

Navigating Mobile Phone Choices: The Impact of Income Constraints on Buying Preferences and Decision Making

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Abstract:- This thesis investigates how income constraints influence mobile phone purchasing decisions. By analyzing consumer preferences and decision-making processes through surveys and interviews, the study reveals that financial limitations significantly affect the types of devices consumers consider, their prioritization of features, and their purchasing strategies. Findings indicate that lower-income consumers often prioritize affordability and explore options like installment plans and refurbished phones. This research provides insights into whether the earnings of the consumer impact the buying decision of mobile phones and whether earnings deter the choices of the customers before buying a mobile phone.

Keywords:- Mobile Phone Choice, Financial Limitation, Earnings, Lower-Income Consumers.

I. INTRODUCTION

In the modern digitized world, mobile phone use is a day-to-day activity. Since the invention of mobile phones, their usage has skyrocketed. Likewise, the wave of mobile phones gradually hits Bangladesh also. Bangladesh, a vast populated country in southern Asia, is a low-income third-world country that has also been affected by the wave of mobile phones. But the low income of the people has been thwarting the usage of mobile phones here. The majority of people have still not been accustomed to using a high-end mobile phone. Although they have been using mobile phones for daily usage, it has been the low-budgeted ones.

Several factors affect the consumer while making any decision. Among them, price, by far, is the catalyst. It drives the ultimate purchase decision of the consumer. The satisfaction depends on what they get when they give up something, in other words, the costs. This paper illustrates the budget-conscious preferences of the low-income consumers of mobile phones. Low-income consumers and their choice preferences among the mobile phones will be analyzed in this article. Moreover, what factors drive their preferences and

what affects them to finally choose among these will be illustrated here. The purpose of the study is to find out the attitudes, preferences, choices, buying patterns towards low-budget mobile phones that emerged from the price factors.

II. LITERATURE REVIEW

A. Consumer Buying Decision

The major decisions taken by a consumer relates to what he buys (products and services), how much he buys (quantity), where he buys (place), when he buys (time) and how he buys (payment terms). A decision is defined as choosing an option out of the few/many available. Decision making is the process of choosing between two or more alternatives, it is the selection of an alternative out of the few/many choices that are available (Prasad & Jha, 2014). There are several factors working behind the consumers purchasing decision: Marketing factors (product design, price, promotion, packaging, positioning and distribution), Personal factors such as age, gender, education and income level, Psychological factors such as buying motives, perception of the product and attitudes towards the product, Situational factors such as physical surroundings at the time of purchase, social surroundings and time factors, Social factors such as social status, reference groups and family, Cultural factors, such as religion, social class-caste and sub-castes (Chand, 2019). Rather than that, consumers buying behavior can be of Complex buying behavior, Dissonance Reducing buying behavior, Habitual buying behavior and Variety seeking Buying behavior (Armstrong & Kotler, 2008).

B. Budget Consciousness in Buying Decision

Consumers always tradeoff between things when they want to obtain some products or services. This is called budget constraint. The opportunity set consists of all the bundles a consumer can buy, including all the bundles inside the budget constraint and on the budget constraint. The amount of goods consumers can buy at given prices is limited by their income. As a result, the greater their income and the lower the prices of goods, the better off consumers are (Perloff, 2011). Because budgets are inflexible, people may

be especially likely to justify their expenses through various ingenious methods of posting expenses. When a given expense could be assigned to multiple categories, people may have some leeway for hedonic posting—that is, posting items in a way that satisfies short-term interests and skirts the budget (Heath & Soll, 1996). Budgeting is worth understanding because descriptions of consumers over the past 50 years indicate that it is a pervasive part of consumer behavior (Heath & Soll, 1996). Budgeting is worth understanding because descriptions of consumers over the past 50 years indicate that it is a pervasive part of consumer behavior (Walther & Skousen, 2009). Our results indicate that budget size drives choice through a process that interprets price information in the context of the current budget (Amasino, 2023). Budget compliance varies according to the nature of spending in the category, the more (less) positively skewed spending is, the weaker (stronger) budget compliance is (Howard, 2021). Investigations on repurchase behavior indicated that consumers with tight budgets are less inclined to repurchase a product than consumers with relaxed budgets, particularly those entirely unaware of their budgets (Skwara & Wienert, 2023).

