of Keller (2007), branded product’s success is a function of the creation of brand awareness, reaching consumers’ minds and pushing them towards a preference of that specific brand (Ayodele, Adetola and Ifeanyichukwu, 2016). Juwaheer et al., (2014) opines that consumers prefer to buy branded products and services as brands offer quality assurance and generate choices as well as simplifying purchase decisions.

Thus, we can assume that Smartphone brand name is positively related to purchase behavior among young adult consumers. Interestingly, Apple, a brand of smartphone, has very high brand loyalty because it discriminates different types of consumers by selling different versions with different amounts of storage space, and different colors, at different price points (ChangeWave Research, 2010). Thus, the fourth hypothesis proposed will be:

**H4: The stronger brand name for the smartphone will be, the buying decision will become easy for young adults.**

### 2.5 Buying Decision as Dependent Variable

Decision theory has been developed very rapidly in various disciplines. The field of marketing science is no exception. Particular attention has been paid to developing a model of consumers’ buying decisions when buying goods or services (Webster and Wind, 1972, Lye et al., 2005). According to Blackwell et al. (2001), what is cross in the customers’ mind signifies intention to purchase by them. The similar researchers state that consumers will go through the process of recognizing the product to purchase, then they will find the information about the product, evaluate, purchase and feedback (Safin et al., 2016). Thus, the behavior of consumers to purchase are depending on their characteristics such as brand name, price, quality, recreation, and innovation awareness, mixed up with other choices as well as impulsiveness (Safin et al., 2016) (cited in Leo et al., 2005).

As conclusion, this chapter is evidently stated the literature review on consumer buying decisions on choosing a smartphone. This chapter also examined the four independent variables and dependent variables based on the theoretical framework adopted from (Adoyele, Adetola & Ifeanyichukwu, 2016) and (Jun, 2018). Product features, brand image, social groups, and pricing are the main influence that affected purchasing decisions on smartphones. Consequently, go through with all the research above will understand the factors that influence consumer buying decisions on smartphones based on figure 1.1.
3. Research Design and Methodology (important for research papers)

3.1 Instrument Design

To test the research model, an online questionnaire has been designed. The items of the questionnaire were adapted from the literature and modified to the context of the study. The designed questionnaire which included the background information of the young adults’ smartphone user in Cyber 11, Cyberjaya, such as age, gender, education background, other background profiles, and the section regarding usage of smartphone purchasing decision.

The target respondents in this research are young adults. The questionnaire was designed in English with an introduction to convey the purpose of the survey to the respondents. In this questionnaire, it has two sections which are Section A and Section B. In Section A, demographic data were collected such as age, gender, education level, smartphone ownership, etc. While in Section B, it gathered information on respondents’ attitudes towards each independent variable: price, brand name, product features, and social groups. Each of the variables has 5 questions and using a 5-point Likert scale with 1 (strongly disagree) to 5 (strongly agree) and asked about respondents’ purchase decisions. The survey question was adapted from (Shabrin et al., 2017, Mohd Suki, 2013, and Ling, 2014). The data entry and analysis were performed by using Microsoft Excel and Statistical Package for Social Science (SPSS). The data had been analyzed with the help of appropriate statistical tools such as percentage, mean, average, etc.
3.2 Sample Size

The sampling technique is the process of selecting a sufficient number of elements from the population. This research used convenient sampling (Ling, 2014). It refers to the collection of information from members of the population who are convenient to use. In this case, this technique used because the researcher has own target respondents who are young adult. The groups of respondents for the research were selected due to the availability and familiarity of the researcher through social media. The area coverage is in Cyber 11, Cyberjaya. 100 copies of questionnaires were distributed to the chosen target sampling at age of 19 to 30 years old.

3.3 Data collection and analysis tools

The questionnaire was distributed via google forms whereby 100 respondents are face to face and they need to answer in front of the researcher using link provided. Once 100 respondent data has been collected, the researcher will extract the data from excel and imported in Statistical Package for Social Science version 22.

The analysis tools used to run the data is (1) descriptive statistics, to monitor and explain demographic profiles, (2) correlation, to explain the relationship between variables, and (3) regression, to test the model, and to analyze the variables significance level which contributes and impacting the study.

