

Pratima Lamichhane, Babita Adhikari

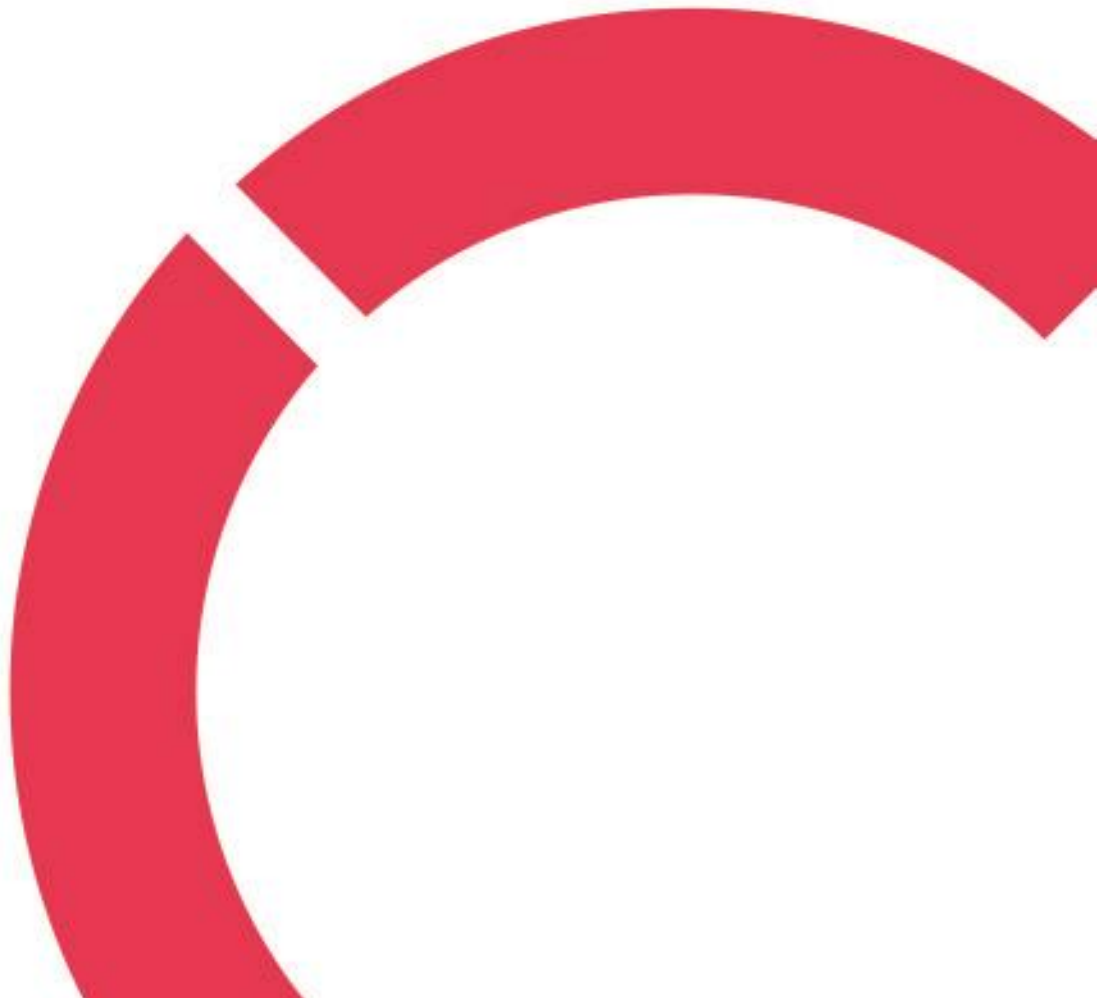
**FACTORS INFLUENCING CONSUMER BEHAVIOR OF
SMARTPHONE USERS IN THE NEPALESE MARKET**

Thesis

CENTRIA UNIVERSITY OF APPLIED SCIENCES

Business Administration, Business Management

April 2024



ABSTRACT

Centria University of Applied Sciences	Date April 2024	Author Pratima Lamichhane Babita Adhikari
Degree programme Business Administration, Business Management		
Name of thesis FACTORS INFLUENCING CONSUMER BEHAVIOR OF SMARTPHONE USERS IN THE NEPALESE MARKET		
Centria supervisor Ann-Christine Johnsson	Pages 34 + 5	
<p>Smartphones, used for various purposes, are one of the most popular devices in the world. The usage of smartphones is growing day-by-day around the world including Nepal. Variety of brands for smartphone are available in Nepal which plays a vital role in affecting the buying behavior of the consumer. The aim of the thesis is to find out the factors affecting the decision-making process of consumers in Nepal to buy a smartphone and to analyse the purchasing behavior in the case of smartphone. The main objective of this thesis was to study the influential factors that affect the buying process in the case of smartphone in Nepal and present the overall analysis.</p> <p>The market situation and the influence of smartphones in the buying process in Nepal has been introduced. The theoretical framework includes a brief description of factors that affect consumers buying behavior such as cultural and social factor, brand perception, prices, and recommendations. The theoretical contents were retrieved from various sources, such as videos, internet, and articles. A survey was created in the form of questionnaire as a quantitative research method and presented to individuals from 15-60 years of age groups and backgrounds.</p> <p>Based on the data collected from the survey, it is known that the brand perception and pricing play a vital role in the buying process of an individual.</p>		

Key words Buying behavior, consumer, Nepal, price, smartphone

ABSTRACT
CONTENTS

1 INTRODUCTION.....	1
2 CONSUMER BEHAVIOR, VALUE, AND PERCEPTION.....	3
2.1 Consumer Behavior	3
2.1.1 Cultural factors influencing consumer behavior	4
2.1.2 Social factors influencing consumer behavior.....	5
2.1.3 Personal factors influencing consumer behavior	5
2.1.4 Psychological factors influencing consumer behavior.....	6
2.1.5 Situational factors influencing consumer behavior	6
2.2 Consumption Value.....	7
2.2.1 Product Attributes	7
2.2.2 Social Factors	8
2.2.3 Price.....	8
2.2.4 Brand Image.....	8
2.3 Brand Perception and Price	9
3 MARKET SITUATION AND INFLUENCE OF SMARTPHONE IN NEPAL.....	11
3.1 Consumer Behavior and Preferences	12
3.2 Market Dynamics and Growth Trends	12
3.3 Digital Inclusion and Connectivity	12
3.4 Cultural Influence and Digital Trends.....	13
3.5 Impact on Telecommunication and Business Sectors	13
4 THE RESEARCH PROCESS AND FINDINGS	14
4.1 Data collection	14
4.2 Survey response rate	15
4.3 Survey limitation, reliability and validity	15
4.4 Survey findings and analysis	16
4.4.1 Education Level.....	18
4.4.2 Average monthly budget/pocket money/salary	18
4.4.3 Current smartphone	19
4.4.4 Previous smartphone brand.....	20
4.4.5 Purposes of using the smartphone.....	22
4.4.6 Main feature in a smartphone	23
4.4.7 Price of current smartphone	24
4.4.8 Rating the influencing factors.....	25
4.4.9 Summary of the Findings	26
5 CONCLUSION	27
REFERENCES.....	29
APPENDICES	
FIGURES	
FIGURE 1. Factors influencing consumer behaviour.....	4
FIGURE 2. Brand Shares in Nepal updated in 2024	10

FIGURE 3. Gender of the respondents	16
FIGURE 4. Age group of the respondents	17
FIGURE 5. Education level of the respondents	18
FIGURE 6. Average monthly budget/pocket money/salary of the respondents.....	19
FIGURE 7. Choosing current smartphone	20
FIGURE 8. Previous smartphone brand of the respondents	21
FIGURE 9. Purpose of using the smartphone	22
FIGURE 10. Features respondent look for in a smartphone.....	23
FIGURE 11. Current smartphones' price of the respondents	24
FIGURE 12. Rating the influencing factors.....	25

TABLES

TABLE 1. Status of Mobile Vendor Market Share in Nepal.....	11
TABLE 2. Free-text written for other smartphone brand	22

1 INTRODUCTION

Smartphones are small and portable devices that has the functionality of a computer with additional features such as phone call, a camera, an internet connection, a touch screen display, GPS navigation, and music playback. Smartphones are used globally for different purposes such as productivity, games, entertainment, and social media. Additionally, smartphones are used to share data from one device to another. Companies like Apple, Samsung, Xiaomi, Huawei, and Honor are the market leaders in the case of smartphones because of their brand reputation, innovation products, and huge distribution and marketing networks. (Statista 2024.) The availability of various brands and their competitive strategies gives individuals or consumers numerous options of smartphones to choose.

At present, smartphones have predominantly set a foothold in human life and their day to day activities due to which the consumption of smartphone has significantly increased. A modern life is a digital life where smartphone is an important device to stay connected with the world and manage a busy life. Companies have been upgrading the functionality and the utilities of the smartphone according to their consumers' needs and activities. The development of the hardware and software for smartphones has made smartphones more efficient, durable, and credible. The human factor and design of the smartphones has become the most influential factor in the smartphone market. Apple, a globally known smartphone company, became the first trillion-dollar company in the world (Gershgorin 2018).

The aim of the thesis is to find out the factors affecting the decision-making process of consumers in Nepal to buy a smartphone and to analyse the purchasing behavior in the case of smartphone. In this thesis, the authors aim is to explore the factors influencing consumer behaviour of smartphone users in the Nepalese market. The main objective of this thesis is to analyse consumers' decision-making process while buying a smartphone. Social, cultural, personal, and psychological factors along with brand perception, price, and consumption values are the factors that are analysed in this thesis. Moreover, this thesis will provide ideas for smartphone companies that are looking to step into the Nepalese smartphone market. Overall, through this thesis, following research questions of the Nepalese smartphone market will be explained:

- What are the factors that affect consumers when buying a smartphone?
- What is the future of the Nepalese smartphone market?