C. *Buying Preferences of Mobile Phone*

The behavior of consumers towards smartphones is increasingly a focus of marketing research. Consumer behavior in the smartphone industry, from adoption motivation to post-usage behavior has become a major focus of research in the field of marketing (Ganlari, Deka, & Dutta, 2016). However, there are some studies incate that only product features are responsible behind the purchase decision of mobile phone (Abdullah, Nickson, Masnib, & Daim, 2021). Some maybe think otherwise that price does not significantly influence the consumer's decision to buy a smartphone (Manandhar & Timilsina, 2023). The features that the mobile phone offers though all features are not equally important. The other factors equally correlated and moderately related with decision making are brand name and its durability (Prof. Usha C, 2023). It is found that the four key factors which influence the usage and purchase decision of Smartphone are product, price, peer groups and brand image. (Padma & Kannan, 2022). The factors that had were found to have greatest influence on buying perception were memory capacity, brand reputation, variety of applications and durability of the brand (PILLAI, 2021).

III. PURPOSE OF THE STUDY

➤ *The Purpose of the Study is to:*

- Navigate the low-income consumers preferences in mobile phone choices driven primarily by price.
- Whether price is the ultimate factor before buying a mobile phone for the low-income consumers.
- Whether all the other attributes square off the buying constraint before buying a mobile phone.

IV. RESEARCH METHODOLOGY

A. *Sample Size*

This research was conducted in Dhaka city, Bangladesh. Hence, the study population constitutes of all the mobile phone owners found in Dhaka city. In order to select the sample respondents, simple random sampling method was employed. This method makes all the members of the population an equal chance to be included in the sample. Once a sampling technique has been chosen the next step is to calculate the appropriate size of the sample. The minimum required sample size for this study is specified by using the Cochran (1977) sample size determination formula:

$$n = \left(\frac{Z}{e}\right)^2 * pq = \left(\frac{1.96}{0.05}\right)^2 * 0.80 * 0.20 = 245$$

Where,

n= total sample size

Z= z value in 95% confidence level

e = error in sample collection

p = probability of the low income people living in Dhaka city

q= 1-p

The research is conducted on the people who live under the poverty line. Since they constitute one of the largest groups in the society, the research tends to find out the underlying behavioral factors, especially price, in their buying decision.

B. *Data Collection*

In this research, both qualitative and quantitative data were used. Both types of data were collected from primary sources. For the quantitative data, stratified sampling method is the most indispensable because the number of populations is chosen for this research is relatively large. Several strata were created to collect data more efficiently and effectively. Likert scale and multiple-choice grid questionnaire are asked to the respondents. For the qualitative research, snowball sampling was followed. Both stratified and snowball sampling were merged to gather a more detailed knowledge and information for the research purposes.

C. *Analytical Tool*

For the quantitative data, IBM SPSS software is used because of its intuitive user interface, flexible licensing option, and easily accessible data science tools feature. Amongst the statistical analysis, correlational analysis and crosstab analysis are done. To cope with the objective of the research, correlation analysis is done to show the relationship between consumer preferences (low income) and price. The researchers have also done proper statistical analysis to measure the quantitative fit among the dependent and independent variables. All the outliers are permuted using the SPSS software and redone again to keep with the sample size. Before doing any statistical analysis, data normality is tested. For that reason, the researchers prefer the parametric tests.

For the qualitative data, a proper coding scheme is maintained to carefully point out consumer behavior driven by price and other factors. Atlas. Ai and NVivo are used to code all the qualitative data.

V. RESULTS AND DISCUSSION

To align with the purpose of the study, the researcher has followed Pearson Correlation method to find out the

relationship between Earnings and factors of mobile phone before buying.

Table 1: Correlations

		Earnings	Price	Display	Memory	Sound	Camera
Earnings	Pearson Correlation	1	-.114	-.003	-.027	-.119	-.125*
	Sig. (2-tailed)		.074	.961	.676	.061	.049
	N	248	248	248	248	248	248
*. Correlation is significant at the 0.05 level (2-tailed).							
**. Correlation is significant at the 0.01 level (2-tailed).							