4. Results and Discussion

4.1 Descriptive analysis

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male 68%*</th>
<th>Female 32%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age</td>
<td>19 – 21 years 66.7%*</td>
<td>22 – 24 years 16.2%</td>
</tr>
<tr>
<td></td>
<td>25 – 27 years 4%</td>
<td>28 – 30 years 13.1%</td>
</tr>
<tr>
<td>Education level</td>
<td>Foundation / certificate 13%</td>
<td>Diploma 55%*</td>
</tr>
<tr>
<td></td>
<td>Bachelor’s degree 32%</td>
<td></td>
</tr>
<tr>
<td>Brand preference (top 5)</td>
<td>Apple 32%*</td>
<td>Huawei 20%</td>
</tr>
<tr>
<td></td>
<td>Samsung 17%</td>
<td>Oppo 17%</td>
</tr>
<tr>
<td></td>
<td>Vivo 7%</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2: Descriptive analysis on respondent’s profile

Figure 2 above displays on 100 respondent’s demographic profiles. Based on that, majority of respondents are male by 68% compare with female by 32%. The age profile is dominated by a group of 19 years to 21 years old, representing 66.7%, and then they were diploma students representing 55% of total respondents. Most of them are Apple users (32%), following by Huawei users (20%), then both equally users in Samsung (17%) and Oppo (17%) and finally minority of Vivo users (7%).

4.2 Correlation analysis
According to figure 3, shows the correlation between four factors i.e. price, social groups, product features and brand name with the decision to buy a smartphone device. All factors have a positive and significant relationship with the decision to buy a smartphone.

Social groups are having the highest correlation with buying decisions. The table shows relationship between social groups and buying decisions of smartphones among young adults in Cyberjaya are significant with significant value lower than 0.01. Furthermore, the correlation coefficient value is 0.456, this shows the social groups is weakly influence buying decisions among young adults.

Price is the second highest correlation with buying decisions. The result shows that the relationship between price and buying decision is significant with value 0.002, which is lower than rule 0.01 but price has a weak influence on buying decisions among young adults which coefficient correlation value is 0.308.

The brand name is third-highest correlation with buying decisions. The relationship between brand name and buying decision is significant by value 0.003. Moreover, this factor just has weak influence on young adult’s buying decisions regarding the value of coefficient correlation is 0.292.

Lastly, product features are fourth highest correlation with buying decisions. The significant value is 0.008 to prove that the relationship between product features and buying decision are significant because it is lower than the rule of thumb 0.01. The value of coefficient correlation is 0.264. Besides, product feature has least and the weakest influence in buying decision among young adult in Cyberjaya.
4.3 Model fit and regression

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R Square</th>
<th>Adjusted R Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.508*</td>
<td>.258</td>
<td>.227</td>
<td>.46982</td>
</tr>
</tbody>
</table>

a. Predictors: (Constant), brand, features, price, social groups

Figure 4: Model summary table

Based on the table above, the R-value = 0.508, R Square = 0.258 and Adjusted R Square = 0.227. R Square shows that 25.8% of the buying decision can be explained by price, social groups, product features, and brand name. However, there are 74.2% of the variation in buying decisions cannot be explained by other factors. It can be concluded that the relationship is positive and moderate but price, social group, product features and brand name still will affect young adult’s buying decisions towards choosing a smartphone.

4.4 Hypothesis testing

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td>(Constant)</td>
<td>.921</td>
<td>.516</td>
<td>1.783</td>
</tr>
<tr>
<td>Price</td>
<td>.078</td>
<td>.091</td>
<td>.086</td>
<td>.849</td>
</tr>
<tr>
<td>Social groups</td>
<td>.320</td>
<td>.092</td>
<td>.354</td>
<td>3.468</td>
</tr>
<tr>
<td>Features</td>
<td>.232</td>
<td>.138</td>
<td>.156</td>
<td>1.683</td>
</tr>
<tr>
<td>Brand name</td>
<td>.098</td>
<td>.097</td>
<td>.099</td>
<td>1.010</td>
</tr>
</tbody>
</table>

a. Dependent Variable: buying decision

Figure 5: Coefficients table

Figure 5 shows the coefficients table. Referring to beta standardized coefficients table, Social groups are the strong predictor by 0.354, while price is the weakest predictor by 0.086.

The hypothesis for this study was confirmed by examining the p-value and t-value obtained from the output of the 100 respondents. The values for t = 3.091 and P < 0.001, and t = 2.326 and P < 0.01, and t = 1.645 and P < 0.05, and t = 1.282 and P < 0.1 are acceptable values for t-value in different significant levels. To accept a proposed hypothesis in the structural model, the path coefficient among dependent and independent variables should be significant. The results of path assessment (β, t-value, and P-value) were used by the researcher to validate or reject a hypothesis.

Hypothesis 1 suggests that "the more expensive smartphone price, the buying decision will become easy for young adults". The researcher found no support for price in explaining buying decisions in smartphones (t value = 0.849 and p = 0.398), which means the hypothesis is rejected and not supported.