This thesis begins with an introduction of the aim of the thesis, basic information about the smartphones, and the structure of the thesis. The second chapter comprises the theoretical framework where the influential factors in the consumer decision-making process, various consumption values, and brand perception are explained. The third chapter explores the current market situation and the influence of smartphones in Nepal. The data collection method, the reliability and validity of the data collected through the survey, and the response rate along with limitation occurred during the survey are explained under the Research methodology section in the fourth chapter. Moreover, the analysis of the data collected and representation of the statistics of the data are presented in the sub-chapter 4.4 of this thesis. Additionally, it also includes the summary of the survey and the perception of the authors. The overall achievement of the thesis, survey, recommendations for further research, and analysis is concluded in the final chapter, chapter 5 of the thesis.

2 CONSUMER BEHAVIOR, VALUE, AND PERCEPTION

This chapter consists a brief definition of consumer behavior such as social, cultural, personal, situational, and psychological factor. Additionally, this chapter discusses the different attributes that affects the consumption value of a consumer. Factors such as product attributes, price, social factor, and brand image are also explained.

2.1 Consumer Behavior

Consumer behavior is the decision that people or households make when they choose, buy, use, and dispose of a product or service. Many psychological, sociological, and cultural elements play a role in how consumers engage with the market. (Bhat 2024.) The decision of someone about how to spend their money have a huge impact on their own lives and on the planet. Credit card debt, climate change, plastic pollution, dietary choices—all these and more, to some extent, depend on companies' decisions about what to sell and consumers' decisions about what to buy. (Pappas 2021.)

Consumer buying behavior is based on stimuli coming from a variety of sources—from marketers in terms of the 4Ps which are product, price, promotion, and place as well as from environmental stimuli, such as economic factors, legal/political factors, and technological and cultural factors. Buying behavior is not influenced solely by the external environment. It is also determined by individual level of involvement in a purchase and the amount of risk involved in the purchase. (Tanner & Raymond 2024, 45.) As shown in FIGURE 1, consumer behavior is influenced by various factors within the categorical factors such as cultural, social, personal, psychological, and situational factors which are explained in the sub-chapters.

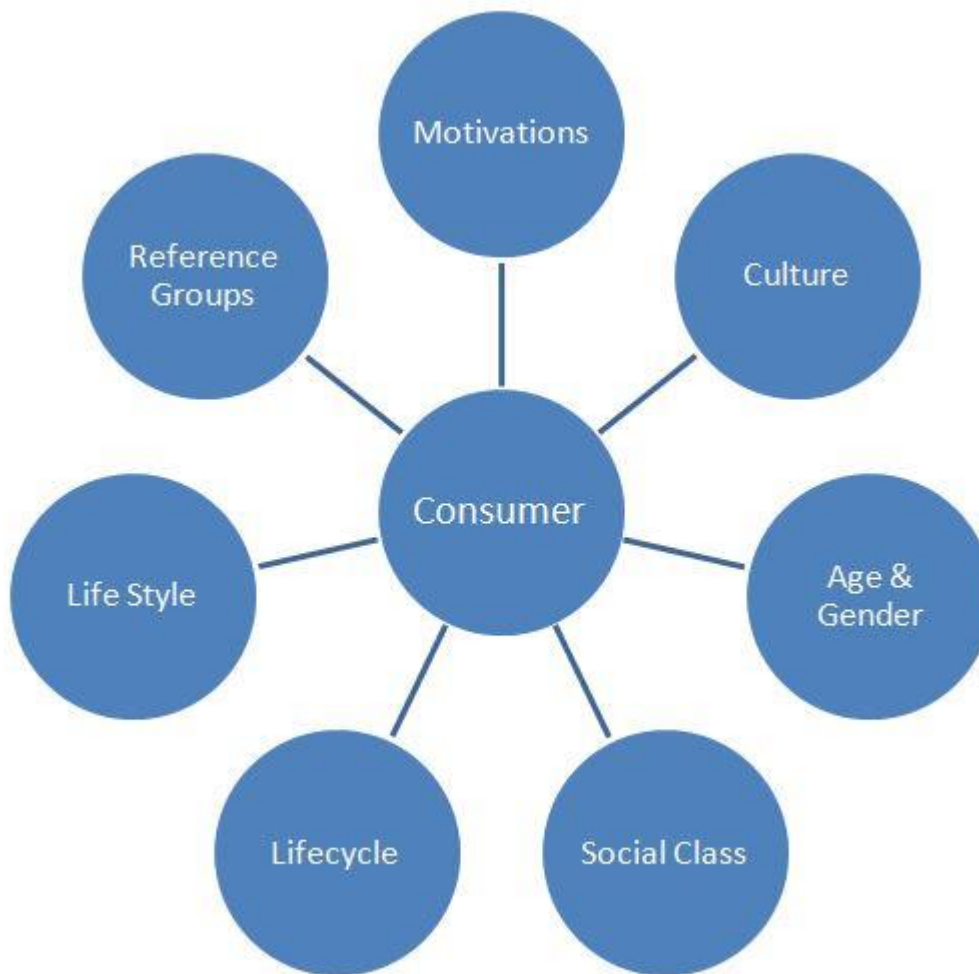


FIGURE 1. Factors influencing consumer behavior (Dudovskiy 2024)

2.1.1 Cultural factors influencing consumer behavior

It comprises a set of values or ideologies of a particular community or group of individuals. These can include culture, subcultures, social class, and gender. (Tanner & Raymond 2024.) Human behavior has its connection with childhood, how we were taught and brought up. A child learns basic rules and regulations, taking the example of the ceremony a child attends. A child growing up in Hindu culture in Nepal has been seeing a dresses of a bride and a groom. The bride wears a red sari with lots of glitter and decorations and when she is a widow, she wears a white dress. Most of women does not wear red again after being widow in Nepal but there is no especial dress code for a groom. On the other hand, Christian Bride in Nepal, and other western country she wears white in her wedding and when she is widow, she wears darker colors.

A subculture is a group of people, such as environmentalists or bodybuilders, who share a set of values. Ethnic and racial groups share the language, food, and culture of their heritage. Other subcultures, like the biker culture, which revolves around a dedication to motorcycles, are united by shared experiences. Cultural factors play a significant role in determining how best to market to consumers. There are numerous examples of company efforts that failed because they did not reflect an understanding of the culture in a particular market. (Tanner & Raymond 2024.)

2.1.2 Social factors influencing consumer behavior

Social factors are those factors that are prevalent in the society where the consumer lives. Every society is composed of individuals who have different preferences and behaviors, and these individuals influence the personal preferences of others in society. Humans are social individuals, and the influences of people's family, reference groups, and roles and status have a huge impact on their buying behavior. (Tanner & Raymond 2024.) Since childhood everyone has been growing up through such a buying behavior which is like the parents or elder members of the family. A child has grown up in that environment which automatically makes him buy a similar product in the future.

Social factor also includes social class, level of education, religious and ethnic background, sexual orientation, customer orientation, and people around – family, friends, colleagues, or social network. Different cultures have different customs and rituals that influence how people live their lives and what products they purchase. Generally, consumers in the same social class exhibit similar buying behavior. Most market researchers believe a person's family is one of the biggest determinants of buying behavior. (Bhat 2024)

2.1.3 Personal factors influencing consumer behavior

Personal factors include demographic factors such as age, gender, income, and occupation. It also depends on one's interests and opinions. To further understand consumers, companies also look more closely at their lifestyles – their daily routine and leisure activities. (Bhat 2024.)

Age is a major factor that influences buying behavior because consumers need and want change with age. Buying habits as a teenage or a younger person are likely to be totally different from buying habits of the people middle age and beyond. Personality is the combination of thoughts, feelings, and behaviors that make a person unique. Personality arises from within the individual and remains consistent throughout life. Some examples of the many personality traits people might have included things like self-confidence, individualism, extroversion, introversion, aggression, or competitiveness. Personality greatly influences what you buy as well as when and how you use or consume products and services. (Tanner & Raymond 2024.) Likewise, how the economic situation of a person is and occupation also plays an important role in buying behavior. If the economic situation of a person is low, he will not have an eye on expensive products, rather he will go for a substitute.

2.1.4 Psychological factors influencing consumer behavior

Buying choices are also influenced by several major psychological factors, including motivation, perception, learning, feelings, beliefs, and attitudes. Perception is the way in which people identify, organize, and interpret sensory information. It's another variable in consumer buying behavior because the perceptions you have about a business, or its products or services have a dramatic effect on your buying behavior. (Tanner & Raymond 2024.)

The ability of a person to understand information, perception of needs, and mind-set influence consumer behavior. One's reaction to a marketing campaign will depend on one's beliefs and state of mind. (Bhat 2024.) If in a mind person thinks that Nokia is a great product it has been helping me in a positive way he will probably buy Nokia product second time too whereas, if he does not think it has help him a lot he will replace the product to other and also suggest close ones not to get Nokia best on his experiences.

2.1.5 Situational factors influencing consumer behavior

Situational factors influencing consumers are external. These factors play an important role in how consumers experience a product and how these consumers' opinions are formed. Environmental factors such as music, lighting, ambient noise, and even smells can either discourage or encourage a consumer's purchase decision. (Tanner & Raymond 2024.)

The physical and social environment of the purchasing location such as existing of long queues directly affect the consumers buying behavior in a negative way. This is also one of the reasons for the growing trend of customers who are switching to online shopping in recent years. (Dudovskiy 2024.) People always search for the substitute which is easy and convenient for them in this process a lot of situations faced in daily life influence the buying behavior of the costumers.

2.2 Consumption Value

Consumer buying behavior encompasses the intricate process through which individuals select, purchase, and utilize goods and services to satisfy their needs. This process involves various stages, from awareness and information gathering to preference formation and final purchase (Rai, Dahal & Ghimire 2023). Factors such as product attributes, price, social influences, and brand image play crucial roles in shaping consumer behavior (Kotler, Armstrong, Wong, & Saunders 2024, 70).

