



A Study of Demographic and Psychological Factors That Effect The Buying Behavior Of Rural, Semi Urban and Urban Telecom Users In And Around Chandigarh

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ABSTRACT

"People don't care how much you know until they know how much you care-about them and their problems"-Robert Cavett
Consumer behavior is the behavior of individuals to buy goods and services for personal consumption. According to black box model of consumer behavior, there are two main stimuli that effect the purchasing decision of a consumer i.e. Consumer's buyer's characteristics and consumer's buying decisions. Indian Telecom sector is the fastest growing sector and its market is 2nd biggest market in the world after china. Due to entry of many competitors in the market after the liberalization and privatization of this sector the competition has become very stiff and so it is important for the marketers to understand the consumer behavior. This study is an attempt to find out the target audience and the different psychological factors that have influence on the customers of rural, semi urban and urban areas.

Keywords

Consumer behavior, Demographic factors, Psychological Influences

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INTRODUCTION

The advancement of technology made the entire world a single market and a consumer is available with lots of choices. Stiff competition in the market compelled the manufacturers and marketers to concentrate on consumers so it becomes imperative for marketers to study consumer behavior. Consumer behavior is the study of how individuals make decisions to spend their available resources (time, money and effort) or consumption related aspects. It is the study of who, why, how, where and what people do or do not buy products. Customers are delighted when they feel that the product or service not only fulfill their needs and expectations but also gives them unexpected additional value. People are changing from time to time and they are open to new and different products from time to time. As the customers are available with so many choices so it made the purchasing process a complicated set of process that moves from five stages-Problem Recognition, Information search, Evaluation of alternatives, Purchase decision and Post Purchase behavior. There are many factors that influence the buying process of the consumers that includes the buyer's characteristics, psychological factors, social and cultural factors. The marketers must be aware about the target market, their audience, their needs, their perceptions and their expectations from a service provider. Due to stiff competition and choice of portability has decreased the customer's loyalty towards a marketer. They will change as early if their needs won't be fulfilled. Study of Consumer behavior is not only important for the goods industry but for the service industry too.

Mobile Service industry is the fastest growing industry in our country and too much advancement of technology in this industry has made this telecom market as the 2nd biggest market in the world after china. The telecom policy 1999 was announced with the objective to make the communication available for all and with in their reach. After that National telecom policy 2012 was announced with the objective to develop the social and economic conditions of rural areas and to make the communication fit to all the pockets. After these policies, the subscriber base has increased from 811.51 million as on 2011 to 919.17 million as on March 2012. The telecom sector has developed very much in the rural area than urban area. The subscriber base was increased from 33.14 million as on March 2007 to 323.27 as on March 2012 and the subscriber base for urban telephone network was 131.97 million as on March 2007 to 595.9 million as on March 2012. Foreign direct investment in this sector has risen considerably and due to the development in this sector, social and economic conditions of people living in the rural areas has now improved. After the liberalization and privatization of this sector, many competitors have entered the market and so it becomes important for all the service providers to study consumer behavior.

REVIEW OF LITERATURE

Many studies have been conducted on Consumer behavior and Consumer behavior in Telecom Sector with the objective to understand the consumer behavior, their demographics, psychographics, their perceptions and the factors that influence them. Different studies shows that telecom sector has undergone through a major change that include their demographics, their awareness, their interest, their perceptions and the factors that effect their decision making process. The studies concluded that the providers should make their marketing strategies after understanding the consumer behavior in their sector. The increased use of mobiles has changed the work style of the consumers as people become more mobile they want greater flexibility in their work, placing greater demand on their work environment. A new research from Ericsson Networked society lab shows that employers and employees focus more on value creation and end results rather than on where, when and by which methods the work is done.

Erda (2008) conducted a comparative study on buying behavior of rural and urban consumer in regard to mobile phones. The study was conducted to assess the similarities and differences between buying behavior displayed by both urban and rural consumers. For the study sample of 400 respondents are collected, 200 from each rural and urban area from Jamnagar district. The study shows that maximum respondents from the rural area fall in the age group of 20-30 years, male, where as females using mobiles in urban is greater than females in rural area. Maximum respondents are under graduates hence students have the maximum share. Regarding the purchase decision of the respondents from rural sample maximum respondents take self decision only even more than urban sample, followed by family help and friends.

