



Buying Behaviour of Blackberry Customers in India

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ABSTRACT

The primary objective of this exploratory study was to understand the variation in the importance given by people from various professions in selecting factors while buying Blackberry mobile phones in India. A study was conducted on consumers of different age groups between 20 – 60 years. After analyzing the data it was found that out of 20 factors in total, the major factors responsible for the purchase were the snob value and the fastest email and popping. In spite of being a Smartphone, Blackberry has seen a downfall in its sales. This dip has been observed not only in India but all across the globe. The major reasons for its downfall have been their inability to innovate the existing products and also, they failed to compete with the existing leaders in the market.

Keywords: Blackberry mobile, Consumers, Snob value, Smartphone, Innovate

1. Introduction

Globally, India is the world's 12th largest consumer market. It is projected that by 2025, it will be ahead of Germany and will become the 5th largest economy of the world. Consumer goods and services have witnessed an explosive growth in last few years. According to (McKinsey report, 2007), communication that accounts for 2 percent of consumer's spending today will be one of the fastest expanding categories with growth of about 13 percent in coming years. The potential for mobile telecommunication industry to grow is tremendous over the last few years and at present there are about twenty crore (1 crore = 10 million) subscribers of the mobile telecom services in the country. With a growing demand for mobile telecom services, there is also an increasing demand for the market of the mobile handsets. India at present is the second largest market for mobile handsets (Indian Brand Equity Foundation, 2005). Due to liberalization of telecommunication laws and policies the growth in this sector has also improved. The consumers of both rural and urban areas, from college-going students to mature elders, of almost all income groups have started using mobile telecom services. According to (The World Factbook, 2008), the growth is fastest in mobile services as compared to fixed lines where it is modest. It is normally seen that the consumers particularly college-going students rely on their parents for the buying of products like mobile handset and automobile. This is so because large majority of such people are not economically independent till the age of 22-24 years. Therefore, they have to satisfy themselves with what their parents buy for them. However, with changing times, the college-going students have started influencing their parents in buying the products of their choice. This is probably due to small family size of one or two children these days, where parents comply more with the requests of their children as compared to the past.

Increasing demand for both mobile telecom services as well as the handsets has increased competition between the telecom service providers. According to Indian Brand Equity Foundation (2005), the mobile handset market, which was worth about \$ 2 Billion two years ago, had shown a growth of 60% per annum. The GSM (Global System for Mobile Com-

munications) handsets had 84% share and CDMA (Code Division Multiple Access) handsets has 16% market share. There are various players in the GSM market. Market leader Nokia with market share of 38.2 percent (2011-12), in spite of doing extremely well in the dual SIM phones lost out in the smart phones market. Among the other players, the prominent are Samsung with market share of 25.3 percent (2011-12), Micromax with market share of 6.3 percent (2011-12), Blackberry with market share of 4.7 percent (2011-12) and Karbonn with market share of 4.3 percent (2011-12). For users of different preferences various ranges of models are being offered by manufacturers. As more and more Indian mobile subscribers are prepared to pay for upgrades, value-based services, and advanced models, the manufacturers are motivated to introduce newer and newer models in quick succession of time. The cut throat competition is forcing manufacturers to reduce their costs and therefore, they are thinking of manufacturing handsets in India. The low wage rates will help manufacturers to reduce their costs (Indian Brand Equity Foundation, 2005). Besides this, the service providers and manufacturers are offering value added services to make up losses in revenues, which have resulted due to decrease in tariff rates.

Mobile service providers, who were once competing fiercely with fixed-line operators, are now facing stiff competition from alternative technologies. Their revenue stream fuelled by voice minutes is rapidly declining not because consumers are making less calls, but because alternative technologies are providing voice services at very competitive rates. As market is driven by consumers' demands for high-quality voice services at lower prices, the service and equipment providers have to work closely to develop new innovations.

As India is the second-fastest growing major economy in the world. There is an increasing emphasis on consumption and infrastructure development. The growing economy has created large number of employment opportunities and consequently, the spending power of an average Indian has increased than ever before. This has resulted in higher disposable incomes and faster acceptance of new technologies with a willingness to pay for these.

2. Literature Review

Sabnavis (2002) identified three different consumer types of three generations in India. Traditional consumers of pre-liberalization phase (1960-70s) were, stable, inward looking and had limited choices. They kept their family needs on the top and their own personal needs were subordinate to their family needs. They avoided risk. In the transient phase (1980-90s), the consumers were more risk taking than their predecessors. They had experienced multi-choices and had a tendency to be better off than their parents. Economically, they had no fears or concerns. The new millennium consumer tends to enjoy life. He has greater self-control, and looks for personal style and pleasure. Exposures to variety of products and enhancement of economic status have changed the attitudes of the upper middle – class consumers towards brands. Indian society being hierarchical in nature is therefore, status conscious (Sahay and Walsham, 1997). Indians give very high value to brands. In India, a brand is a cue to quality because the quality of the unbranded products varies widely (Johansson, 1997). According to study conducted by Maxwell (2001) on testing of homogeneity versus heterogeneity of global consumption in a cross-cultural price/brand effect model; Indian consumers in comparison to Americans are tougher for the marketers to sell their products. However he found Indian consumers more price and less brand conscious.