The results show that there is a negative correlation between the Earnings and Price. That means Earnings do deter the choice of the consumer in buying a mobile phone. But collectively all the other factors are there behind a mobile phone buying choice. Consumers do not think only about their earnings and price before buying a phone. Price is a simple catalyst behind a mobile phone buying decision. Quality, Display, Memory, Longevity, Camera, Sound, etc. heavily impact their choices in buying mobile phones. The researchers also have done the parametric tests whether earnings deter all the factors in buying mobile phone choices and surprisingly, when talking about all the other things, there remains also a negative correlation behind the mobile phone choices meaning the consumer does not care about the

earnings much when buying a mobile phone. The bottom line of the study is earnings are relatively less important in mobile phone buying choices.

Moreover, despite the earnings, most of the people almost 72.2% respondent prefer smart phone over button phone. Although smart phone is getting popular due to the technological advancement, the button phone users are not less as shown in the pie chart above. Subsequently, it should be quite human alike to think that button phone users use it because of their income constraints. But the correlational analysis shows that button phone users also consider all the factors (Price, Quality, Display, Camera, Sound etc.) before buying a mobile phone.

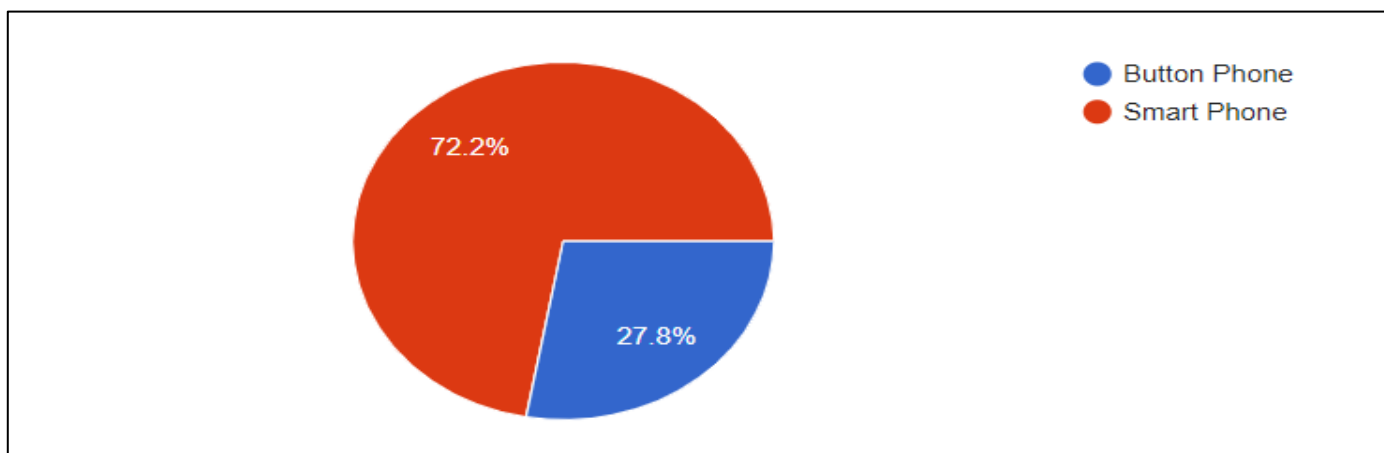


Fig 1: Choosing between Smart Phone and Button Phone

VI. LIMITATION

The data collected for the analysis purpose is through snowball sampling and stratified sampling which creates data collection bias. The small size of sample does not represent the overall population at once. Moreover, geographic differences have been overlooked as the data was collected only in Dhaka City as only Dhaka city does not represent the overall geographic situation in Bangladesh.

VII. CONCLUSION

Mobile phone usage has been a daily lifestyle for people. The mobile phone user has rapidly increased since the beginning of its creation. No other invention has made this rapid penetration like mobile phone did. Since the inception,

thousands of advancements have been added to mobile phone and thousands are waiting in the queue. Every year, almost every mobile brands introduce their updated version to cope up with the latest technology and the needs of the customers. As it has become a part of our life, people tend to use it at every moment. Several factors are considered before buying a mobile phone. This study tends to analyze the relationship among the earnings of the consumer and their buying decision. This study shows that earnings do not deter the choices of the consumer in buying mobile phone. Quality is always preferred over earnings.

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