Research findings suggest that product attributes significantly influence consumers' purchase intentions, albeit with variations across different contexts (Rahim, Safin, Kheng, & Abas 2016). Social factors, including recommendations from friends and family, have been consistently linked to consumer behaviour in smartphone purchases. Similarly, the price of smartphones is a critical determinant of consumer behaviour, with affordability and perceived value playing key roles. Furthermore, brand image significantly influences consumer preferences and choices, highlighting the importance of branding in the smartphone market (Rahim et al. 2016). Let's dig deeper into the hypotheses tailored to the context of Nepalese culture and market:

2.2.1 Product Attributes

The features and specifications of smartphones hold significant sway over Nepalese students' purchasing decisions (Dahal 2023). For instance, the demand for smartphones with advanced camera technology may be fuelled by the Nepalese youth's penchant for capturing and sharing moments on social media platforms like Facebook and Instagram. Additionally, functionalities such as long battery life and robust processing power might be valued due to Nepal's challenging terrain and frequent power outages, ensuring uninterrupted connectivity and usage. (Dahal 2023.)

2.2.2 Social Factors

Nepalese society is deeply influenced by social norms, peer opinions, and familial expectations. Therefore, the influence of social factors on smartphone purchases among students cannot be overstated. Peer pressure, societal trends, and the desire for social validation through smartphone ownership may significantly impact their buying decisions. Moreover, the role of family members, particularly parents, in guiding and influencing purchase choices cannot be overlooked. Recommendations from friends and family members might carry considerable weight in the decision-making process. (Rahman, Jahan & Bala 2020.)

2.2.3 Price

In a predominantly middle-class society like Nepal, price sensitivity heavily influences consumer behavior. While affordability is a key consideration, perceived value for money also plays a crucial role. Nepalese students may opt for smartphones that offer a balance between features and price, gravitating towards brands like Vivo, Oppo, and Xiaomi known for offering competitive specifications at relatively affordable price points. Additionally, instalment payment options and promotional discounts may sway purchase decisions, especially among budget-conscious consumers. (Rahman et al. 2020.)

2.2.4 Brand Image

Brand perception holds significant sway over Nepalese consumers' smartphone preferences. While affordability is crucial, the perceived prestige and reliability associated with certain brands like Samsung and Apple may influence purchasing decisions. Moreover, brand loyalty and the desire to maintain status symbols may drive some Nepalese students towards premium smartphone brands, despite their higher price tags. However, the rising popularity of mid-range brands like Huawei and Xiaomi signifies a shift towards value-oriented choices, where brand reputation aligns with affordability and performance. (Ngian, Sim & Chiu 2023.)

2.3 Brand Perception and Price

Consumer behaviour theory emphasizes the role of brand perception in shaping consumer choices. In Nepal, smartphone brands are instilled with symbolic meanings and associations that influence brand loyalty and purchase decisions. Understanding the underlying motivations driving brand preferences enables businesses to craft targeted marketing campaigns and cultivate brand loyalty among Nepalese consumers. Price sensitivity analysis reveals insights into how consumers perceive the value proposition of smartphones. Nepalese consumers exhibit varying degrees of price sensitivity, with certain segments of the market gravitating towards affordability while others prioritize premium features. By employing pricing strategies that resonate with consumer perceptions of value, businesses can optimize their market positioning and appeal to diverse consumer segments.

As shown below (FIGURE 2), the Nepalese smartphone market exhibits diverse brand preferences, influenced by factors such as price range, brand perception, and technological innovation. While mid-range brands like Vivo, Oppo, and Xiaomi dominate the market due to their affordability and feature-rich offerings, premium brands like Apple and Samsung also maintain a significant presence, driven by brand loyalty and prestige factors. Market share trends indicate a gradual shift from traditional players like Nokia to dominant brands like Samsung, with emerging contenders like Huawei and Xiaomi gaining traction in recent years.

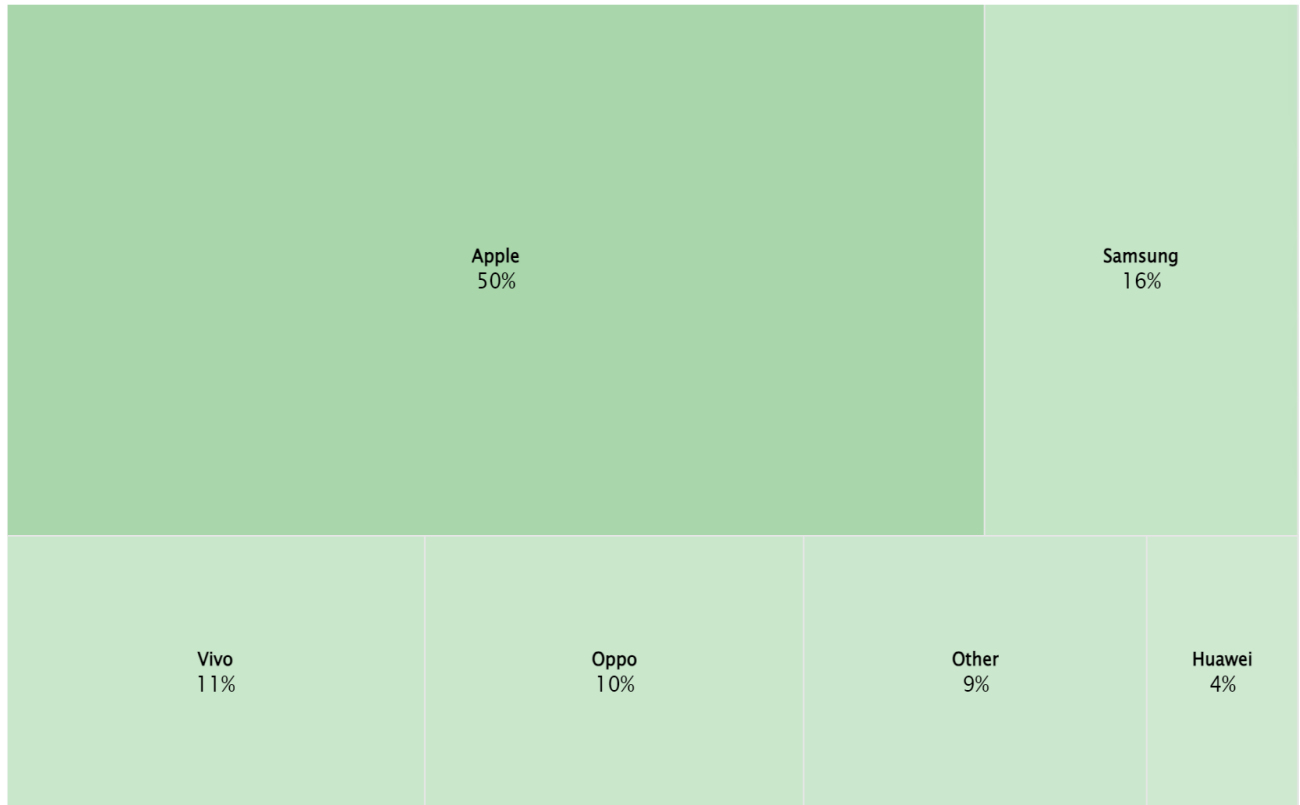


FIGURE 2. Brand Shares in Nepal updated in 2024 (Statista 2024)

Figure 2 represents the key brands of Nepalese smartphone market. The presented data was updated on April 2024 which shows the brands along with their shares in Nepalese market. The above figure shows that the key brands that are dominating the smartphone market in Nepal are Apple, Samsung, Vivo, Oppo, and Huawei.

3 MARKET SITUATION AND INFLUENCE OF SMARTPHONE IN NEPAL

In recent years, Nepal has witnessed a significant transformation in its smartphone market landscape, driven by various socioeconomic factors and technological advancements. The penetration of smartphones has surged from a modest 15% in 2013 to a remarkable 62% in 2019, indicating a substantial increase in accessibility and adoption among the populace. In Nepal, the smartphone market reflects a unique blend of consumer preferences, economic factors, and cultural influences. While technical specifications undoubtedly play a role in purchasing decisions, there is a prevailing trend favouring smartphones with appealing design aesthetics over sheer technical prowess. Table 1 shows that this phenomenon is not unique to Nepal but reflects a global trend where consumers prioritize visual appeal and brand recognition. (Nutan 2020.)

TABLE 1. Status of Mobile Vendor Market Share in Nepal (Nutan 2020)

Year	Nokia	Samsung	Apple	Huawei	Xiaomi	Oppo
2010	78.59%	5.2	6.27%	-	-	-
2011	77.27%	8.37%	7.13%	-	-	-
2012	52.16%	15.32%	8.06%	-	-	-
2013	41.84%	22.83%	7.26%	-	-	-
2014	27.9%	30.85%	7.69 %	0.48%	-	-
2015	18.39%	38.01%	6.6 %	1.85%	-	-
2016	10.08% %	45.36 %	6.66 %	4.81%	-	-
2017	3.5 %	50.26 %	6.9 %	7.5 %	2.75%	2.28%
2018	1.92%	47.64 %	6.86 %	8.59 %	6.37 %	5.64%
2019	1.56%	46.39 %	6.2 %	8.32 %	9.21 %	8.09%

Table 1 shows the status of smartphone brands' market share in Nepal. The brands that are represented in the table are Nokia, Samsung, Apple, Huawei, Xiaomi, and Oppo. The market share shown above starts from the year 2010 to 2019. The data shows that brands like Huawei, Xiaomi, and Oppo did not have market share between the year 2010 – 2013.

3.1 Consumer Behavior and Preferences

Nepali consumers exhibit a strong inclination towards smartphones that offer visually striking designs and premium aesthetics. This preference is evident in the popularity of flagship models from renowned brands like Apple and Samsung, which are perceived as status symbols. While technical specifications remain important, they often take a backseat to factors such as design, brand image, and perceived value for money. Consumers prioritize smartphones that reflect their lifestyle and social status, driving demand for sleek, stylish devices. (Nutan 2020.)