Hypothesis 2 suggests that "the more information and suggestion get from social groups; the buying decision on the smartphone for young adults will become easy". Supporting this hypothesis, the research model in figure 5 highlighted a significant influence of social group
on smartphone buying decisions (t-value = 3.468 and p = 0.001). As a result, this hypothesis is accepted.

Hypothesis 3 suggests that “the more sophisticated in smartphone product features, the smartphone buying decision will become easy for young adults”. The empirical findings in figure 5 highlighted that a significant influence of product features on smartphone buying decisions (t-value = 1.683 and p-value = 0.096). As a result, this hypothesis is accepted.

Hypothesis 4 suggests that “the stronger brand name for the smartphone will be, the smartphone buying decision will become easy for young adults”. The results in figure 5 indicated that the brand name is not supporting smartphone buying decisions (t-value = 1.010 and p-value = 0.315). As a result, this hypothesis is rejected.

5. Discussion

There are several key highlights based on research questions:

5.1 How price will influence young adult’s buying decisions on smartphone?

Earlier, the researcher highlighted that there is no support for price in explaining the factors of buying decisions on the smartphone for young adults in Cyber 11, Cyberjaya. The first hypothesis stated that “the more expensive smartphone price, the buying decision will become easy for young adults”. The researcher found out that price is not a big issue for young adults, whereby the purchasing power determines the affordability to purchase cheaper or expensive smartphones. They also not believe that cheaper price indicated low-quality smartphones. Nowadays, young adults can find high spec smartphones with lower prices such as Oppo and Huawei, compare with Apple and Samsung which is expensive.
5.2 How social groups will influence young adult’s buying decisions on smartphone?

Social groups are detected as the strongest predictor among all variables (b = 0.345), it indicates that 0.345 units of social groups will influence 1 unit of buying decisions among young adults in Cyber 11, Cyberjaya. The result also shows that there is a significant relationship between Social groups and buying decisions. Therefore, this stated hypothesis “the more information and suggestion get from social groups; the buying decision on smartphone for young adults will become easy” are acceptable. The researcher explains that most young adults are considering the availability of smartphone information especially in review part and specification section posted by smartphone sellers before deciding to buy. Furthermore, the review made by social media fellows will boost buyers’ confidence to have intention to buy.

5.3 How product features will influence young adult’s buying decisions on smartphone?

Earlier, the researcher highlighted that product features are supporting and explaining young adult’s buying decision on a smartphone. The third hypothesis stated that “the more sophisticated in smartphone product features, the smartphone buying decision will become easy for young adults”. There is several factors lead to it; majority of the respondent agrees that the higher or more sophisticated features of the smartphone, the buying decision on smartphone will become easy for young adults. There are three main features considered by them, (1) camera, (2) speed and performance, and (3) network connection.

5.4 How brand name will influence young adult’s buying decisions on smartphone?

The findings stated that brand name not significantly contribute towards explaining buying decisions on smartphone among young adults in Cyber 11, Cyberjaya. The hypothesis stated that “the stronger brand name for smartphone will be, the smartphone buying decision will become easy for young adults”. They are not seeing brand names play an important role in deciding to buy smartphone. It is because they are not loyal to certain brands; they are more on features and reliable information from social groups. Furthermore, they do not care much about the brand as long as smartphone bought are usable and benefit their usage in the future.

6. Conclusion

This study was conducted to investigate the factors affecting consumer buying decision towards choosing a smartphone among young adults in Cyber 11, Cyberjaya. The researcher is using theoretical framework adopted from (Adoyele, Adetola & Ifeanyichukwu, 2016) and (Jun, 2018). Data were collected from 100 young adults from range 18 years old to 30 years old in Cyber 11, Cyberjaya using convenience sampling. The main statistical result supported the theoretical framework by predicting 25.8% of variance in buying decisions. Social groups and product features were able to significantly predict the buying decision. Yet, price and brand name was not found significant in buying decision. By doing so, current study was able to provide both academics and practitioners a significant contribution.
6.1 Limitation and future research

The main current study is using a quantitative approach to achieve research objective. In the future, it recommended using qualitative approach to get depth and accurate responses on buying decisions. Secondly, the limitation is this study covers 100 young adults in Cyber 11 in Cyberjaya, which the scope of study is not solid enough. Therefore in the future, it is recommended to replicate this study in different areas and extend the age scope from 18 years to 45 years old.

The current study is adapting conceptual framework from (Adoyele, Adetola & Ifeanyichukwu, 2016) and (Jun, 2018) which only 4 variables covered. Therefore in the future, it is recommended to combine the existing framework with establishing adoption theory, such as Theory of Planned Behavior (Ajzen, 1991), or UTAUT2 (Venkatesh et al, 2012).

References


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