

KARELIA UNIVERSITY OF APPLIED SCIENCES  
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THE GROWING POPULARITY OF CHINESE SMARTPHONES IN THE  
NEPALESE MARKET

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**Abstract**

Smartphones are one of the most popular electronic devices, and the use of smartphones is increasing all over the world. Nepal is not an exception. The availability of the different brands of smartphones has been prominent in the country. Nowadays, people have a variety of options to choose from regarding smartphones. The competitive strategies of smartphone companies are becoming beneficial for Nepalese consumers.

The main aim of the thesis is to find out the smartphone purchasing behavior in Nepal and the factors that affect the consumer buying decision process in the case of a smartphone. A literature review is presented in the theoretical section of the thesis. This review comprises the influential factors of the consumer decision-making process, types of consumption values, word-of-mouth marketing, and brand perception and price. A quantitative research method is used in the form of a survey to dig out the influential factors regarding the popularity of Chinese smartphones.

It is known from this paper that the market share of the bigger brand smartphones has been declining noticeably and that Chinese brand smartphones are successfully notching a bigger chunk of the Nepalese smartphone market shares.

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Keywords  
Nepal, Smartphone, Consumer Behaviour, Price, Economy, Value, Social

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## LIST OF ABBREVIATIONS (OR) SYMBOL

NTA	Nepal Telecommunication Authority
NTC	Nepal Telecommunication
NPR	Nepalese Rupee
MIPA	Mobile Phone Importer Association
UI	User Interface

# 1 INTRODUCTION

Smartphones have been developed from a simple communicating device to a multifunctional gadget and now they have a strong foothold into human life. It is a globally-used device, and people use the smartphone for different purposes and Nowadays, people can choose smartphones from numerous brands.

The development of the smartphone is constant and it is becoming more involved and predominant in day to day activities. In a short span of time, there has been seen significant development in smartphone consumption. The utility of the smartphone has increased, and they are now capable of different activities.

A smartphone is a basic essential for living in modern life. It makes people connected with the world so the digitally dependent society relies heavily upon the smartphone to communicate and stay connected. It is a handy tool for navigating the day and managing a hectic life. This study focuses on the study of smartphone users' behavior.

## 1.1 Motivation

My personal motivation constrained me to choose this topic. Personally, I am a tech enthusiast and I myself indulge in reading and watching content related to smartphones. Smartphones have become an integral part of human life, and the users of smartphones are increasing all over the world yearly. In recent years, mobile phones have been transformed from the aristocrat's gadget to the commoner's good (Sthapit & Shakya 2010). Nepal is a developing nation and holds significant potential for smartphone companies.

The number of mobile subscriptions has outnumbered the population of Nepal, and now the mobile service penetration rate has hit 105.15% of the population mentioned in Management Information System (MIS), report of Nepal

Telecommunication Authority (NTA) (Khanal Rajesh & Rijal Prahlad 2016). There are different brands of smartphones available in Nepal, and nowadays the Chinese brands are targeting the Nepalese consumers more. The research is done to find out the reasons for the growing popularity of the Chinese brand smartphones in Nepal. Chinese smartphones brands have raised their quality: they are not the knock-off products anymore, and they are considering becoming more price competitive with the bigger brands.

## **1.2 Aim of the study**

Smartphones are evolving more, and the gradual development of the software and hardware has made them more durable and credible, but lately, the ergonomics and design of the smartphones have been influencing the market. Apple, which is a global brand smartphone company, became the first trillion dollars publicly traded company in August 2018 (Gershgorn 2018). Apple company hasn't officially started its operation in Nepal. The smartphone business is growing fast, and if the trends are continuous then there is the potential for mobile phones being the largest traded commodity in Nepal (MyRepublica 2016).

Chinese companies like Huawei and Xiaomi are more competitive than ever. Huawei, a Chinese global information and communications technology (ICT) solution has been targeting the Nepalese customer. The aggressive marketing strategies of Chinese smartphone companies have flooded the Nepalese smartphone market, while the market shares of big companies such as Samsung, LG, Sony, etc. are decreasing simultaneously. The main objective of the thesis is to analyze the consumer behavior of the Nepalese smartphone market. The thesis serves the smartphone manufacturing companies that are interested in penetrating and expanding into the Nepalese smartphone market. This paper helps in understanding the Nepalese smartphone market.

This thesis will address certain queries of the Nepalese smartphone market:

1. What is the consumer behavior of the Nepalese smartphone user?

2. What are the affecting factors for people when choosing a smartphone?
3. Why is the influence of Chinese smartphones increasing?

### **1.3 Outline**

The first chapter of this paper includes an introduction, motivation, the aim of the study. The second chapter comprises the research methodology, which discusses the data collection method, reliability and validity of the data and the response rate. The third chapter elaborates the overview of the current Nepalese smartphone market situation and Influence of the Chinese smartphones so far.

The fourth chapter presents a literature review by introducing the important characteristics affecting consumer behavior. This theoretical section of the paper defines an influential factor in the consumer decision-making process and different consumption values to back up the author's own research. In the fourth chapter, the data is summarized in a comprehensive way. Lastly, conclusions and recommendations are made on the basis of the collected data.

## **2 RESEARCH METHODOLOGY**

Research methodology simply means systematic solutions to the research problems. Research methodology has many dimensions, so the research method is also a part of the research methodology (Kothari 1990). These sections will discuss the collection of data, the validity and reliability of the data collection method and response rate. These papers formulate the quantitative method approach.

### **2.1 Data Collection**

The primary data is collected through questions on survey. The empirical part of the thesis is carried out through surveying Nepali smartphone users. The survey

was created in Google Forms, and there were altogether 18 close-ended questions and 1 open-ended question. People of any age group could respond to the questionnaire.

It is not practically possible to collect the view of the large population; therefore, sampling the questions and presenting to the specific random people will draw the opinion of the population in general. Questions were designed to provide the maximum options to minimize the errors.

## **2.2 Reliability and Validity**

The author has ample knowledge when creating the questionnaire. To assure the reliability of the data, questions of the survey were prepared with compatible to the Nepal's context. The questions were provided with multiple options in order to reduce redundancies and errors. Relevant and an adequate number of the questions were presented in the survey.

The survey was carried out on Facebook from the 21<sup>st</sup> of March to the 4<sup>th</sup> of April. It was presented in popular Facebook groups of Nepal, such as PUBG Mobile Nepal, jobs in Nepal (vacancy) and Second Hand in Nepal- Buy/Sell/Trade, which has mostly young smartphone users. The questions were refined to draw genuine and precise results, and it was expected to target random smartphone users to get distinct results.

## **2.3 Response Rate**

Response rate helps to draw the overview of the people. It is beneficial to get a substantial response to the questionnaire. Respondents help to represent the view of the population. There were altogether 144 respondents from different parts of Nepal.



To ensure the quality of the responses the survey was randomly presented to the people of different social classes and economic backgrounds. The survey was posted in different Facebook groups with Nepalese users.

### **3 OVERVIEW**

#### **3.1 Nepalese Market Situation**

Nepal is a Landlocked country which lies in Southern Slopes in between China and India. The capital of Nepal is Kathmandu. Nepal was unknown to the outside world before the 1950s. Nepal is one of the least developed countries: out of 29 million people around 25% lives in poverty. Agriculture contributes the most to Nepal's economy, and 81% of the total population is employed in it, whereas only 3% of the population is engaged in industrial activities. The industrial sector is very small and yet dominated by traditional handicrafts, spinning and weaving activities. (Nepal - Economy, n.d.)

Despite being a small country, Nepal is the home to the biggest mountains in the world. The spectacular view and prevalence of diverse natural resources aid in the development of the tourism sector. Access to telecommunications and the internet opens new possibilities for the country. People become more efficient and productive through the use of the Internet. Gross Domestic Product (GDP) in Nepal increased by 6.30% in 2017 (Nepal - Economy, n.d.). The unstable political and administrative system led to the slow development of the country. Communication is the key to the productivity and growth of the country, and the development of telecommunications is a fortune for the country's economy.

The telephone communication history of Nepal is a century long. There are six telecom operators with a wide range of technologies (Landline/Mobile/WLL), including PSTN, ADSL, GSM, CDMA, WCDMA, LTE, EVDO, NGN, SIP owned by the Government of Nepal (Telecom 2018). Nepal Telecom and Ncell are the two

telecom operators with a range of services all over Nepal. Nepal Telecom is operated by the Nepalese Government, whereas Ncell which is a privately owned mobile network operator is the fastest growing Network operator in Nepal. Nepal Telecom commenced its 4G lite services in 2017. The agreement between Huawei and Nepal Telecommunication Authority (NTA) has helped rural people get access to the high-speed Internet (Xinhua 2014).