3.2 Market Dynamics and Growth Trends

The smartphone market in Nepal is poised for substantial growth, with projected revenues reaching US\$1.2 billion by 2024. This growth is fuelled by factors such as increasing affordability, expanding access to telecommunications infrastructure, and a burgeoning youth population with a growing inclination towards digital connectivity. Brands like Apple and Samsung leverage premium marketing strategies to position their flagship models as aspirational products, targeting affluent consumers and trend-conscious segments of the population. Additionally, brands like Xiaomi, Realme, and OnePlus capitalize on the demand for budget-friendly yet aesthetically pleasing smartphones, catering to price-sensitive consumers who seek value for money without compromising on design. (Nutan 2020.)

3.3 Digital Inclusion and Connectivity

The proliferation of smartphones has played a crucial role in bridging the digital division in Nepal, empowering marginalized communities and enhancing access to online resources and services. Mobile internet connectivity facilitated by smartphones has expanded internet access to remote regions, enabling individuals to participate in the digital economy, online learning, and e-government initiatives.

Smartphones have become indispensable tools for communication and information dissemination, particularly in times of crisis such as natural disasters or public health emergencies. Mobile applications and social media platforms provide real-time updates, emergency alerts, and communication channels, enhancing disaster preparedness and response efforts. (Nutan 2020.)

3.4 Cultural Influence and Digital Trends

Smartphones have become cultural artifacts and symbols of modernity and social status in Nepal, influencing lifestyle choices, consumer preferences, and social interactions. The rise of social media platforms, content creation apps, and digital entertainment has reshaped leisure activities and media consumption patterns among Nepali youth and urban populations. Digital trends and smartphone culture have permeated various aspects of Nepali society, from fashion and entertainment to education and activism. Influencers, content creators, and online communities wield significant influence, shaping cultural norms, social discourse, and collective identities in the digital age. (Nutan 2020.)

3.5 Impact on Telecommunication and Business Sectors

The proliferation of smartphones has had a profound impact on Nepal's telecommunication and business sectors. Higher smartphone adoption rates translate to increased cellular internet usage, driving revenues for telecom operators and fostering digital inclusion. The growing smartphone user base presents lucrative opportunities for digital advertising, mobile applications, and innovative start-ups, contributing to the overall economic growth of the country. It also has created a fertile ground for entrepreneurial ventures and digital start-ups, leveraging mobile technology to innovate and address societal challenges. Mobile applications and e-commerce platforms have flourished, offering new avenues for business growth, job creation, and economic empowerment. (Nutan 2020.)

4 THE RESEARCH PROCESS AND FINDINGS

Research is a process of collecting a data in a systematic way, which is further documented, analysed, and interpreted systematically (Hampshire 2024). Research methodology is a way to explain the approach of a researcher, during a research, to resolve the research problem. This chapter explains the methods used to collect the data, reliability and validity of the collected data, response rate of the consumer, and the limitation of the survey.

4.1 Data collection

Data were collected through a survey consisting of 11 questions, as shown in Appendix 2. The authors chose Nepalese smartphone users as respondents to conduct a survey. The respondents belonged to different age groups with different social backgrounds. A survey was created using Webropol. After creating the survey, it was initially presented to 143 smartphone users of Nepal between the age of 15 to 60 from various educational, economic, and social backgrounds. The authors opened a public link to the questionnaire in Webropol which was accessible by anyone with the link. The link was shared to the respondents using various social media platforms such as Messenger, WhatsApp, and Gmail. Initially, the authors shared the link within the authors' social network, family, and friends. Additionally, the authors instructed their associates to forward the link to others in their network and so there were more than expected respondents. Free-text option to some questions were also provided with some condition such as the option would be visible once the respondent chooses a certain option. Most of the questions was provided with maximum options to minimize the margin-error. The questionnaire was structured with multiple choice questions, Likert scale questions, rating, and categorical questions. The questionnaire design used to collect the data is presented below:

- Demographical information: age, gender, and education level.
- Financial information: monthly budget.
- Previous smartphone brand.
- Reason for choosing current smartphone and price of it.
- Purpose of the smartphone.
- Influencing factor according to the respondent.
- Value for price of respondents' smartphone.

4.2 Survey response rate

The survey was presented to 143 respondents using various sharing platforms such as Messenger, WhatsApp, and Gmail. Ensuring the quality of the analysis and findings of the survey was prioritized by the authors which led to collecting the responses of survey from random individuals regardless of their social class and economical background. Survey was concise and unwanted questions were avoided to make the questionnaire easy and engaging which also ensured the large number of response rate. To get a response to the questionnaire, the authors shared a public link by forwarding it to the 50 known respondents. Surprisingly, the respondents forwarded the link to their known network and the questionnaire received more than expected respondents which was 143 respondents. The questions in the survey were designed so that it could be interpreted by anyone within the targeted age group. This resulted in more response to the survey as many respondents understood the question and were interested to answer. Hence, the response rate increased.

4.3 Survey limitation, reliability and validity

Survey is the mostly used research method for various purposes and offers a systematic approach to collect data from respondents. Survey limitation, reliability and validity are the 3 main aspects that should be carefully considered to ensure the usability and credibility of the findings.

Every survey has its utility and some limitations that can be relative to the research or the issues faced by the researchers to carry out a research in the form of survey. The authors came across several limitations while carrying out the survey. We did not have the prior knowledge about questionnaire tools such as Webropol or Google forms. After careful consideration, the authors decided to use Webropol as a tool to create a questionnaire which took a learning curve for the authors. Webropol is an online survey tool that provides analytical data. The questionnaire was shared to those who the authors have accessibility to through various sharing platforms. When responding to the survey, the respondents might have filtered the thoughts they shared to the researchers which is the limitation of surveys. The other limitation was that the authors, also the researchers, were not able to watch all the respondent take a survey. Most of the questions in the survey is a close-ended questions which might lower the validity rate. Limited amount of time to conduct the survey, resulted in receiving only 143 responses. The gathering of small samples may result in a lack of reliability to some extent as it cannot be used on

a larger scale. Some of the questions might have been difficult to interpret their actual meaning, some respondents might have understood it in an incorrect way.

On the other hand, the survey was distributed to small group of individual to conduct a test before it was shared to the participants. The questions of the survey were designed with simple words and provided with clear choices. This made the survey as easy as possible to answer. The survey consisted 11 questions in total and the questions were clear and self-explanatory for participants to grasp the actual idea behind the question.

4.4 Survey findings and analysis

This chapter contains the findings of the survey and analysed data that was collected through a survey in the form of questionnaire. The 1st question in the survey was the respective gender of the respondents. This was the first demographical information the authors asked from the respondents. The pie chart shown below (FIGURE 3) represents the data related to the gender of the respondents.

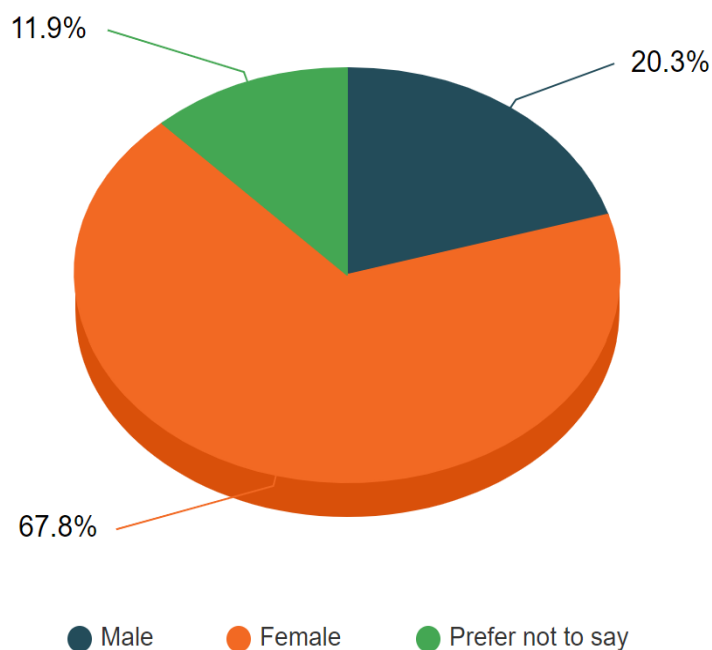


FIGURE 3. Gender of the respondents

67.8% of the respondents were female, 20.3% were male. Out of 143 respondents, 11.9% preferred not to say anything about their gender. The majority of the respondents were female in this survey.

The 2nd question in the survey was about the age group that the respondent belonged to. This was the second demographical information the authors asked from the respondents. The pie chart (FIGURE 4) represents the data related to age group of the respondents.