Hansen, et al (2009) studied the impact of advertisements with humour on brand name memory. The findings have been that humor impaired memory for products but enhanced memory for advertisements. Also the brands that had been promoted in humorous advertisements were less accessible in memory than brands promoted in non-humorous advertisements but humor distracts consumers from consciously, but not unconsciously, remembering the brand names.

Roach (2009) explored consumer perceptions on mobile phone marketing. Through the application of constructs adapted from traditional innovation and product involvement research, the study examined how a consumer's perception of the relative advantages, compatibility and complexity associated with mobile phone marketing, and their involvement with their mobile phone, influenced their intention to accept marketing communication sent via this channel. For this study a deductive, quantitative research approach was adopted, where data was collected using a self-completed questionnaire administered to a sample of 254 university students. Statistical analysis revealed that a consumer's perceptions of two of the three innovation attributes tested (relative advantage and compatibility) were significantly associated with their acceptance (or adoption) of marketing messages sent via their mobile phone. However, a slightly weaker relationship between a consumer's level of involvement with their mobile phone and their adoption of mobile phone marketing was found



Singh and Goyal (2009) studied the buying behavior of mobile handset user of different age and gender groups. The prime objective of the study was to understand the variation in the importance given by different age and gender groups. The study concludes that mobile handset use of age group of 18-30 are less price sensitive than consumers of other groups, rather they consider physical appearance, brand, value added features and core technical features more important.

Bello (2010) researched on mobile telecommunication customer loyalty in Nigeria. The purpose of the study was to find the specific and concrete operational factors that influence the telecom customer's loyalty. A sample of 400 customers was taken for the study. The study concluded that there is direct link between the customer satisfaction and loyalty and there are many factors that influence the customer's loyalty.

Ahmetoglu and Fried (2010) conducted a research on the pricing practices and their effect on the consumers. The study concludes that partitioning prices does affect consumers in a significant and potentially harmful way. The people tend to choose the default for decisions, even those with major and long term consequences. The default effect may therefore be detrimental for consumer. The study suggests that reference prices heighten the consumer's perception of value and the bait pricing is likely to have a strong effect on consumer behavior and has the potential to cause consumer detriment.

Tripathi and Singh (2012) conducted a study to analyze the consumer buying behavior and preferences towards the usage of mobile and consumers search things for their need satisfaction. It also attempts to find that how the consumers react and respond towards advertisement. Sample of 80 customers has been collected based on simple random sampling. The study revealed that the demographic characteristics affect the purchase decision of the consumers that include the gender, age, marital status, education, occupation, income. The study reveals that there are different purposes to buy to use a mobile phone, the choice for a particular mobile service provider depends upon the quality of service, specially in tariff plans, network coverage. As the source of awareness is concerned, study shows that maximum respondents are influenced by the family and friends or advertisements.

Vishnupriya (2012) conducted a study to understand the consumer's attitude towards the mobile phones, the factors that influence the customers to select a mobile phone operator and to find out the customer's satisfaction and dissatisfaction regarding the services rendered by the mobile operators. The study was conducted on 150 subscribers through convenience sampling method. The study shows that maximum respondents use prepaid services as they don't want any bill burden and they feel that their service charges are moderate. The respondents who are using postpaid are using that due to some special schemes offered by the providers. The research also shows that educational and occupational status affects the source of awareness and hence it influences the choice of a mobile service provider.

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 type of consumers.

Packard and Wooten (2013) 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.

OBJECTIVES: The research paper has following objectives:

1. To study the impact of psychological influences (perception, Diffusion of innovation) on purchase behavior of consumers of rural, semi-urban & urban areas.
2. To study the impact of Demographic influences (age, gender & income) on purchase behavior of consumers of rural, semi-urban & urban areas.

DESIGN OF THE STUDY:

Descriptive method of research was used to know the influence of Demographic and Psychological factors on the purchase behavior of rural, semi urban and urban areas.

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 was the customers who are using mobile services. The sample was randomly drawn from the Rural, Semi urban and urban areas. It consisted of 35 members from each area. The questionnaire was personally administered to all selected respondents.

RESEARCH INSTRUMENT USED:

The Questionnaire prepared consisted of General questions to know about the Demographics of the consumers and for their behavioral and Psychological study, Likert's five-point scale was used for measuring attitudes where Strongly disagree was coded as 1 while strongly agree was coded as 5.