Technological innovations such as cellular phones and digital televisions have attracted the attention of marketing researchers as regards to their adoption process (Saaksjarvi, 2003). Rogers (1976) has provided a classification of adopters in terms of innovators, early adopters, early majority, late majority and laggards. But now consumers are also looking into the compatibility of the new products to their self-image and life style (Saaksjarvi, 2003). Funk and Ndubisi (2006) observed a considerable association between color and the choice of an automobile. The study further identifies the gender moderation on the relationship between different color dimensions and the product choice. According to Barak and Gould (1985), younger consumers are greater fond of fashionable/stylish products than older ones. Young consumers are normally more willing to try new products and they are interested in asking more information than older ones. It makes them self-confident and that is why they are more likely to be opinion leaders and less hesitant in brand switching. But one should not ignore the older consumers also. The studies have revealed that the older consumers are wealthy, innovative and they also have a tendency to be the part of a typical consumption system (Szmigin and Carrigan, 2001). They can

be a prime market for the luxury products. However they give more preference to comfort or convenience than any other feature of the product. It also needs to be recognized that most older people accept and enjoy their life stage, and are as willing to spend their money as any other generation, but only if the product and the message are relevant (Carrigan and Szmigin, 1999). On the other hand, the youth, which is more informed, pragmatic, opportunistic, demanding and restless, will always seek excitement in products and services (Sharma, 2004). It is normally perceived that young buyers try new products, seek greater information and are more self-confident in decision-making. Elderly consumers are selectively innovative and they accept only those innovations that provide exclusive benefits (Nam et al, 2007). Therefore, age and life cycle can be the delicate variables (Kotler and Keller, 2006) in the consumer behavior process.

3. Methodology

The exploratory study was carried out by interviewing 100 consumers spread across various states of India based on non-probability convenience sampling method using online survey instrument over the period of two months.

The prime objective of the study was to understand the variation in the importance of the factors given by consumers from various professions. Among the 100 consumers, 65 were male and 25 were female. These were further classified into four groups based on their profession into Army, Scientist, Service and Student. The age of these four groups ranged between 20 – 60 years. There were 100 respondents (65 male and 25 female) of 20-60 years age group, 9 (Army), 10 (Scientist), 26 (Service-Private/government) and 55 (Students). Data was transferred to IBM SPSS 20 for analysis. The tools used for data analysis include Factor Analysis, Cross Tabulation and Chi Square.

4. Limitations of Study

The limitation contained in the primary data was that of limited sample size having profession as the only variable used for study. However consumer buying is a complex process in which number of factors like economic factors, social status and psychographic factors influence the buying of the consumer.

5. Data Analysis

5.1 HYPOTHESIS

Ho: To understand whether Blackberry is considered as a business phone for the working population

Table 1: Profession * How firmly do you believe in the following statements? [Blackberry is a business phone] Cross tabulation

strongly disagree disagree			How firmly do you believe in the following statements? [Blackberry is a business phone]					Total
			neutral	agree	strongly agree			
Profession	Army Officer	Count	0	0	1	0	8	9
		%	.0%	.0%	4.8%	.0%	22.2%	9.0%
	Scientist	Count	0	0	0	0	10	10
		%	.0%	.0%	.0%	.0%	27.8%	10.0%
	Service	Count	1	0	6	11	8	26
		%	8.3%	.0%	28.6%	78.6%	22.2%	26.0%
	Student	Count	11	17	14	3	10	55
		%	91.7%	100.0%	66.7%	21.4%	27.8%	55.0%
	Total	Count	12	17	21	14	36	100
		%	100.0%	100.0%	100.0%	100.0%	100.0%	

Chi-Square	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	67.485 ^a	12	.000
Likelihood Ratio	71.929	12	.000
N of Valid Cases	100		

a. 13 cells (65.0%) have expected count less than 5. The minimum expected count is 1.08.

Directional Measures		Value	Asymp. Std. Error ^a	Approx. P	Approx. Sig.	
Nominal by Nominal	Lambda	Symmetric	.495	.063	5.584	.000
		Profession Dependent	.636	.073	6.236	.000
	Lambda	Which mobile brand would you prefer for your next purchase? Dependent	.382	.085	3.797	.000

a. Not assuming the null hypothesis.
 b. Using the asymptotic standard error assuming the null hypothesis.
 c. Based on chi-square approximation

Symmetric Measures		Value	Approx. Sig.
Nominal by Nominal	Phi	1.406	.000
	Cramer's V	.812	.000
	Contingency Coefficient	.815	.000
N of Valid Cases		100	

RESULTS

From the output tables, the Chi-square test read a signifi-

Table 2.1 Total Variance Explained

Component Total	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total
1	2.777	46.288	46.288	2.777	46.288	46.288	2.764	46.071	46.071
2	1.118	18.625	64.914	1.118	18.625	64.914	1.131	18.843	64.914
3	.863	14.381	79.294						
4	.789	13.153	92.447						
5	.267	4.446	96.893						
6	.186	3.107	100.000						

Extraction Method: Principal Component Analysis.