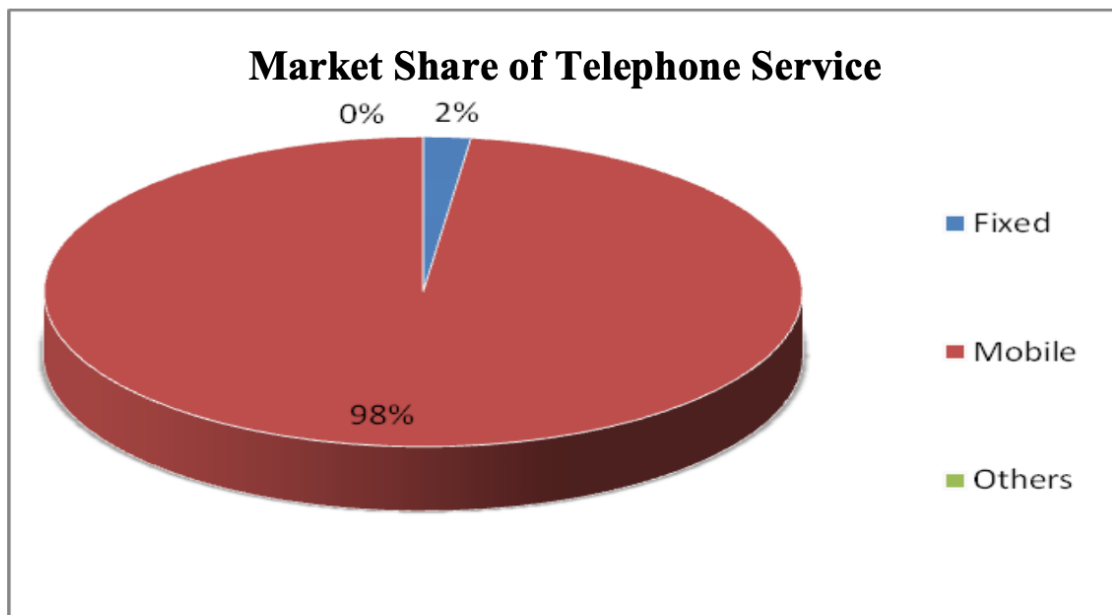


Figure 1. Market shares of Telecommunication Services (Source: MIS report of NTA.2018).

According to the (MIS) Report of Nepal Telecommunication Association (NTA), around 98% of the population are mobile users, and the remaining 2% are fixed telephone service user in December 2018 (NTA 2018). As per the officials of mobile phone importers Association (MPIA), mobile phones are the third largest traded commodity after petroleum products and iron (MyRepublica 2016). The growing internet services throughout Nepal will create a significant opportunity for smartphone companies to capture the smartphone market shares of Nepal.

### 3.2 Influence of Chinese smartphone

Consistent and remarkable economic growth has made China the manufacturing powerhouse of the world. China has a well-developed supply chain of hardware and they are also actively developing the UI (User Interface) of the smartphones. Vivo, Oppo, Huawei, Xiaomi, Meizu, one plus, and Lenovo, are the most popular smartphone brands in China. Most of the smartphones companies in China are Shenzhen-based tech companies, so the companies will have easy access to the mobile phone parts. Cheap labor costs helped in the reduction in the prices of the smartphone. The smartphone market which was under the dominance of Apple and Samsung are now under the threat. Huawei became the second biggest smartphone company in the world in 2018 and it spent a fortune and partnered with the 104-year-old German camera maker Leica for the best camera quality (Jinshang Hong 2018). In 2017 the shipment of Global smartphone increased to 1.56 billion units; this was due to the increasing market shares in India and Southeast Asia. China accounts for one-third of the global smartphone market (BusinessWire 2018).

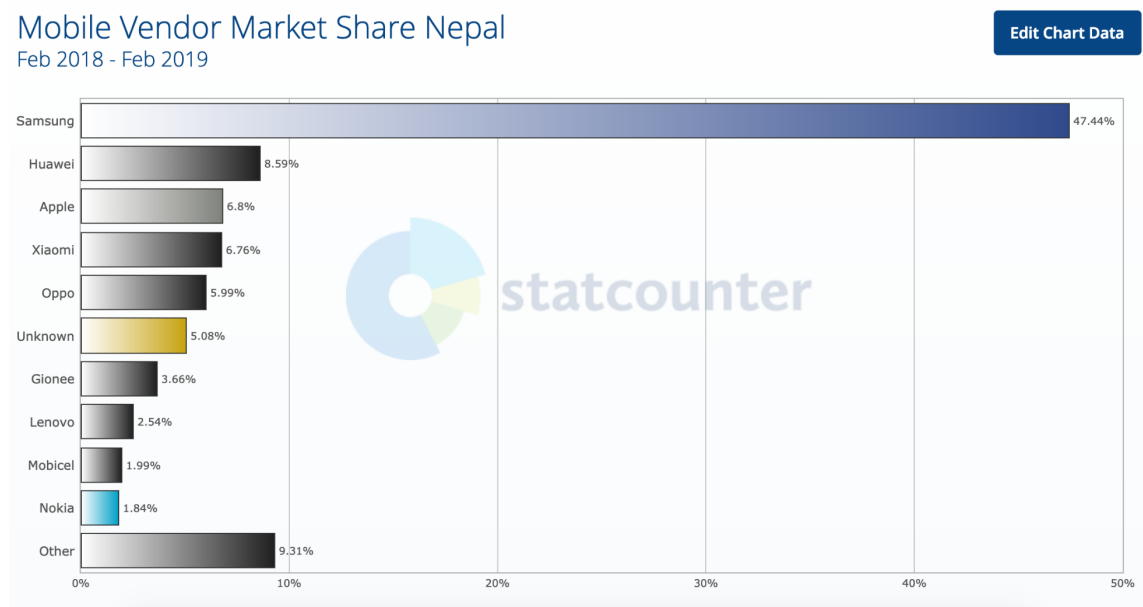


Figure 2. Mobile Vendor Market Share Nepal (Source: Stat counter 2018).

Currently, Samsung has captured the biggest portion of the Nepalese smartphone market. The Chinese smartphone company Huawei surpassed Apple in Nepal in 2019. Nepal is the world's third largest country for imposing the highest VAT (Value Added Tax) on smartphones (MyRepublica 2016). Despite the highest tax rate, the smartphone market of Nepal is growing annually. The influence of Chinese brand smartphones is increasing in Nepal. Huawei Technologies Co, a Chinese multinational Telecommunication company, officially entered in Nepal in 2014 and their 70% of employees are Nepalese to reach the maximum Nepalese customers (Xinhua 2014). Huawei has planned to lead the Nepalese smartphone market in three years (KTM2DAY 2018).

Chinese smartphones have cutting edge design and high-speed performance. Xiaomi started its first International operations in 2014 and now the fourth largest smartphone vendor in the world. Xiaomi's smartphones took China's market by storm and are expanding continuously to foreign countries (BusinessWire 2018). Previously Xiaomi used to sell its products to Nepal directly, through its headquarters in China but now they sell officially in Nepal and also have launched their official website in Nepal (NepaliTelecom 2018). The two distributors of Xiaomi smartphones in Nepal are 'Vatsal Impex' and 'Teletalk', and the competition between them led to winning the heart of the Nepalese consumers by offering great deals (Nishan 2019).

Similarly, the Chinese smartphone company "OPPO" has been sponsoring the popular singing reality show "Nepal Idol", to reach the maximum Nepalese audiences. OPPO is targeting young Nepalese customers vigorously by marketing itself as a 'Selfie Expert'. It has currently 600 outlets within Nepal and it plans to extend this to 1,000 outlets (Neupane 2017). The rapid urbanization and the growth of the technology savvy and consumerist society in the country have provided the opportunity for the Chinese companies to serve the Nepalese consumers' high tech telecom needs (Sthapit & Shakya 2010).

## **4 THEORETICAL FRAMEWORK**

### **4.1 Consumer Behaviour**

Consumer behavior can be defined as the behavior a consumer displays in search of acquiring, using, evaluating and disposing of the product services or ideas (Henry 1991). Consumer behavior is importantly the individual behavior, the concept psychology, perceptions, motivations and the process of communication. These are the essential elements for understanding the consumption needs of the individual and the way the consumer behaves in different situations. The activities which support the purchasing of the products, including the searching of information and evaluating the alternative between the products also fall into the consumer behavior (Solomon, Bamossy, Askegaard, & Hogg 2010). In the past researcher were concentrated on consumption activities, while recently they have been more focused on knowing about the consumption behavior of the people (Blythe 2008).

There are different factors that affect the buying behavior of consumers. Before making a purchasing decision they consider these factors for decision making. It is difficult for the marketers to change these factors but they must take these into account (Kotler & Armstrong 2011). The act of consuming is not only economical behavior but it is also social behavior (Henry 1991). Most often the consumer will be unaware of the purchasing decision as the human mind does not work in a "linear way", so they respond to the different factors and make the purchasing decision (Kotler & Armstrong 2011).