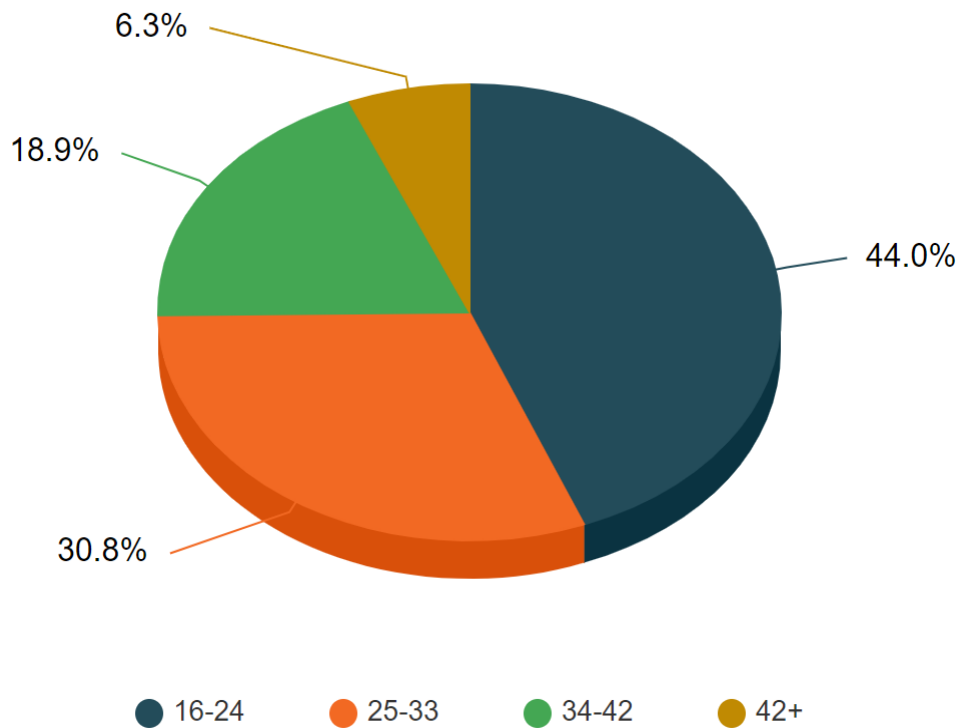


FIGURE 4. Age group of the respondents

As shown in figure 4, out of 143 respondents, 44% of the respondents belonged to the age group of 16-24, which were the highest number of the respondents. The second highest number of the respondents, holding 30.8% belonged to the age group of 25-33 followed by 18.9% of the respondents belonging to 34-42, and the lowest number of the respondents belonged to the age group of over 42 which was 6.3% of the total number. The majority of the smartphone users, who took part in this survey, were in their youth which generally means they are more involved with the technologies. Furthermore, it was interesting to find the buying behavior of the youth users, as the authors themselves are the enthusiasts of the technologies, specifically the smartphones.

4.4.1 Education Level

The 3rd question in the survey was about the level of education s/he have completed. This was the third demographical information the authors asked from the respondents. The bar graph represents the data related to the education level of the respondents (FIGURE 5).

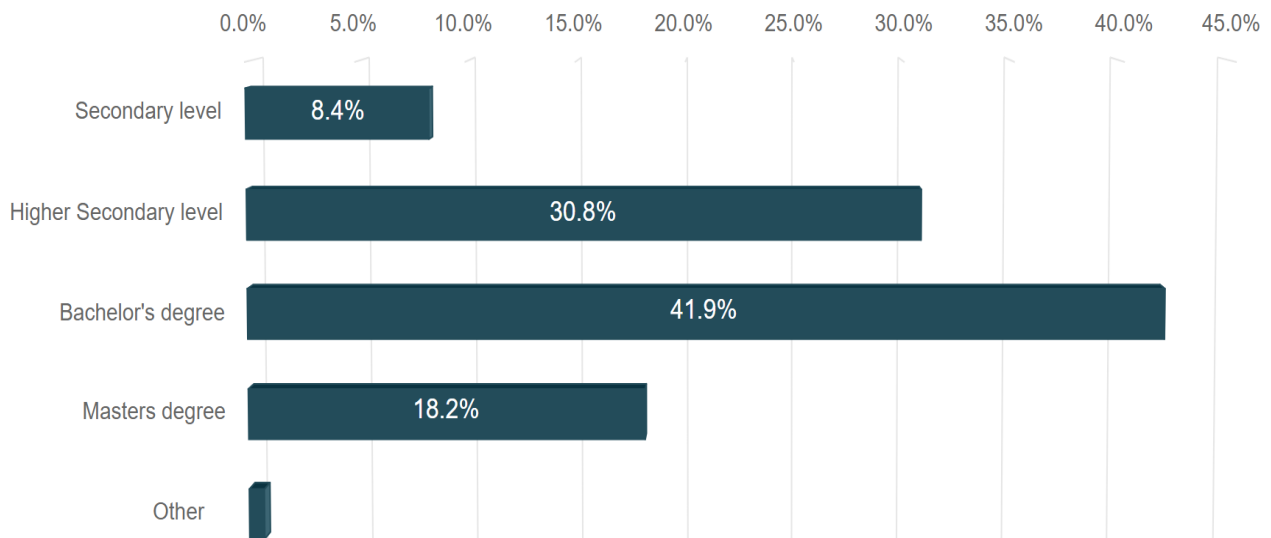


FIGURE 5. Education level of the respondents

As shown in figure 5, 41.9% that is 60 out of 143 of the respondents has a bachelor's degree. The second highest number of respondents, 30.8% has the Higher secondary education level which is 12.6% more than the number of respondents who has completed master's degree. 8.4% of the respondents have the secondary level education and 1 out of 143 respondents had other kinds of degree that were not mentioned by the authors in the questionnaire. Figure 5 shows that all of the respondents were educated to some extent while most of them were highly educated. The authors find it fascinating to know the buying behavior and the impact the colleagues and friends have in their life in case of choosing and buying a smartphone.

4.4.2 Average monthly budget/pocket money/salary

The 4th question in the survey was the average monthly budget/pocket money/salary. After the demographical question, the authors asked the financial information from the respondents. The bar graph shown in figure 6 represents the data related to the average monthly budget of the respondents.

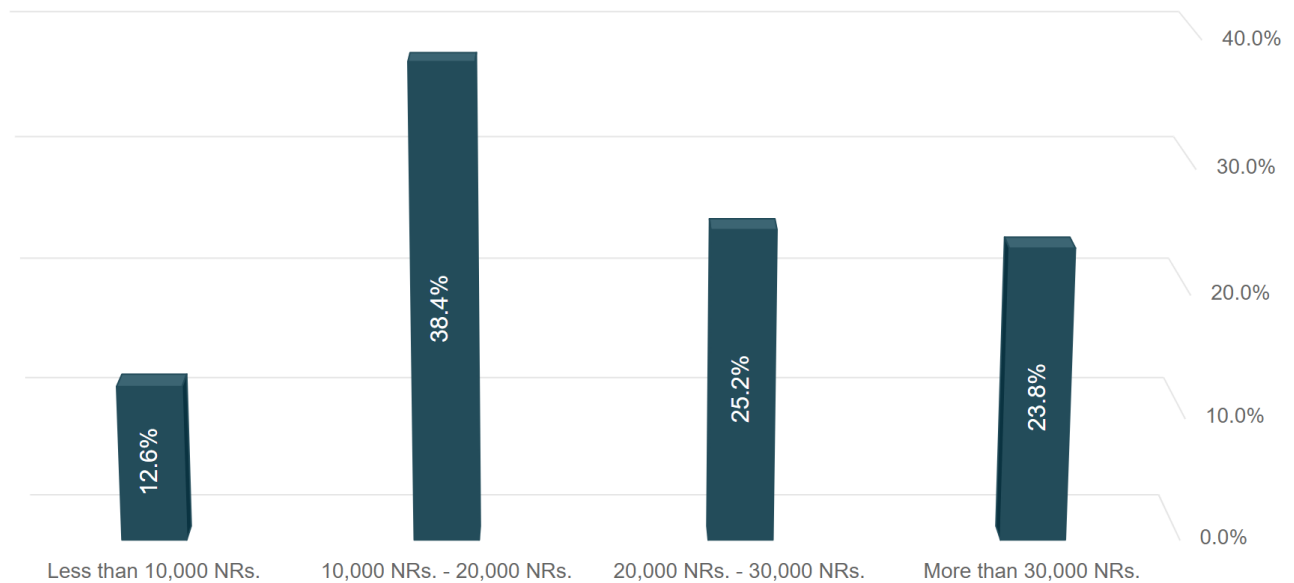


FIGURE 6. Average monthly budget/pocket money/salary of the respondents

Figure 6 illustrates that 55 out of 143 respondents, which is 38.4% of the total respondents have the average monthly budget or earns somewhere between 10,000 NRs. to 20,000 NRs. Similarly, 25.2% have the average monthly budget of 20,000 NRs. to 30,000 NRs., which was the second highest number of respondents with the budget range. Moreover, 23.8% of the respondents earns or has monthly budget of more than 30,000 NRs. while only 12.6% of the respondents have less than 10,000 NRs. monthly budget.

4.4.3 Current smartphone

The 5th question in the survey was about the respondents' current smartphone. This question was to determine the reason behind the choosing of their current smartphone. The question was presented as a multiple-choice question to which the total selected answers were 165 by 143 respondents. The bar graph shown in figure 7 represents the data related to the reasoning of choosing the current smartphone.