Table 2.2 Rotated Component Matrix

How much do you agree with the following statements?	Component	
	1	2
Touch screen is the most important feature while buying a Smartphone	.216	.862
Fast Email and messaging are the criteria for buying a phone	.807	-.513
The sleek and trendy looks force you to buy a phone	-.784	-.123
Different free apps force you to buy a blackberry	.523	-.115
The GPS facility has been an attractive feature	-.911	-.043
BBM is the sole reason for your purchase	.581	.307

Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.

Interpretation of Output

The output of factor analysis is obtained by requesting principal component analysis and specifying the rotation. As evident from the table 2.1 (looking at the cumulative % column), we find that the two factors extracted together account for 64.9%

cance level of .00 at 90 per cent confidence level. For 90 per cent, significance level is 0.1, (1-0.9), so the above results show that there is a significant relationship between the two variables, PROFESSION AND PURCHASE OF BLACKBERRY AS A BUSINESS PHONE. From the obtained contingency coefficient (C) of 0.815, it can be inferred that the association between the dependent and the independent variable is significant, as the value is closer to 1 than to 0. Also from the lambda asymmetric value of 0.382, we conclude that there is a moderate value of association between the above two variables. This leads us to conclude that profession plays a vital role in the purchase of Blackberry Smartphone.

FACTOR ANALYSIS 1

Table 2: Communalities

How much do you agree with the following statements?	Initial	Extraction
Touch screen is the most important feature while buying a Smartphone	1.000	.790
Fast Email and messaging are the criteria for buying a phone	1.000	.520
The sleek and trendy looks force you to buy a phone	1.000	.629
Different free apps force you to buy a blackberry	1.000	.691
The GPS facility has been an attractive feature	1.000	.832
BBM is the sole reason for your purchase	1.000	.432

Extraction Method: Principal Component Analysis.

of the total variance. Hence we have reduced the number of variables from 6 to 2 underlying variables. Looking at Table 2.2 we see that the variable, fast email and messaging have a loading of 0.807 on factor1. Therefore this factor can be interpreted as 'Fast Email and Messaging'.

Now for factor2 (in Table 2.2), we see that 'Touch Screen' has a high loading of 0.862. Thus, the second most important factor is the 'Touch Screen'.

FACTOR ANALYSIS 2

Table 3: Communalities

Rate the following factors while buying a Blackberry Smartphone	Initial	Extraction
Snob Value	1.000	.901
Instant Messaging	1.000	.927
Classy Looks	1.000	.842
Price	1.000	.875
Free Internet plans for a specifies period of time	1.000	.451

Table 3.1 Total Variance Explained

Component Total % of Variance	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	
1	2.942	58.847	58.847	2.942	58.847	58.847	2.608	52.155	52.155
2	1.054	21.084	79.931	1.054	21.084	79.931	1.389	27.776	79.931
3	.802	16.050	95.981						
4	.126	2.525	98.506						
5	.075	1.494	100.000						

Table 3.2 Rotated Component Matrix^a

Rate the following factors while buying a Blackberry Smartphone	Component	
	1	2
Snob Value	.945	.094
Instant Messaging	.958	.101
Classy Looks	.004	.917
Price	.839	.414
Free Internet plans for a specifies period of time	.308	.597

6. Findings and Recommendations

The exploratory study was based on the buying behavior of Blackberry Customers in India. After analyzing the data using SPSS, we found that out of 20 factors in total, the major factors responsible for the purchase were the snob value and the fastest email and popping. The Blackberry brand promises every customer reliable, best in class mobile connectivity so that one can live large and achieve more. Users say that Blackberry brand gives them the power to do more and be more. Reliable mobile connectivity puts them in control of their fast paced jobs and lives, enabling them to be more connected to their friends, family, work and even hobbies – whatever their interests are. The IT markets say that the Blackberry mobiles are much more than wireless email- it's a best in class for mobilizing business. The brand Blackberry can be defined as a smart, serious solution for connecting businessmen with information, application and high end work. Blackberry has proved to increase the productivity and the efficiency among the businessmen. The brand should not lose

its focus and continue working on its business development apps and provide good solutions to their customers in turn getting profitable.

An important element in the growth of mobile telephony in India can be attributed mobile value added services, which are become key differentiators. Today, from just being a mode of communications, mobile phones have graduated to become an extension of the personality of the user. In spite of breeding of offers for content-rich mobile data services other than text messaging, the adoption of advanced services such as mobile phone payment, online mobile gaming and mobile email have yet to reach the noteworthy levels of usage in India. Increasing preferences are seen for mobile phones with color screens over those with black and white displays. In large number of contests/polls there is an increasing trend among subscribers to use short message service (SMS) for participation. Consumers are also making wide use of handsets for playing offline games, downloading icons/screensavers/logo/ring tones clicking photographs, playing games, sending camera-phone taken photos with their mobile phones. Therefore today's consumers are expecting much more from their mobile phones.

7. Directions for Future Research

The study can be extended to more number of variables such as different income groups, different occupations, and different personality traits and lifestyles of consumers. The future studies may further investigate reasons for differences between different consumer groups.

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