There are four main aspects of consumer behavior, and the different dimensions of the consumer behaviors resemble each other. These elements are a decision to consumer, acquisition, use and post-use disposition (Henry 1991). Before making the consumption decision, the consumer will go through different phases.



Figure 3. Principles of Marketing (Source: Kotler & Armstrong 2011).

Internal stimuli will result in the need recognition, and a consumerism will actively look for information regarding the products or services. People receive information through different sources and evaluate the information to make purchasing decisions. After the consumption of the product or services, the consumer will have certain views towards the products leading to post-purchasing behavior. (Kotler & Armstrong 2011.)

There are different characteristics which are responsible for influencing consumer behavior. Internal and external are both responsible factors that affect the consumer buying decision.

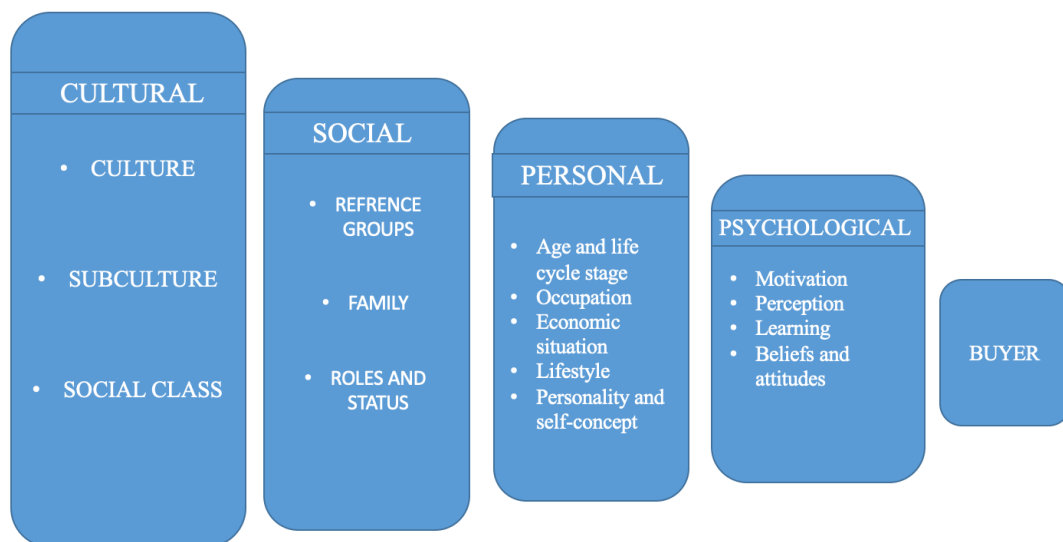


Figure 4. Principles of Marketing (Source: Kotler & Armstrong 2011).

#### **4.1.1 Cultural factor**

Culture is the basic characteristics that affect consumer behavior. Every group and society will have its own culture with certain norms and values. A child learns different attitudes and behavior from his culture. Culture helps people to perceive in a similar way. Marketers are always willing to shift the product culturally to make it more desirable to consumer (Kotler & Armstrong 2011). Culture is the set of beliefs and attitudes that is distinguished.

Cultures comprise subcultures that have a shared value system. Subculture consists of nationalities, racial groups, and geographical regions. People of subcultures will have different choices and preferences. These subcultures act as the marketing segment, and tailor-made products can be focused on these particular groups of people (Kotler, Armstrong, Harris & Piercy 2005). Race and ethnicity will develop a common belief among the members. People will have a predetermined belief in certain products and brands (Blythe 2008). In the United States, Asian Americans are more productive and brand conscious than other groups (Kotler & Armstrong 2011).

People within the same society will have uniformity, and members share similar values, educational levels, interests, etc. Class is one of the determining factors for prosperity. Members of the same social class tend to share values and ideas as they like to socialize to be the part of society (Solomon et al. 2010). In some Western countries, people from both "upper" and "lower" classes may show similar buying behavior (Kotler et al. 2005).

#### **4.1.2 Social Factor**

Group influences a person's behavior and people in the reference groups exhibit similar attitudes and behaviors. People evaluate the groups they belong to and the groups they would like to be linked with and they will have certain attitudes towards the products and the brands (Blythe 2008). Family is one of the primary influencers for the individual. Family directly impacts the choices people make.

Young singles tend to spend more in pubs and bars or on the newest gadget compared to others (Solomon et al. 2010).

Members of the family will have certain views and ideas and they tend to motivate each other. In some countries, people stay in a joint family and the purchasing behavior of the buyer and acquisition of the products will be influenced by the opinion and the preference of the family (Kotler et al. 2005). People belong to different groups, and their positions in the different groups will influence their roles and status. People like to choose the products and services suitable for their roles and status and serve the best purpose for them. Products and brands that reflect the status and boost self-esteem are the best choices for the individuals having to perform certain roles (Kotler et al. 2005). People perform various roles in society and the roles will have a strong influence on the choice they make in day to day activities. People often define themselves in mass non-verbally through the possession of certain products (Blythe 2008).

#### **4.1.3 Personal Factor**

People consume different products throughout their lives, and the preference of their products are mostly related to the buyer's age. The habitual difference which is brought by the different groups will make the people choose the different products categories throughout life. According to the research of Arhan Sthapit, persons below 30 years and younger preferred mostly Chinese brand smartphone in Nepal (Sthapit & Shakya 2010).

While people with the same age groups may also differ in many ways but they do share the set of the common values and motivations throughout their lives (Solomon et al. 2010). Due to the psychological life-cycle stages, adults will go through different transformations, and such transformations affect the favorability of the different products or brands (Kotler et al. 2005). Occupation is one of the significant factors for product preference. Students, teachers, and corporate business employees will have different preferences for products which are suitable



for their needs. An occupation stimulates the need for the product and services (Kotler et al. 2005).

Occupation affects the purchasing power of individuals, and the company targets different product categories for different occupational people (Kotler & Armstrong 2011). The purchasing power of students and employees will have significant variations resulting in different purchasing behaviors. Economically secure people will have leverage over the purchasing of the products. People buy the products if they have interest, enthusiasm, borrowing power or disposable income (Kotler et al. 2005). The changing economic conditions of people during good and rough times will help marketers to design products that can comply with the situations.

Despite any economic situation, people are more tentative about the best products in terms of price and value of the products. Marketers often lure people to buy products by lowering the price of the product to some extent (Kotler & Armstrong 2011). People belong to different groups and subgroups, and they have own lifestyles. Lifestyles are an integral part of people's personalities. It is the way of feeling, expressing activities and interest, and people choose the product which portrays their lifestyle (Kotler et al. 2005). Lifestyles evaluate the person's AIO (Activities, Interest, and Opinion) dimension and project the person's way of acting and interacting with the world (Kotler & Armstrong 2011). Each and every individual is distinctive and has their own personality. Personality is the identity of the individual. Sociability, dominance, self-confidence, etc. are the traits of the personality. Personality can be identified for targeting the products and services to different individuals. People often like to get associated with the products which enhance their personality (Solomon et al. 2010).

#### **4.1.4 Psychological Factor**

People possess both biological and psychological needs. The psychological factors like motivation constrain people to get associated with certain products. Factors like self-esteem, happiness, and recognition make people choose their products or services. People seek satisfaction and they purchase products and

services to motivate themselves. The need of person becomes motives when it holds a certain intensity (Kotler et al. 2005). Consumer decision making is not unique than human behavior, as people always look the way to enjoy their lives and be related to the family, friends and their role models (Blythe 2008). People will act and behave in relations with all of their senses.

People get exposed to new products, make interpretations of the product and finally make purchasing decisions. These three steps of the exposures and interpretation will build up the perception (Solomon et al. 2010). Personality builds up a strong sense of like and dislike and makes the evaluation of consumption patterns and brand affiliations (Blythe 2008). People learn throughout their lives. Learning enhances the knowledge of the individual. People acquire knowledge and information regarding the products and services by collecting information from different sources. Learning occurs through the relationships between drives, stimuli, cues, responses, and reinforcement (Kotler et al. 2005).

Self-evaluation and knowledge will allow people to choose products accordingly. People undergo different series of information processing where the information about the product will be entered and stored. The psychological factors will allow people to build enthusiasm to learn about the products or brands and fit into categories (Blythe 2008). Beliefs and attitudes create the visionary attitude of the products and brands which are derived from knowledge, thoughts, opinions of a person. Beliefs will be developed by the descriptive thoughts on something (Kotler et al. 2005).

## **4.2 Consumption value**

The consumption value of the product allows people to choose one product over another (Sheth, Newman, & Gross 1991). The consumer choice is the function of the multiple independent consumption values that motivate the consumption of the product or services.