RELIABILITY OF CRONBACH'S ALPHA

Its reliability has been tested by applying the Cronbach Alpha whose value came out to be 0.765 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 and psychological factors.

DEMOGRAPHC DISTRIUTION

The study was conducted in the rural, semi urban and urban areas to find the demographic distribution of the telecom users and to know the fact that if the demographic factors have an influence on the buying decision process of the users. 15 respondents from each area i.e. rural, semi urban and urban area have been selected and it was concluded that in regard to their gender the respondents are equally distributed in males and females who are using mobiles. In regard to their marital status, the respondents are on average equally distributed in urban and semi urban areas but in case of rural areas maximum respondents are married. This might be due to the fact that they got married at an early age.

DISTRIBUTION OF RESPONDENTS ON THE BASIS OF THEIR GENDER

AREA	MALE		FEMALE	
	Frequency	Percent	Frequency	Percent
URBAN	18	51	17	49
SEMI URBAN	20	57	15	43
RURAL	25	71	10	29

The above table shows that the majority of the consumers i.e. more than 50% are from the male category. It also indicates that the males users are more in rural areas than in semi urban and urban areas.

DISTRIBUTION OF RESPONDENTS ON THE BASIS OF THEIR MARITAL STATUS

AREA	MARRIED		UNMARRIED	
	Frequency	Percent	Frequency	Percent
URBAN	15	43	20	57
SEMI URBAN	22	63	13	37
RURAL	24	69	11	31

In urban areas 57% of the respondents are unmarried using mobile services where as in rural and semi urban areas the percentage of married are more than in urban areas with 63% and 69% respectively.

DISTRIBUTION OF RESPONDENTS ON THE BASIS OF THEIR AGE

Area	Under 18		18-30		30-42		42-50	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
URBAN	4	11	15	43	10	29	6	17
SEMI URBAN	2	6	13	37	15	43	5	14
RURAL	2	6	16	46	13	37	4	11

Majority of respondents in Urban; Semi urban and rural area belong to the two age groups i.e. 18-30 years and 30-42 years with 43% and 29% respectively in urban area, 37% and 43% in Semi urban area and 46% and 37% in rural area.

DISTRIBUTION OF RESPONDENTS ON THE BASIS OF THEIR QUALIFICATION

Area	Graduate		Post Graduate		10 th or 12 th		Less than 10	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
URBAN	16	46	15	43	4	11		
SEMI URBAN	20	57	5	14	7	20	3	9
RURAL	8	23			15	43	12	34



In regard to their qualification, maximum users are educated in case of urban areas. In urban area, 43% are post graduate and 46% are graduates. Where as in Semi urban areas, only 5% respondents are post graduates and 57% are graduates and in rural areas only 23% are graduate, rest 77% are just 10th or 12th cleared or less than that.

DISTRIBUTION OF RESPONDENTS ON THE BASIS OF THEIR OCCUPATION

Area	Self Employed		Salaried		Business man		Student		Housewife	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
URBAN	5	14	15	43	9	26	4	11	2	6
SEMI URBAN	4	11	8	23	16	46	2	6	5	14
RURAL	14	40	4	11	10	29			7	20

When we talk about the occupation of the respondents then in urban areas, 43% are salaried, 14% Self employed where as 9% are business man, 4% are students and 2% are housewife where as in Semi urban and rural area, the number of salaried persons are less and the Businessman and self employed are high. In rural areas, 20% of the females are housewife and rest 11% are self employed.

DISTRIBUTION OF RESPONDENTS ON THE BASIS OF THEIR INCOME

Area	<200000		200000-400000		400000-600000		>600000		Dependent	
	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent	Frequency	Percent
URBAN	1	3	14	40	14	40			6	17
SEMI URBAN	2	6	20	57	6	17			7	20
RURAL	18	51	10	29					7	20

In regard to the income level of respondents, maximum users from Urban, Semi Urban and rural areas fall in the category of 200000-400000. In urban areas 40% of the respondents also belong to the income category of 400000-600000 where as in rural area, 51% of the respondents belong to the income category of <200000.