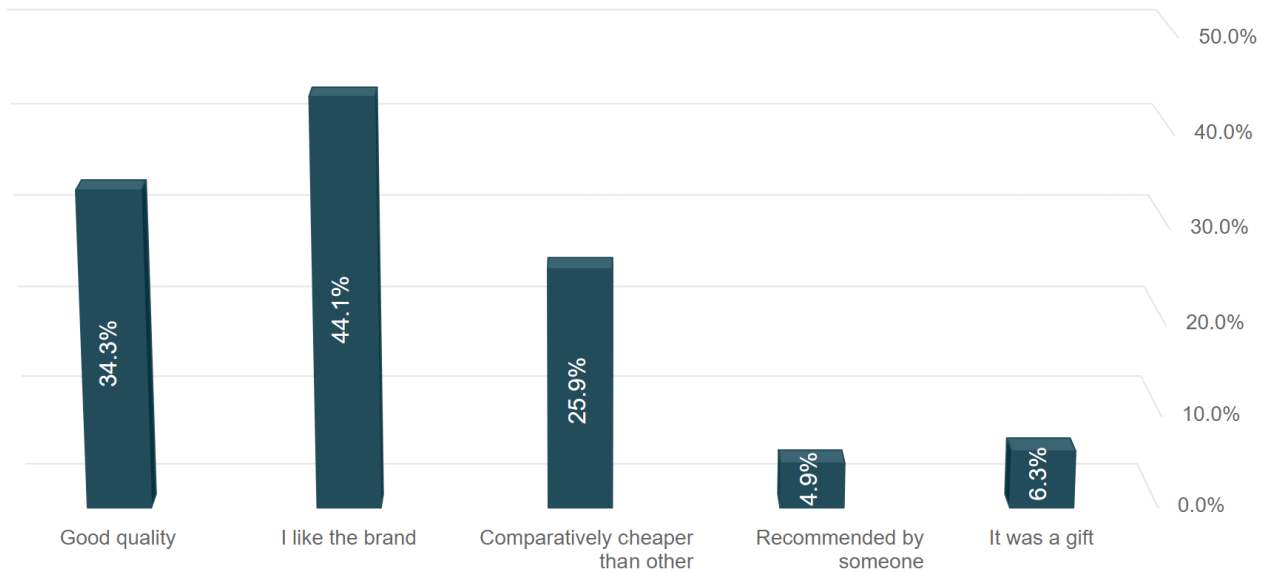


FIGURE 7. Choosing current smartphone

Figure 7 illustrates the different and multiple reasons to choose a smartphone. The authors provided the options related to various reason to choose a smartphone. The options were related to the quality, brand likeness, pricing, recommendation, and a gift. 44.1% of the respondents selected “I like the brand” which demonstrates most of the respondents chose their current smartphone because of the brand. Good quality of the smartphone also matters, and the figure illustrates 34.3% of the respondents chose their current smartphone because of the good quality of smartphone. Recommendation is another way to be influenced by someone to buy a smartphone. The data suggests 4.9% of the respondents were recommended by their friends and colleagues to buy their current smartphone. Lastly, 6.3% of the respondents received their current smartphone as a gift.

4.4.4 Previous smartphone brand

The 6th question in the survey was the previous smartphone brand. The pie chart shown in figure 8 represents the data related to the respondents’ previous smartphone brand.

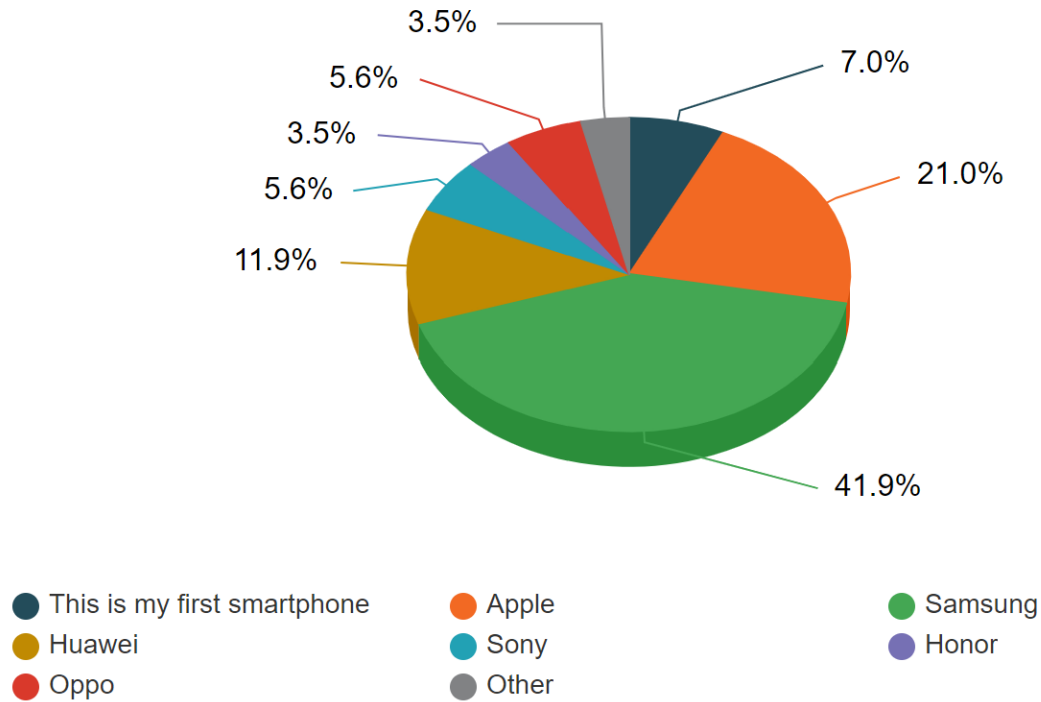


FIGURE 8. Previous smartphone brand of the respondents

Smartphone brands that respondents owned previously are illustrated in figure 8. Apple, Samsung, Huawei, Sony, Honor, and Oppo were the smartphone brands provided by the authors to choose from. Additionally, first smartphone was also an option along with a free-text option “Other” was also provided where the respondents wrote brand names in the text field. The pie chart represented in figure 8 illustrates that most of the respondents, 41.9% used Samsung smartphone. Followed by 21% of the respondents who used an Apple iPhone. Respondents also used different varieties of smartphones in which 11.9% of the respondents used Huawei smartphone, 5.6% of the respondents used Sony smartphone, and another 5.6% used Oppo smartphone. Similarly, 3.5% of the respondents used Honor smartphone.

Moreover, 7% of the respondents could not remember their previous smartphones’ brand and for some of the respondents, their current smartphone is their first smartphone ever. The remaining 3.5% of the respondents that is 5 out of 143, previously used different smartphone brands. Table 1 shows that Poco, ITEL, iPhone, Redmi, and Vivo were some of brands used by the respondents. It also suggests that some of the respondents were unaware about the iPhone brand as they wrote a free-text “iPhone” in spite of the option “Apple” provided by the authors.

TABLE 2. Free-text written for other smartphone brand

Option names	Text
Other	Poco
Other	Itel
Other	iPhone
Other	Redmi
Other	Vivo

4.4.5 Purposes of using the smartphone

The 7th question in the survey was about the purpose of using the smartphone. The question was presented as a multiple-choice question to which the total selected answers were 183 by 143 respondents. The bar graph shown in figure 9 represents the data related to the respondents' purpose of using the smartphone.

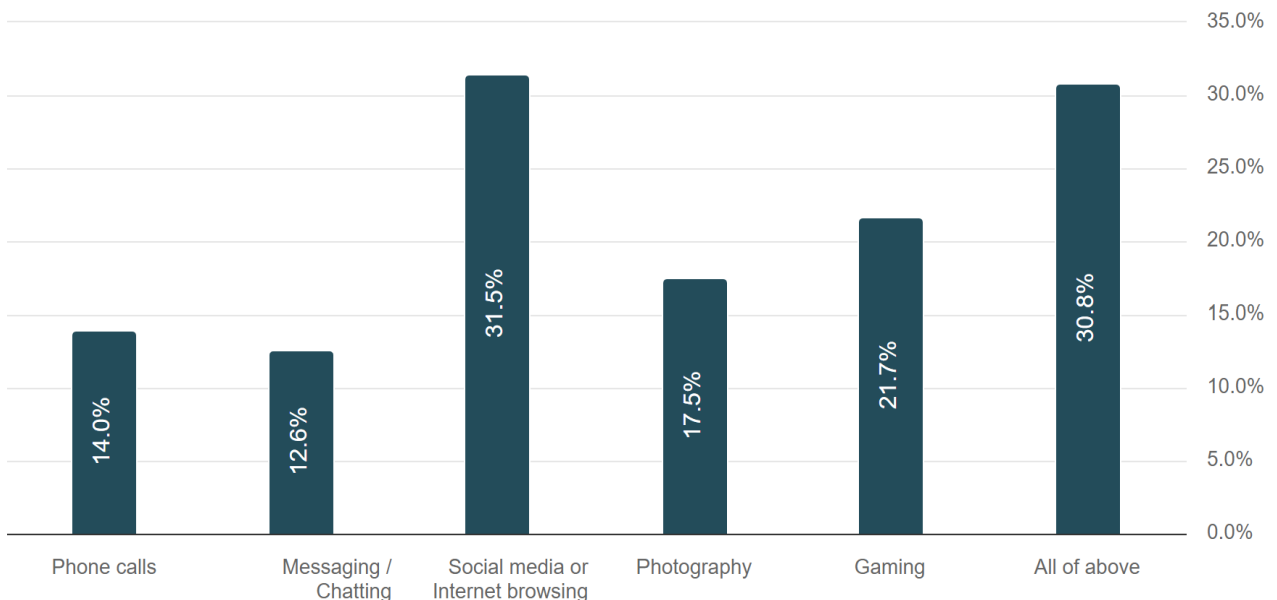


FIGURE 9. Purpose of using the smartphone

Figure 9 illustrates the main purpose of using the smartphone, for most of our respondents, is social media or Internet browsing. Many of the respondents have chosen multiple options for their purpose of using the smartphone. Among those options, social media, gaming, and photography were mostly chosen with 31.5%, 21.7%, and 17.5% of the respondents choosing respectively. Moreover, 30.8% of the respondents uses their smartphone for all of the purposes listed in the questionnaire. 14% of the respondents' purpose of using a smartphone is for phone calls and 12.6% of the respondents use it for messaging and chatting. The data represented in figure 9 suggests that phone calls, messaging, social media, photography, and gaming are all viable options to choose a smartphone. It depends upon the users using the smartphone so the smartphone should be designed and modelled to fit for most of the purposes if not all.

4.4.6 Main feature in a smartphone

The 8th question in the survey was the main feature the respondent looks for in a smartphone. The question was presented as a single selection multiple-choice question to find the most favourable feature that users look for in a smartphone. The bar graph shown in the figure below (FIGURE 10) represents the data related to the main feature in a smartphone.