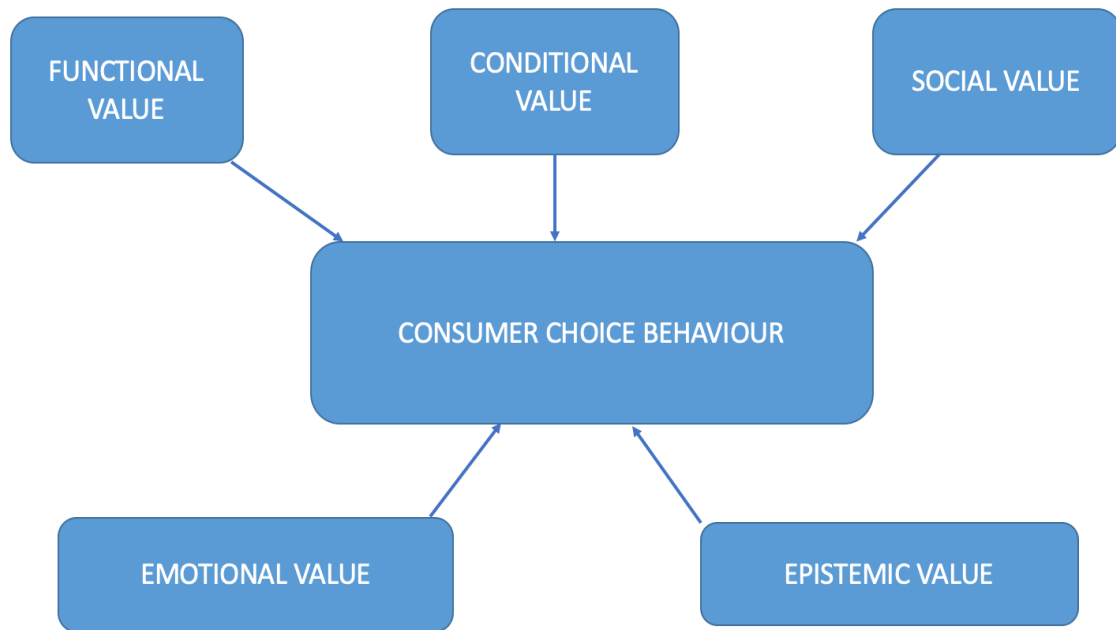


Figure 5. A Theory of consumption value (Source: Sheth, Newman, & Gross 1991).

#### 4.2.1 Functional Value

Traditionally functional value was known as the primary driver for consumer choice. It is known as the perceived functionality and the utility of certain products. In the functional value, the choice of products is made by analyzing the functionality and the characteristics of the product. Economy and functional utility are the driving factors for the consumer choice and characteristics, and a product's characteristics such as reliability, functionality, durability, and capacity determine the functional value of the product (Sheth et al. 1991). We live in a world of the sensation and are continuously bombarded by different products and services with different functionality (Solomon et al. 2010).

Established Global Brands (EGBs) of smartphones have unique sets of functionality and features, but the Chinese brand smartphones are blended replicas of popular smartphones and are comparatively cheaper and more attractive to the buyer (Sthapit & Shakya 2010).

#### **4.2.2 Conditional Value**

The conditional value of a product is measured by the importance of the product in different situations and conditions. Conditional value offers the unique set of usability in different situations and occasions (Sheth et al. 1991). Smartphones are usually the single device of an individual for communicating, taking pictures, calculating activities. The concept of the modular phone increases the conditional value of the smartphone and other possibilities to enhance the functionality of the smartphone in different occasion and conditions.

Smartphone serving as a powerful computer was a long-awaited project which seems possible nowadays (Etienne 2018). Samsung flagship smartphone works with the Samsung Dex to serve as Smartphone-Computer so the multifunctionality increases the utility of the devices which enhance the conditional value of the devices.

#### **4.2.3 Social Value**

The products hold social value if it is preferred by the member of the society (Sheth et al. 1991). In a society, the choice of goods and services are often influenced by its members. In the past, socializing was the reasons for surviving and non-surviving, and people tended to fit in groups by accepting the norms of the groups to live a happy life (Blythe 2008). People may choose certain products or services in order to blend in with society despite the products having less value.

Social value is measured on the basis of acceptance of the member. Social value influences individual behavior. Consumer choice is the result of interpersonal

communication within the member of society. "Consuming" is also perceived as integration, and people tend to be close to society by accepting products or brands (Solomon et al. 2010).

#### **4.2.4 Emotional Value**

Emotional value is known as the product which arouses the feelings and is linked to certain emotions. The emotional value of products is measured with feelings that are associated with the products of certain brands. Products that provide a strong feeling of reliability and credibility lead to the ultimate satisfaction for the consumer (Sheth et al. 1991). The strong positive sense of technological adaption supports the purchase, so the sense of enjoyment is an influential factor in the purchase of a smartphone. (Leelakulthanit & Hongcharu 2016).

Consumers' choices of products are driven both by conscious and subconscious motives. The importance of emotional value leads to the modeling of advertisements and marketing activities accordingly. The arousal of strong feelings by associating with certain products contributes to people's loyalty to a product, making it very hard to switch.

#### **4.2.5 Epistemic Value**

Entirely new experiences provide epistemic value to consumers, so the alternative products of the different brands with different functionalities and pace will increase the epistemic value (Sheth et al. 1991). The consumer chooses the alternative products because they may get bored with the current products or the brand. The motive of the fulfillment of curiosity provides epistemic value to the consumer.

Dissatisfaction is the beginning of all the behavior, and people tend to satisfy their needs by evaluating the situations and choosing the best products or brands suitable to them (Blythe 2008). The word "value" has a different meaning and

serves different purposes for the different parties (Lai 1995). Factors like the alternative, quality, and superiority, price value relationship seeking are the motives for the product selections, and people like to have different experiences from the different kinds of products.

### **4.3 Word-of-mouth (WOM) promotion**

People are social animals and they tend to stay and be compatible with groups. Reference groups affect the members in three ways: they introduce the new product, lifestyles, they will motivate to make self-concept and pressurize to get involved with the new products or brands (Kotler et al. 2005). Word-of-Mouth promotion is the exchange of informal information of a product between the private parties (Sweeney, Soutar, & Mazzarol 2012). The word-of-mouth promotion from family, friends, and relatives tends to be more credible than other sources of promotion (Kotler & Armstrong 2011).

People get linked with different products which reflects their personalities and show the self-image of themselves within others (Blythe 2008). When the consumer makes the decision of buying the products, the consumer seeks information about and recommendations on the products. Overall, word-of-mouth promotion will not be driven by economic incentives and solely influenced by product experiences. Message sharing is undoubtedly an effective way of increasing the persuasiveness and the message shared within the parties will have the characteristic features of rational and emotional information (Sweeney et al. 2012).

Effect of word-of-mouth messages on company brand

● High impact ● Low impact

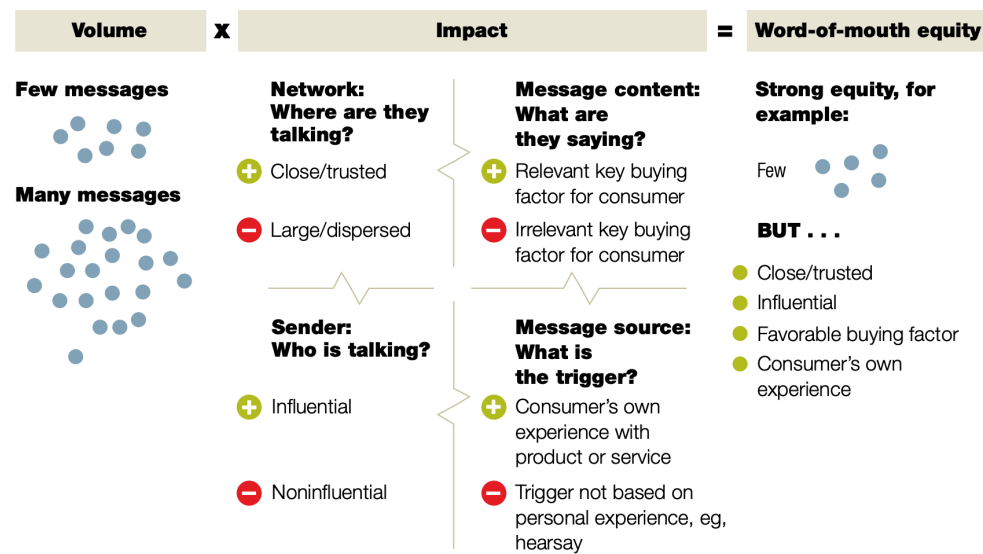


Figure 6. A new way to measure word-of-mouth marketing (Source: Bughin, Doogan, & Vetvik 2010).

Brand dominance is achieved by effective brand experience and active word of mouth promotions (Sthapit & Shakya 2010). The battery life of a smartphone may be a crucial feature for the customer satisfaction and also for activating the word-to-mouth promotion, so it is a must for companies to add certain features to their smartphones which have the potential for generating word-to-mouth promotion buzz (Bughin et al. 2010).