PSYCHOLOGICAL INFLUENCES

Study of Psychological factors is always very important while studying consumer behavior. There are many psychological factors that effect the purchasing behavior of the consumers. In this study different factors have been studied regarding the perception of the consumers towards their service providers, the services they are using, their expectations towards their service providers, their satisfaction level and the factors that can lead them to switch over their services.

The respondents are asked about their present service provider and the plan they are using, 73% are using prepaid where as in semi urban is 80% and in rural areas 100% are using prepaid connections which shows that in rural areas the customers are more budget conscious and price sensitive than in semi urban and urban areas.

In urban areas the customers are more aware about the services and options available with them and so only 60% of them are using the old connections and rest has changed them where as this percentage is 80% in semi urban and rural areas.

Perception regarding Mobiles and its use: 100% of the respondents from rural, semi urban and urban areas need mobile as they want to stay in touch, it is advantageous over landline. More than 90% of the respondents from rural, semi urban and urban areas need mobiles for business or professional requirement, it adds to mobility, 80% of the respondents of urban, semi urban and rural area need mobiles for fun sake . People are very much interested to use mobiles as a status symbol. More than 80% of the respondents from all areas agree for the same.

100% of the respondents from Urban, semi urban and rural areas are using mobiles for STD and Local calling Services whereas 90% of the urban respondents are also using internet services but this percentage is very less in semi urban and rural areas as 80% and 77% respectively. Followed by these services SMS services are also used by respondents with 80% in urban areas, semi urban and rural areas

Factors for consideration while choosing a service provider: There are different factors that the respondents consider while choosing a service provider.

More than 90% of the respondents consider the connectivity and the quality of the services the provider is providing. As maximum respondents need mobiles for the calling purpose so they are price sensitive and hence they consider the call tariff as an important factor while choosing a mobile service provider.

90% of the respondents are using internet services and hence they also give preference to the data speed that the service providers are providing.

More the 87% of than respondents from rural, semi urban and urban areas consider customer care service as an important factor as this is the only medium between Service providers and the customers and to make them satisfied.



Satisfaction level: When customers are asked to rate their service providers on the 7 point semantic scale on the basis of reliability, power, innovation, trend, economy, friendly, customer oriented, transparency and activeness more than 90% of the respondents rate them at 5 point.

90% of the respondents from rural, semi urban and urban areas are satisfied with the services and the quality of services providing by their service providers. This shows that the competition in the market made the providers customer focused to survive in the market.

Factors that compel to switch over their service provider: Due to stiff competition in the market the service providers need to be customer focused as the customers have many options available in the market. But there are many factors that can lead a customer to switch over their current service provider so the service providers should consider these factors to retain their customers.

More than 90% of the respondents from rural, semi urban and urban areas agree that they will switch over their service provider in case of Poor Connectivity, poor quality of service, poor customer care services, high tariff and if they will get better offer by the other service providers.

Customer's Recommendation and future use: 90% of the respondents from rural areas agree that they would definitely recommend their service provider whereas in case of semi urban and urban areas, this percentage is only 80% and 77% respectively.

Maximum respondents are satisfied from the services they are using but only 53% of semi urban areas agree that they would definitely use the services of current service provider where as this percentage is less in case of rural and urban areas with 33% and 40% respectively. This shows that due to availability to many options the customers are getting more sensitive and the loyalty is getting less.

CONCLUSION:

The present study aimed at finding out the demographic and psychographic factors that influence the consumer's buying behavior. From the study we can conclude that majority of users in urban, semi urban and rural areas are male category. In urban area majority of users are unmarried where as in semi urban and rural area, majority of users are married. Majority of users fall in the age category of 18-42 years. The qualification, occupation and income groups are the major differences in the demographics of the rural, semi urban and urban users. In urban area, majority of respondents are Graduates or Post Graduates, salaried and having the annual income of 200000-400000 and 400000-600000. In Semi urban area, majority of users are Graduates, having their own business and falls under the income category of 200000-400000. In rural area, majority of users are either 10th or 12th qualified or less than 10th, self employed and having annual income of <200000. In regard to Psychological influence, the perception of the users effects their buying behavior. There is hardly any difference between the services used by the users of rural, semi urban and urban area. They are using mobiles to stay in touch and for that they are maximum using calling and internet services. The expectations of the customers from their service providers is the best network, quality and economical services. Due to stiff competition in the market and easy to switch over facility made the service providers very competitive to survive in the market.

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