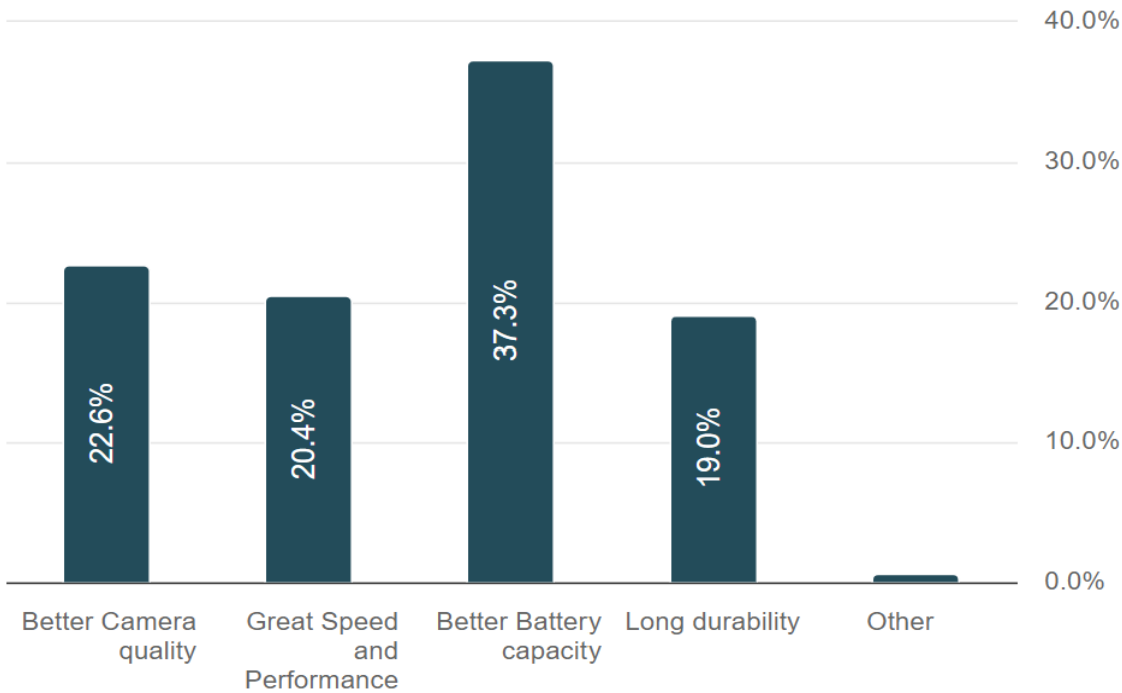


FIGURE 10. Features respondents look for in a smartphone

Figure 10 illustrates that 22.6% of the respondents look for better camera quality and 20.4% of the respondents look for great speed and performance which is 2.2% less than the respondents who look for better camera. Almost all 4 of the features are equally looked for, by the respondents, in a smartphone. 19% of the respondents look for long durability and 37.3%, the highest number of respondents, look for better battery capacity.

4.4.7 Price of current smartphone

The 9th question in the survey was the price of the current smartphone. The pie chart shown in figure 11 represents the data related to the current smartphones' price of the respondents. Figure 11 illustrates the price of the current smartphone owned by the respondents in Nepalese market. The majority of the smartphones owned are priced between 30,000 NRs. and 50,000 NRs. 36.3% of the respondents currently use the smartphone within the price range of 30,000 NRs. – 50,000 NRs., followed by 35% of the respondents using the smartphone priced between 10,000 NRs. and 30,000 NRs. 25.9% of the respondents own the smartphone which costs more than 50,000 NRs. in the Nepalese market. Moreover, 2.8% of the respondents has smartphone that costs less than 10,000 NRs. as shown in the figure below (FIGURE 11).

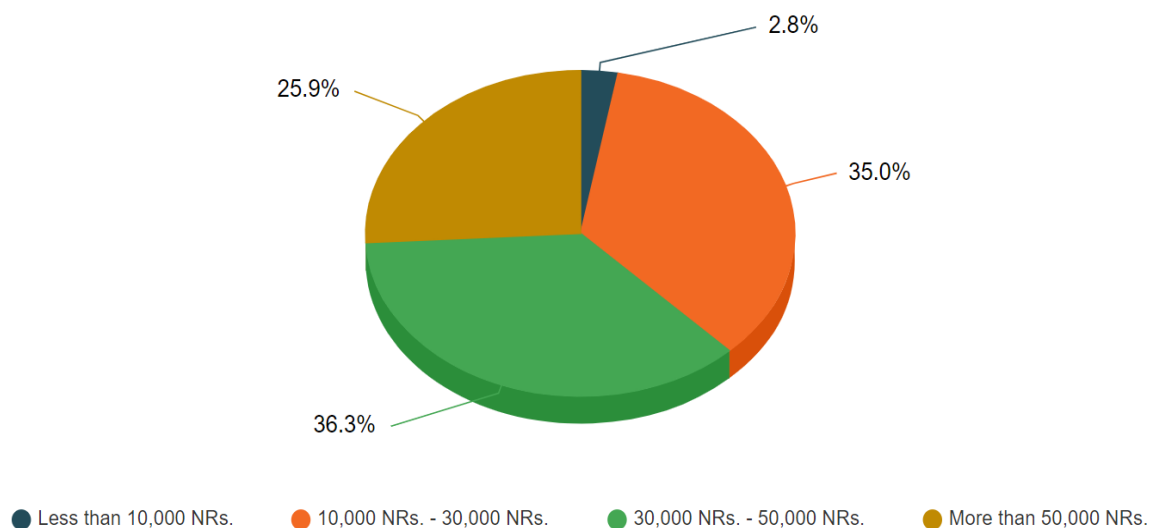


FIGURE 11. Current smartphones' price of the respondents

4.4.8 Rating the influencing factors

The 10th question in the survey was to rate the influencing factors, based on the statements, from strongly disagree to strongly agree. The bar graph below (FIGURE 12) represents the data related to the rating of the influencing factors provided in the statement of the question.

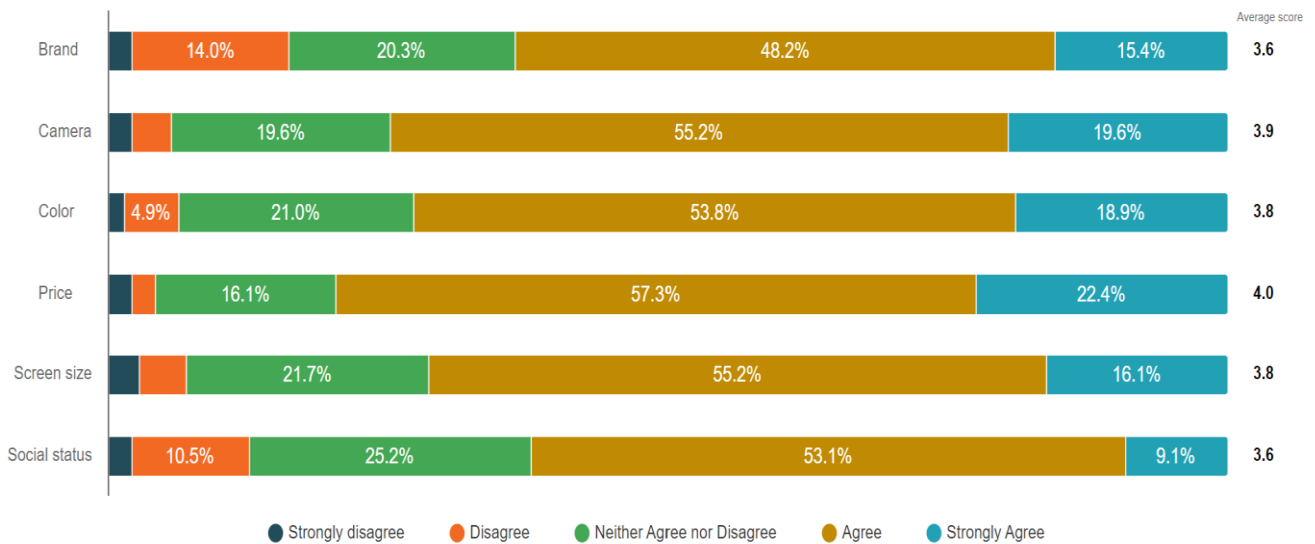


FIGURE 12. Rating the influencing factors

The statements to rate for their influence while choosing a smartphone were brand, camera, color, price, screen size, and social status. The result illustrates that most of the respondents “Agree” with all the statements in question. 48.2% of the respondents “Agree” with the brand as an influencing factor while choosing a smartphone. 55.2%, 53.8%, 57.3%, 55.2%, and 53.1% of the respondents “Agree” with camera, color, price, screen size, and social status as an influencing factor respectively.

Few of the respondents disagreed with the influencing factor in case of buying a smartphone and some of them strongly disagreed with the statement. 14% of the respondents disagreed with the brand as an influencing factor and 10.5% of the respondents disagreed with the social status as an influencing factor to choose a smartphone. 20.3% for brand, 19.6% for camera, 21% for color, 16.1% for price, 21.7% for screen size, and 25.2% for social status chose to stay neutral to rate the influencing factors. More than 15% of the respondents strongly agreed to all of the statements except social status to which only 9.1% of the respondents strongly agreed.

4.4.9 Summary of the Findings

The online research conducted by the authors in the form of a questionnaire provided statistical data to the authors that helped them to conclude and give recommendations. The collected data and visualization of the data in a graphical form give clarity and complement the findings of research methodologies. The findings are summarized for concluding the thesis. As mentioned earlier, 2.8% of the total respondents earn or have a monthly budget of less than 10,000 NRs. which indicates that they might not be able to afford high-end smartphones and according to the analysis provided 57.3% of the respondents agree and 22.4% of the respondents strongly agree that price is an influencing factor which affects their purchasing behavior or decision-making to buy a smartphone.

Among 143 respondents, 37.3% prefer better battery capacity as the main feature in their smartphone and 20.4% of the respondents prefer to have a smartphone with great speed and performance. This suggests that most respondents are tech-savvy and know about smartphones' specifications and functionalities. It also indicates that the functionality of a smartphone is vital for a total of 57.3% of the respondents. Interestingly, only 19% of the respondents find the long durability of the smartphone to be an essential feature in a smartphone, which led the authors to believe that most people change their smartphone every 2 to 3 years.