#### 4.4 Brand Perception and Price

Price is the determining factor for the people while buying products from unfamiliar brands, and once the price of the product is confirmed then the judgment of the product will decline slowly. The perceived quality of the product will affect the brand image which furthermore will affect the brand value of the product, making changes in the market shares of the product (Wollenberg 2014). Brands which will

offer superior value compared to others have higher consumer choices (Sthapit & Shakya 2010).

As the price of the product increases the risk of the incorrect assessment will also increase, and people will not buy an expensive product. This diminishes the popularity of expensive products slowly (Rao & Monroe 1989). People nowadays are very price concerned, and their willingness to pay for the product will increase or decrease with the comparative analysis of the product of other brands. If the smartphone user perception of the quality and the performance exceeds the user expectation then it will create value for the consumer, which constrains them from buying the same brands over and over again (Leelakulthanit & Hongcharu 2016).

The impact of groups is noticeable for the popularity of the products and brands. Word of mouth has an impact on customer knowledge, their way of doing things, and ultimately results in favoring the brands and products (Rao & Monroe 1989). People like to make economic choices because they will have less spending power after buying the other products so they choose the best products in comparison to the price (Blythe 2008).

## **5 DATA ANALYSIS**

This chapter interprets the data, which was collected through the online survey. The survey was presented to get a concrete view of the respondents. There were altogether 144 respondents who responded to the survey. Out of 19 questions, 1 question was open-ended to get concise responses. Among 144 responses, 87 respondents were male, 56 respondents were female, and 1 respondent of another gender.



## 5.1 Age

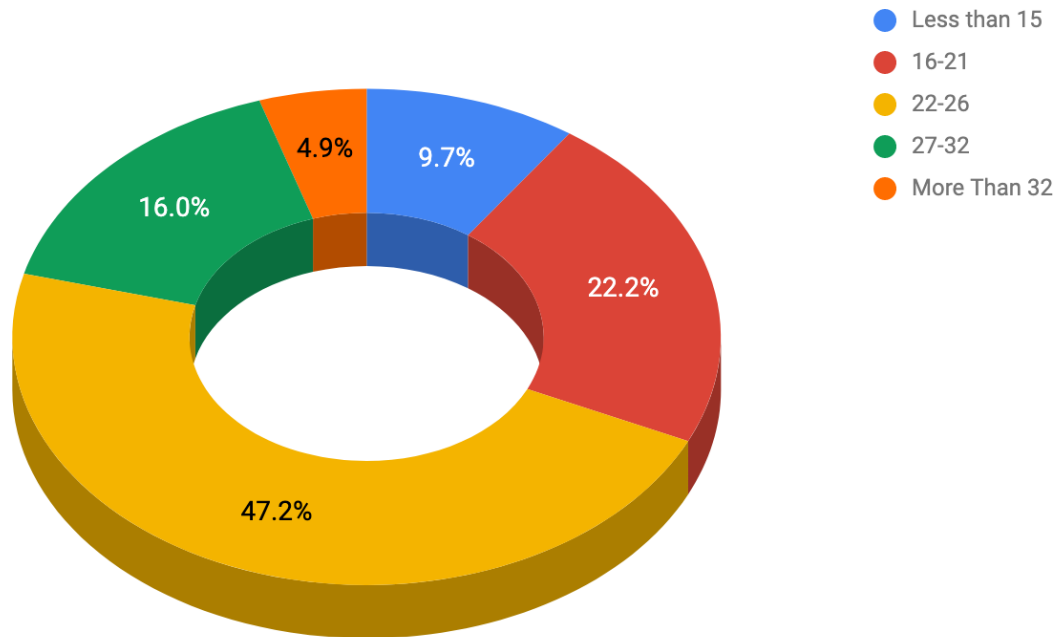


Figure 7. Age of the Respondents.

As shown in Figure 7, among the total number of respondents, The highest number of participants belongs to the age group between 22-26, which accounts to 47.2%. This is followed by the age group of 16 -21, which hold 22.2%. Among all the respondents there were 68 participants belonging to ages 22- 26, and 32 respondents belonging to ages 16-21.

On the other side, there were only 7 participants (4.9%) of total respondents belonging to the age group more than 33 years old and 9.7% belong to the age group below 15 years old. The age group between 27- 32 has a total of 23 responses contributing to 16% of the total responses. The smartphone users are mostly teenagers who are generally also tech-savvy, so it is interesting to find relevant information about their consuming behavior.

## 5.2 Education Level

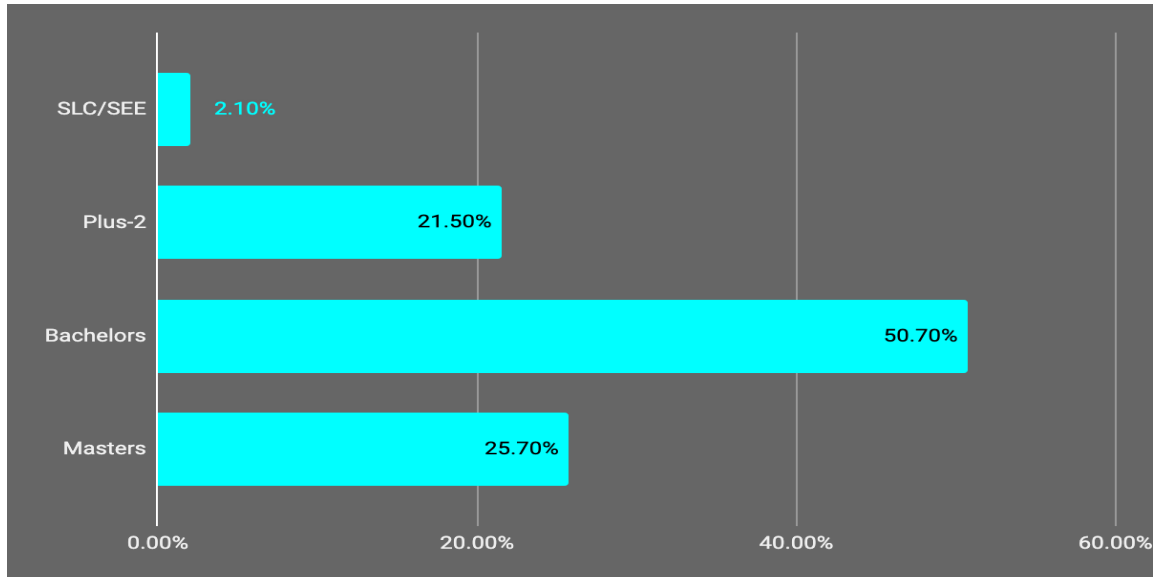


Figure 8. Education Level of the Respondents.

Figure 8 illustrates the Education Level of the respondents. 50.7% out of total respondents has the Bachelor's degree, similarly, 25.70% of the people have the Master's degree, 21.50% of the total respondents have plus- level education and last 2.10% of the people have the SLC/SEE level of education.

The survey was targeted at young people who are pursuing different level of education. Students belong to their respective groups, their Colleagues/ friends are one of the primary influencers for making the consumer decision so it will be fascinating to know the influence of group behavior on their purchasing decision.

### 5.3 Current Smartphone Brand

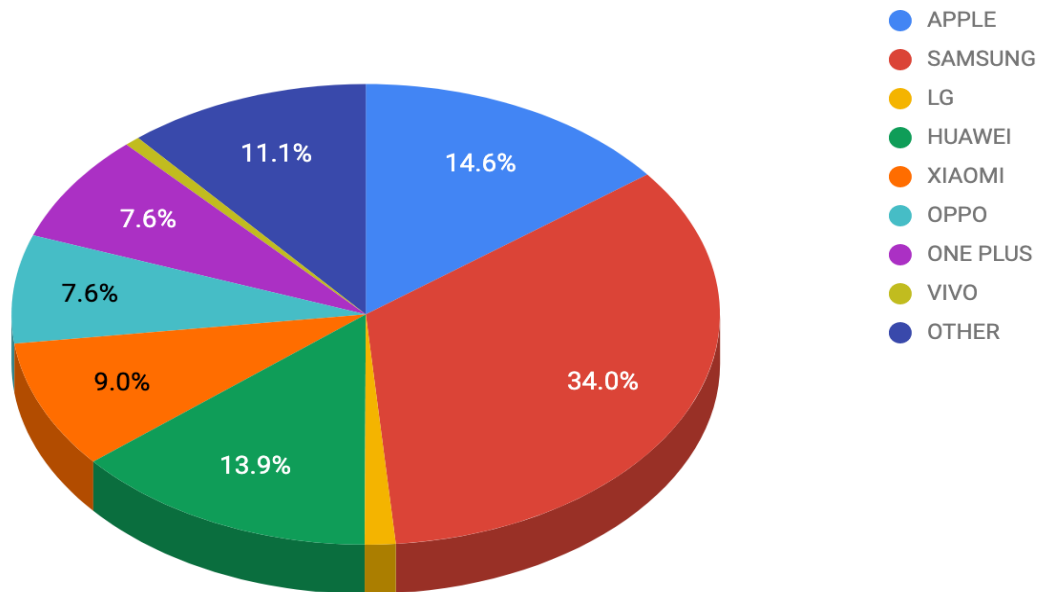


Figure 9. Current Smartphone Brand of the Respondent.

As seen in Figure 9, people use different brands of smartphones in Nepal. Among all the respondents, 34% of the total respondents, use Samsung smartphones 14.6% use Apple smartphones, The Chinese smartphone brands aggregately hold 38.8% and only 1.4% uses LG's smartphones. There are altogether 7 Chinese smartphone brands which are: (Huawei, Xiaomi, Oppo, One plus, Vivo, Elephone and Meizu), and their respective percentages are 13.9%, 9%, 7.6%, 7.6%, 0.7%.

The other smartphone brands that the respondents were using are ZTE, MI, Lenovo, Motorola, Gionee, Letv, Colors, and Asus are of Chinese manufacturing companies. Among all the respondent five smartphone users did not know their smartphone brand. The respondents have stated that that the main reason they choose their current smartphone is due to the good value for the money so far and because of their trust in the brand. They have been compulsive buyers. Cheaper prices with better specifications have lured them to their current smartphones.

## 5.4 Price of Current Smartphone

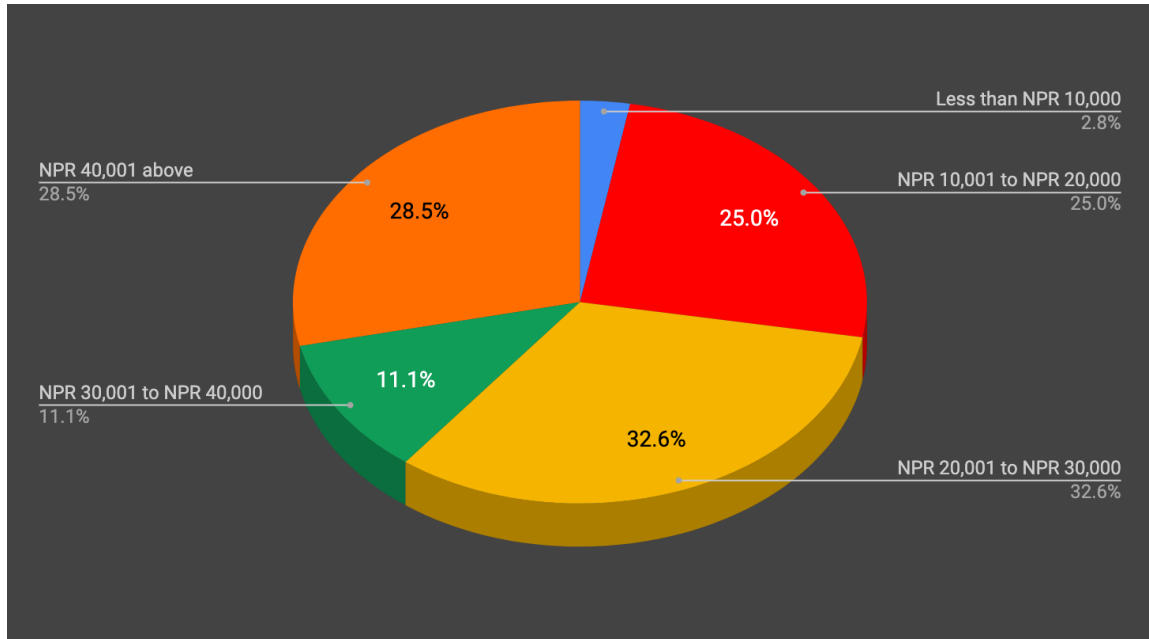


Figure 10. Price of the Current Smartphone of the Respondent.

The figure illustrates the price of the smartphone of Nepalese people. It can be noticed from Figure 10 that most use smartphones priced between NPR 20,001 to NPR 30,000, which is 32.6% and around 28.5% people use the smartphones priced more than NPR 40,001.

25% of the respondents use the smartphone priced between the NPR 10,001 to NPR 20,000. Out of 144 respondents, 11.1% of people own the smartphone which cost less than NPR 10,000. In comparison to the smartphones of other price range, fewer people use smartphones costing less than NPR 10,000.

## 5.5 Previous Smartphone brand

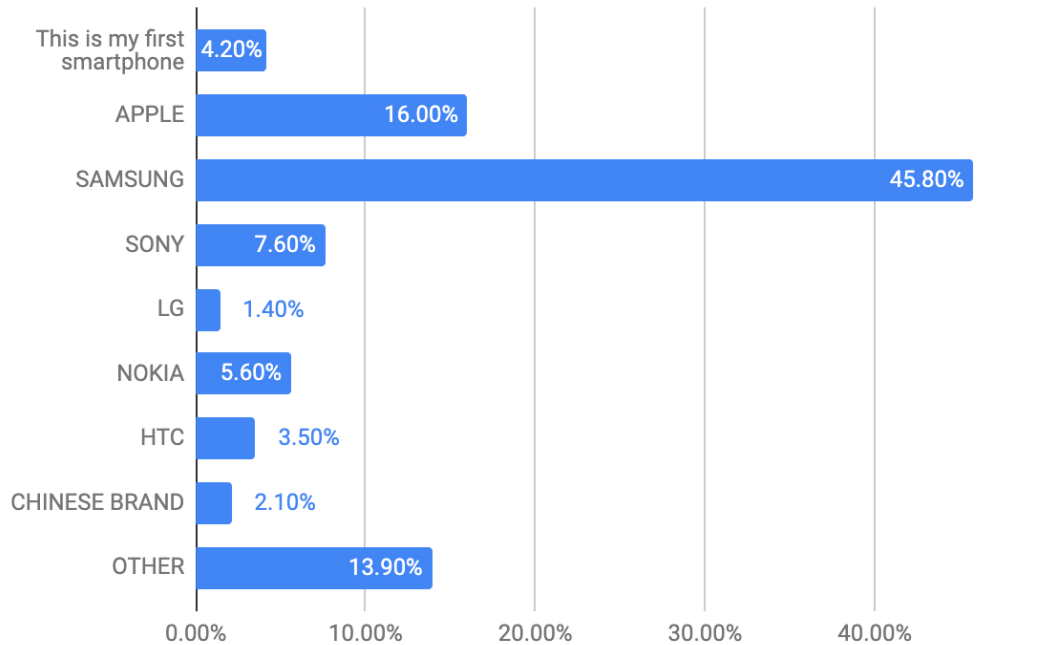


Figure 11. Previous Smartphone brand of the Respondents.

Figure 11 illustrates the smartphone brands that people have previously used. 45% of the people have used Samsung smartphone and similarly, 16% of the people used an Apple smartphone. People also use different varieties of smartphones. 7.6% of the people use the Sony smartphone and 5.6% of the people use Nokia, 3.50% of people use HTC smartphone and only 1.4% of people use LG smartphone.

On the other hand, 13.90% of people use the smartphone of other brands. On which 13 respondents use Chinese smartphones. People have also used a different brand of smartphone, such as Colors, Karbonn, lava, Motorola, etc. Out of the 144 people, 3 people were unaware of the smartphone which they have owned previously.

Figure 11 shows that the Samsung smartphone users are in decline. Previously 66 respondents have used Samsung smartphones, but now only 49 people have

been doing so. There are not many considerable changes within the Apple smartphones users. The user of the once popular Nokia smartphone brand has declined. Previously eight people owned a Nokia smartphone, and now it has plummeted down to two users. On the other hand, 18 respondents used to have a Chinese smartphone before, but currently, 68 respondents own Chinese smartphones. It is known from the data that the users of Chinese smartphones have increased threefold.

## 5.6 Monthly Budget/ Income/Pocket money

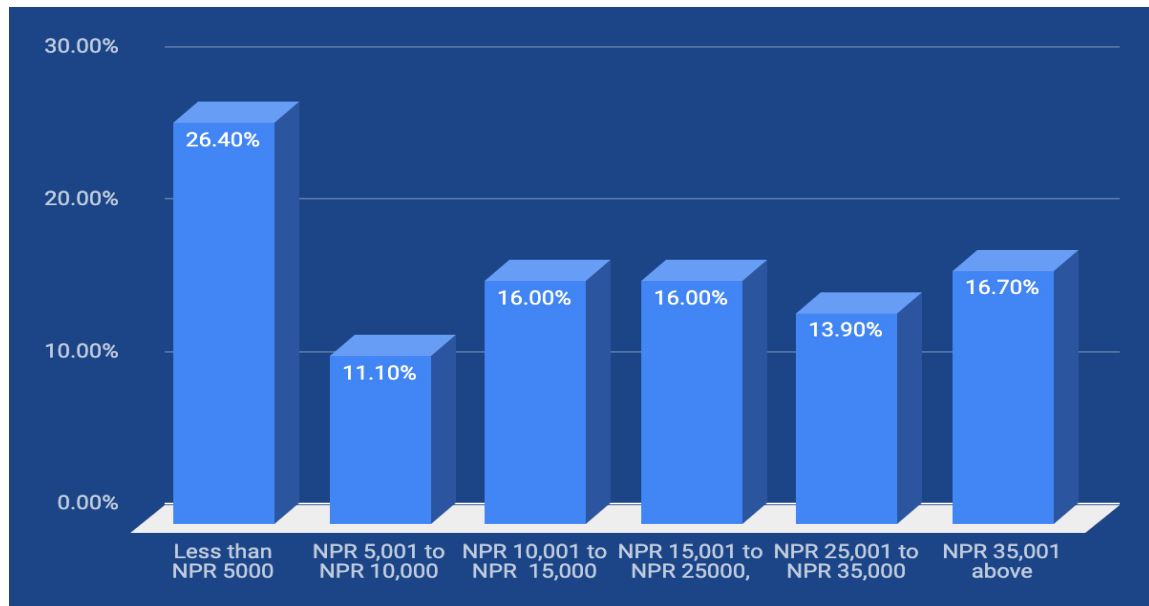


Figure 12. Monthly Budget/ Income/ Pocket Money of the Respondents.