Moreover, 4.9% of the respondents were recommended to buy their current smartphone, which indicates that people are conscious of their smartphones' features, functionality, and durability. It also shows that the purchasing behavior of an individual, in the case of a smartphone, is affected by the social factor, in the Nepalese market. People tend to buy what others buy, to fit in a group and to maintain a social status. It is agreed by 62.2% of the respondents that the decision of an individual to buy a smartphone is affected by the reason to maintain a social status in a group. The individual should have a branded smartphone, specifically an Apple iPhone which shows the significant influence of Brand image and perception in the Nepalese market.

5 CONCLUSION

As mentioned in the introduction, the authors set out to answer these questions through this research:

- What are the factors that affect consumers when buying a smartphone?
- What is the future of the Nepalese smartphone market?

The main aim of this thesis was to study the buying behavior of consumers and the factors influencing consumer behavior of smartphone users in the Nepalese market. The study also focused on various factors that affect the decision-making process of consumers, their consumption values, brand perception, and pricing while buying a smartphone. Previously people used to buy smartphones within their budget. However, nowadays social factors such as social status, and the influence of friends and colleagues are playing a vital role in decision-making which enables consumers to buy a smartphone exceeding their budgets. For instance, the consumer has a budget of 20,000 NRs. to buy a smartphone and they buy a smartphone worth 80,000 NRs. which is above their original budget. The majority of consumers still look for features such as better battery quality, and great speed and performance in a smartphone. However, the search for features such as better camera quality and large screen size is increasing which suggests that smartphone brands should offer great cameras with high megapixels to increase their customers. It was interesting to know that consumers prefer changing their smartphone every 3 to 4 years.

According to the data collected from the survey, brands like Apple, Samsung, and Xiaomi are taking over the Nepalese market as their brand reputation is increasing day by day. Consumers buy the Apple iPhone, regardless of smartphones' expensiveness, because it offers robust functionality and features, and it improves social status among the consumers' friends and colleagues. In the case of the Apple iPhone, the affordability of the smartphone plays a minor role, and the social factor plays major role to affect the buying decision of a consumer. Samsung offers a camera with high megapixels for better photography. Samsung attracts consumers who have a high interest in photography and cannot afford the expensive Apple iPhone. There are Samsung smartphones in the market with affordable prices and high-quality features which makes it perfect for consumers with less budget or income and still require a high-end smartphone. In the case of Samsung, psychological factors, situational factors, and consumption values along with affordability play a vital role in affecting the buying decision of a consumer. Xiaomi or Huawei is better suited for consumers who prefer gaming as this brand offers higher stability and performance when playing a game on a smartphone. Xiaomi or Huawei are low-priced yet

offer great features and are mostly compatible for gaming purposes. In the past, buying these brands' smartphones was considered a low-class in society. However, that is changing and all class-level consumers in society buy these brands' smartphones as the interest in gaming is increasing among the vast majority of consumers. Some consumers carry multiple smartphones of different brands and utilize them according to their use. Currently, the camera quality and durability of Xiaomi or Huawei are also increasing as the competition in the smartphone world is increasing every second. In the case of Xiaomi or Huawei, personal factor, specific usage of a smartphone, and pricing plays a vital to affect the buying decision of a consumer.

The Nepalese smartphone market is increasing rapidly and the increment in availability of Internet and online services in Nepal is providing opportunities to smartphone brands to reach more consumers in Nepal. Further research can be carried out, shortly, to acquire more accurate results by conducting the research with large number of samples. Some consumers prefer to use a smartphone from a specific brand which shows brand loyalty. Consumers' attitudes and preferences towards a brand are variables that can be changed with better and more affordable offers. Smartphone companies can make updates and changes to their smartphones based on further study. With the increased availability of Internet services, it would be easier to reach a wide range of respondents for the survey.

Overall, this research provides crucial information to smartphone companies to know the consumption behavior of the Nepalese consumer and their perception towards smartphones and their use. The main affecting factor for the Nepalese consumer is pricing which can be tackled by the smartphone companies with their competitive pricing strategies. The Nepalese smartphone market is still evolving and this is the right time for the smartphone companies to attract more consumers with their hard-to-say-no offers. Moreover, Nepalese smartphone consumers are influenced by the reviews of a smartphone in a review channel, and companies can work on the smartphone specifications and needs to gain the consumers.

REFERENCES


- Bhat, A. 2024. *Consumer behavior definition*. Available at: <https://www.questionpro.com/blog/consumer-behavior-definition/>. Accessed 05.4.2024.
- Dahal, A. 2023. *Why do Nepalis favour smartphones that look good in design than in specs?* Available at: <https://english.onlinekhabar.com/similarity-of-smartphones-in-2023.html>. Accessed 10.4.2024.
- Dudovskiy, J. 2024. *Factors Impacting Consumer Behaviour*. Available at: <https://research-methodology.net/situational-factors-impacting-consumer-buyer-behavior/>. Accessed 05.4.2024.
- Gershgorn, D. 2018. *Apple just became America's first trillion-dollar company*. Available at: <https://qz.com/1345748/apple-just-became-americas-first-trillion-dollar-company>. Accessed 29.3.2024.
- Hampshire. 2024. *What is research?* Available at: <https://www.hampshire.edu/what-research#:~:text=Research%20is%20a%20process%20of,professional%20fields%20and%20academic%20disciplines>. Accessed 30.3.2024.
- Kotler, P., Armstrong, G., Wong, V., & Saunders, J. 2024. *Principles of Marketing*. Available at: https://opac.atmaluhur.ac.id/uploaded_files/temporary/DigitalCollection/ODljY2E4ODIyODViZjFkODgzNDUxYWZlNWFhZmY2MGE5MDc0ZDVmYw==.pdf. Accessed 10.4.2024.
- Ngian, E., Sim, C Y., & Chiu G. 2023. *Smartphones Purchase Intention: Testing the Moderating Effect of Brand Image among Youths*. Available at: https://www.researchgate.net/publication/375837257_Smartphones_Purchase_Intention_Testing_the_Moderating_Effect_of_Brand_Image_among_Youths. Accessed 11.4.2024.
- Nutan, R. 2020. *Trends of Smartphone in Nepal*. Available at: <https://www.nepaloffers.com/news/2020/03/22/5e785195d541c86b0285f34c>. Accessed 10.4.2024
- Pappas, S. 2021. *The goods on consumer behavior*. Available at: <https://www.apa.org/monitor/2021/06/feature-consumer-behavior>. Accessed 05.4.2024.
- Rahim, A., Safin, S Z., Kheng, L K., & Abas, N. 2016. *Factors Influencing Purchasing Intention of Smartphone among University Students*. Available at: https://www.researchgate.net/publication/301507908_Factors_Influencing_Purchasing_Intention_of_Smartphone_among_University_Students. Accessed 10.4.2024.
- Rahman, M., Jahan, I., & Bala, T. 2020. *Factors Influencing Brand Switching of Smartphones among University Students: A Study on Bangladesh*. Available at: https://www.researchgate.net/publication/343513852_Factors_Influencing_Brand_Switching_of_Smartphones_among_University_Students_A_Study_on_Bangladesh. Accessed 11.4.2024.
- Rai, B., Dahal, R K., & Ghimire, B. 2023. *Factors affecting consumers behavior in Smartphone purchases in Nepal*. Available at: https://www.researchgate.net/publication/373048570_Factors_affecting_consumer_behavior_in_Smartphone_purchases_in_Nepal. Accessed 10.4.2024.

Statista. 2024. *Smartphones- Nepal*. Available at: <https://www.statista.com/outlook/cmo/consumer-electronics/telephony/smartphones/nepal>. Accessed 29.3.2024.

Tanner, J., & Raymond, M A. 2024. Principles of Marketing. Available at: https://my.uopeople.edu/pluginfile.php/57436/mod_book/chapter/37368/BUS2201.Textbook.Principles.of.Market-ing.pdf. Accessed 05.4.2024.



**What affects the decision-making process of an individual in
Nepal while buying a Smartphone?**

 Mandatory questions are marked with a star (*)

1. Please select your gender. *

- Male
- Female
- Prefer not to say

2. How old are you? *

- 16-24
- 25-33
- 34-42
- 42+

3. What is the highest degree or level of education you have completed? *

- Secondary level
- Higher Secondary level
- Bachelor's degree
- Masters degree
- Other

4. On average, what is your monthly budget? *

- Less than 10,000 NRs.
- 10,000 NRs. - 20,000 NRs.
- 20,000 NRs. - 30,000 NRs.
- More than 30,000 NRs.

5. Which was your previous smartphone brand? *

This is my first smartphone

Apple

Samsung

Huawei

Sony

Honor

Oppo

Other

6. Why did you choose your current smartphone? *

Good quality

I like the brand

Comparatively cheaper than other

Recommended by someone

It was a gift

7. For what purposes do you use your smartphone the most? *

- Phone calls
- Messaging / Chatting
- Social media or Internet browsing
- Photography
- Gaming
- All of above

8. What is the main feature you look for in a smartphone?

- Better Camera quality
- Great Speed and Performance
- Better Battery capacity
- Long durability
- Other

9. What is the price of your current smartphone? *

- Less than 10,000 NRs.
- 10,000 NRs. - 30,000 NRs.
- 30,000 NRs. - 50,000 NRs.
- More than 50,000 NRs.

10. Rate the influence of the following statements on choosing a smartphone. *

	Strongly disagree	Disagree	Neither Agree nor Disagree	Agree	Strongly Agree
Brand *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Camera *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Color *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Screen size *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Social status *	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

11. (On a scale of 1 to 10) how would you rate the overall value for price of your smartphone? *

A horizontal slider scale from 0 to 10. The scale is represented by a light gray bar with vertical tick marks at 0 and 10. A blue square marker is positioned at the 0 mark, with a small blue box containing the number '0' above it.