Figure 12 illustrates that out of total respondents 38 people, which is 26.4% of the total respondents, have the Income/budget of less than NPR 5,000. Similarly, 11.1% have the budget of NPR 5,001 to 10,000. 23 people, 16%, have the budget of NPR 10,001 to NPR 15,000, and the other 16% have a budget of NPR 15,001 to NPR 25,000.

13.90% of respondents have the monthly budget of NPR 25,001 to NPR 35,000 and lastly, 16.7% have the monthly income of the more than NPR 35,001. Most

respondents have a monthly budget of less than NPR 5,000. Regarding the importance of the price of the smartphone, 40 people considered the price to be extremely important for them, and 45 think that the price is moderately important for them. Lastly, 16 respondents think that the price of the smartphone is not such an important factor when making smartphone purchasing decisions.

### 5.7 Do you think smartphone brand portrays social status?

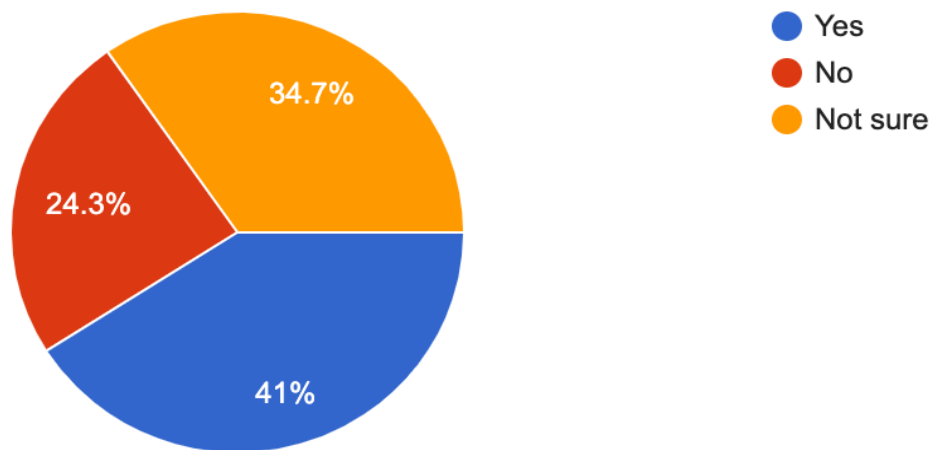


Figure13. Smartphone brand and social status relationship.

Out of total respondents, 41% believes that smartphone brand portrays social status, 24.3% of people don't believe the idea and 34.7% of the people aren't sure about it.

69 respondents think that good speed and performance is the most essential feature for their potential smartphone, whereas 37 people think that better battery capacity is the determining factor for the smartphone purchase. Twenty-one people think a better camera is the must have feature for their potential smartphone.

## 5.8 Preferable Chinese smartphone brand

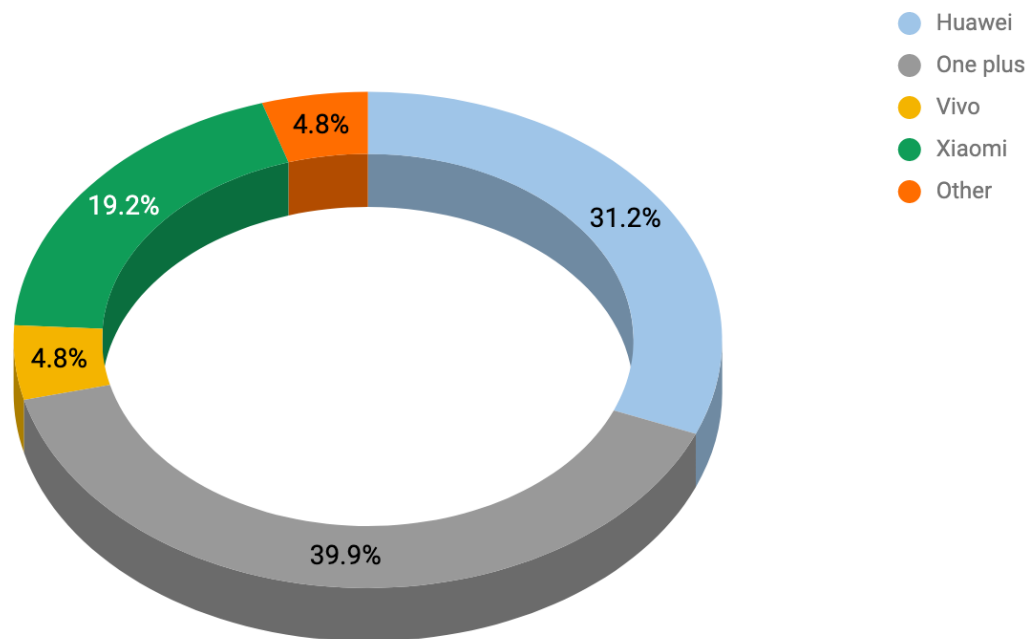


Figure 14. Preferable Chinese smartphone brand (n=138).

On the question of the Chinese smartphone that respondents like or would purchase in the future, around 39.9% of the respondents like the One plus smartphone brand. This is followed by the Huawei smartphone. 27.1% of respondents, like the Huawei smartphone brand. Similarly 19.2% like the Xiaomi smartphone brand. 4.8% of the total respondents would like to purchase a Vivo smartphone and 4.8% respondents like the smartphone of another brand.

Almost every respondent likes some sort of Chinese smartphone brand and they are willing to get associated with it sooner or later. The Nepalese smartphone market has been invaded by Chinese smartphones, so people are aware of the different smartphone models along with their specifications. Their enthusiasm towards Chinese smartphone is high.



## 5.9 Summary of the online survey

The online research provides the author with the statistics that help to make conclusions and recommendations. The data complement the findings from the literature review. In this section of the paper, the data are summarized to draw the final conclusions of the paper. The important finding from the research was that 26.4% of total respondents have a monthly budget/income of NPR 5,000 which shows their purchasing power is less and they are more price concerned. 27.8% of the total respondents think that the price of the smartphone matters a lot for them so their smartphone purchasing behavior is affected by their Income.

Out of the total respondents, 47.8% think the good speed and performance is a must-have feature for their potential smartphone, and 25.7% of the respondents think that it is essential to have the better battery capacity in the smartphone. The respondents are aware of the smartphone functionality and specifications, so they do not settle for less. The functional value of the smartphone is most essential for their purchasing decisions. Smartphones are the only handheld electronic devices for most people. Smartphones are multipurpose, so people like to have extended features and functionalities on their devices.

It is interesting to find out that 63.9% of the respondents would recommend their current smartphone brand to their colleagues/ friends, 24.3% of the people are not sure, and only 11.8% of the people would not recommend their smartphone. This shows that social factors affect the consumption behavior of the Nepalese people. People like to get compatible with the groups, and a group introduces them to new products. The impact of groups is influential for the consumer to buy the products, so more than half of the respondents recommends their current smartphone to their family, friends, and colleagues. This shows the significant chain of Word of Mouth (WOM) among Nepalese consumers.

## **6 CONCLUSION**

The main focus of the study was to dig out the consumption patterns of the Nepalese smartphone users and the popularity of Chinese smartphones in Nepal. Nepalese people use different brands of smartphones. Previously smartphones of the Samsung brand and Apple brand were quite popular among the Nepalese, but nowadays the popularity of the bigger brands of the smartphone has been diminishing. The users of Samsung smartphones have been declining. On the other side, Chinese smartphone companies are taking over the Nepalese smartphone market. The quality of the Chinese brand smartphones has increased so people are inclining more towards the Chinese brands. The economy is the most determining factor for the purchase of the smartphone, so it was interesting to know that people change their smartphone in every two to three years.

The Chinese smartphone companies have been aggressively marketing in the country and offering the different range of the smartphone for the different category of the people. They will lead the Nepalese smartphone market soon. The majority of the respondents bought their smartphone directly from a store, and it is interesting to know that people acquired their current smartphone as gifts. A larger category of the respondents has significantly less budget/ income, which directly affects their purchasing behavior. Good performance, affordability, and reparability are the common traits of Chinese smartphones. It is known by the respondent that they like to get the latest and greatest technologies cheaply and via recommendations from friends and family.

### **6.1 Implication for further research**

The smartphone market of Nepal is changing drastically, and the expansion of internet services all over Nepal is creating opportunities for smartphone companies to expand and grow over the Nepalese market. Further research can be carried out with larger samples for better accuracy. It will be beneficial to know

consumer preferences regarding brand loyalty to know the driving factors for smartphone users to stick with certain smartphone brands.

In the context of Nepal, the research regarding the smartphone user behavior has not been conducted yet, so more insightful research on the topic will draw out the essential information regarding the Nepalese consumer. The availability of the internet all over Nepal will make people exposed to the different information, which will enhance their competitive analytic ability. Consumer attitudes and beliefs are variable and change with time, so it is essential to conduct more detailed research to know the Nepalese consumer behavior horizon.

## **6.2 Recommendation to Industry**

This research provides crucial information for smartphone manufacturing companies to unfold the Nepalese consuming behavior and their perception towards owning smartphones. The Nepalese smartphone market has not matured yet, so the smartphone companies can target Nepalese consumers with lucrative offers and competitive pricing strategies.

There is the potential for growth in the online smartphone purchasing so the smartphone manufacturing companies can target the Nepalese online consumers. The growing influence of the tech videos review channels make people more anticipating and analytical, so smartphone companies can work on to satisfy the smartphone specifications and needs of the Nepalese smartphone users.

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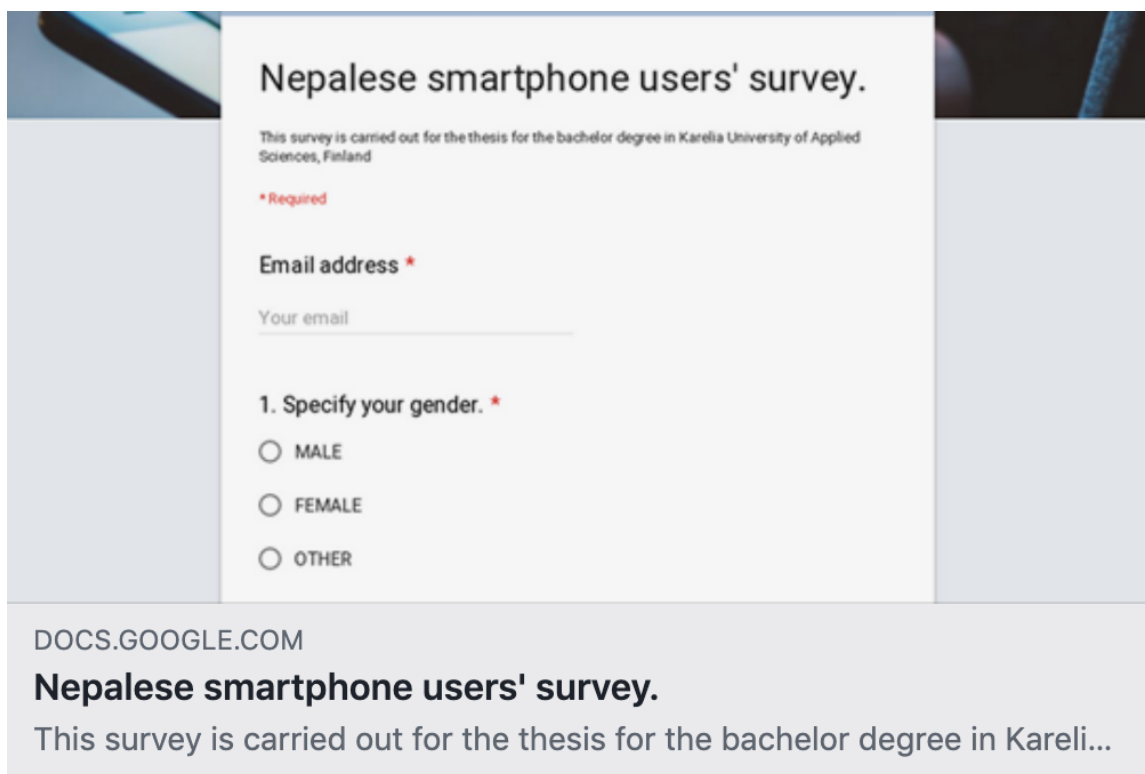
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Hello Everyone,

Below is the survey of the Nepalese smartphone user. It is conducted for the thesis of a bachelor degree in **KARELIA UNIVERSITY OF APPLIED SCIENCES** and takes less than 2 minutes to fill it. Please read the Questionnaire carefully and answer it. I will be very grateful to get your genuine responses.

This is the Link to survey.



**Nepalese smartphone users' survey.**

This survey is carried out for the thesis for the bachelor degree in Karelia University of Applied Sciences, Finland

\* Required

**Email address \***

Your email

**1. Specify your gender. \***

MALE

FEMALE

OTHER

DOCS.GOOGLE.COM

**Nepalese smartphone users' survey.**

This survey is carried out for the thesis for the bachelor degree in Kareli...

# Nepalese smartphone users' survey.

This survey is carried out for the thesis of bachelor degree in Karelia University of Applied Sciences, Finland

## 1. Specify your gender. \*

- MALE
- FEMALE
- OTHER

## 2. Please select the answer which describes you. \*

- Less than 15
- 16 to 21
- 22 to 26
- 27 to 32
- More than 33

## 3. Your current education level \*

- Grade 6 to 9
- SLC
- Plus-2
- Bachelors
- Masters
- Other



4.a. If your answer to the above question is (OTHER) then please mention here.

Short answer text  
.....

5. What is the price of your current smartphone? \*

- Less than NPR 10,000
- NPR 10,001 to NPR 20,000
- NPR 20,001 to NPR 30,000
- NPR 30,001 to NPR 40,000
- More than NPR 40,001

6. Which was your previous smartphone brand? \*

- This is my first smartphone
- APPLE
- SAMSUNG
- SONY
- LG
- NOKIA
- HTC
- Meizu
- Chinese Brand
- OTHER

6.a. If your answer to the above question is (OTHER) then please mention here.

Short answer text  
.....

7. For what purposes you use smartphone most? \*

- Phone calls
- Text messages
- Taking photographs
- Using Social Media/ Browsing Internet
- Gaming
- Other

7.a. If your answer to the above question is (OTHER) then please mention here.

Short answer text  
.....

8. How often you change your smartphone? \*

- In less than 1 year
- 1 to 2 years
- 2 to 3 years
- More than 3 years

**9. Why did you choose Your current smartphone? \***

- I like this brand.
- Good quality
- Comparatively chepaer than other
- Recommended by friends/ colleagues
- Influenced through online/youtube/newspaper/magazines
- It was a gift.

**10. How did you buy your current smartphone? \***

- Bought from store.
- Bought Online.
- It was a Gift

**11. On Average what is your monthly income/ pocket money/ budget? \***

- Less than NPR 5,000
- NPR 5,001 to NPR 10,000
- NPR 10,001 to NPR 15,000
- NPR 15,001 to NPR 25,000
- NPR 25,001 to NPR 35,000
- NPR 35,001 ABOVE

12. What level of Influence does Social media platform like (Facebook, youtube, Instagram etc.) has on the purchase of your smartphone? \*

	1	2	3	4	5	
No Influence	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Extremely Influential

13. How Important is the price of smartphone to you? \*

	1	2	3	4	5	
Not Important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	Extremely Important

14. Do you recommend your smartphone to your colleagues/friends? \*

- YES
- NO
- Maybe

15. What is the must have feature for your potential Smartphone? \*

- Better Camera
- Good Speed and Performance
- Better Battery Capacity
- Big Screen
- Other

15.a. If your answer to the above question is (OTHER) then please mention here.

Short answer text  
.....

16. Do you think smartphone brands portraits social status?

- Yes
- No
- Not sure

17. Which Chinese brands you like most or would like to purchase in future? \*

- HUAWEI
- ONE PLUS
- VIVO
- XIAOMI
- OPPO
- REDMI
- MEIZU
- OTHER

17.a. If the answer to the above question is (OTHER) then please mention here.

Short answer text  
.....

18. Why do you think Chinese smartphones are getting popular in Nepal? \*

- Good value for money.
- Better quality
- Cheaper repair cost
- Better marketing
- Better after sales services
- other

18.a. If your answer to the above question is (OTHER) then please mention here.

Short answer text

---

19 What is your opinion on Chinese smartphone with comparison to the smartphones of other brands?

Short answer text

---