

RESEARCH REPORT

CONSUMER BEHAVIOUR TOWARDS PURCHASE OF SMART PHONES

EXECUTIVE SUMMARY

- The research findings suggest that the **most frequently used** applications are for communication – messaging, emails and calling – followed by gathering information and social media
- The **most important** hardware specifications were camera, battery life, durability and cross device synchronization
- Price and word of mouth – expert and buyer reviews, friends and colleagues – **notably influence** purchase decisions
- An easy to use operating system is of key significance

BACKGROUND

- The market research conducted for XXYYZZ Corp. was aimed at understanding customer preferences regarding smart phone usage and the applications most important to them
- The study was imperative in gaining insights about the features and specifications most important to a smart phone user. Features tested for include camera, OS, durability and design
- The objective was also to understand the factors that significantly influenced purchase decisions of customers such as price, reviews, brand and so on.

METHODOLOGY

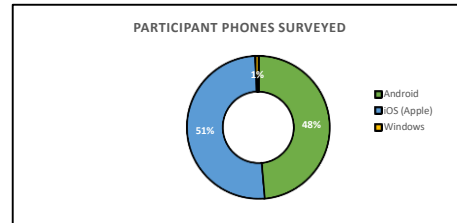
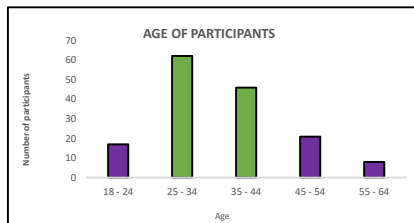
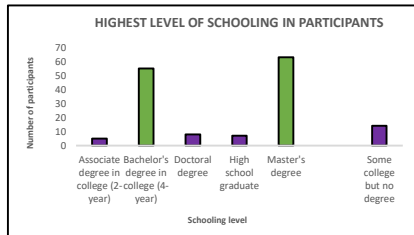
- The research conducted involved qualitative and quantitative methods.
- A focus group study was conducted on May 16, 2017 at the International Center on the UC Davis campus in Davis, California for 1 hr. and 30 minutes.
- All participants were between 18-25 years of age and possessed expensive phones. This was the qualitative part of the research
- An online survey was conducted as part of the quantitative research. The survey had 23 questions and nearly 600 responses were recorded.

RESULTS AND ANALYSIS

- Survey results were encoded and analysed using Excel
- Quantitative analysis - central tendencies, dispersion, association testing using chi square test and causal analysis via regression
- The customer demographic identified (data shown in next slide) :

- Majority of participants between 25-44 years of age
- Minimum of a bachelor's degree with many having a master's
- Working professionals
- Equal number of Android and iPhone users

Customer demographic



The survey results indicate that the majority of participants were between 25-44 years of age, had a minimum of a bachelor's degree with many having a master's as well, were working professionals and an equal number owned Android phones and iPhones

RECOMMENDATIONS

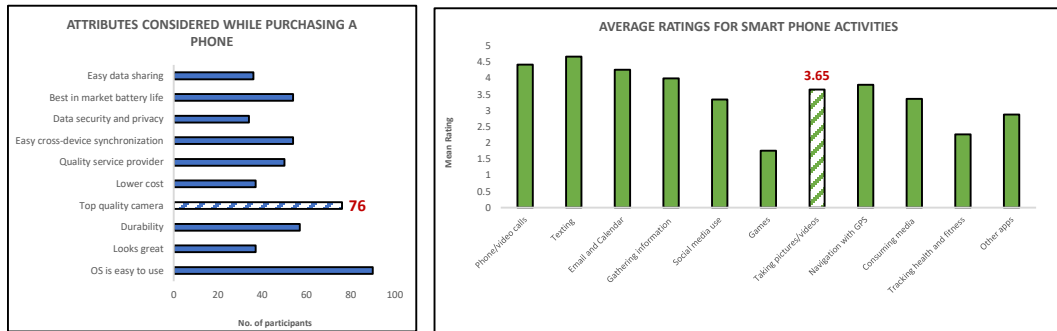
1. Provide a straightforward and convenient operating system



- User friendly, **easy to use** and easily navigable **OS** – most important pre purchase preference
- Focus - uncluttered and bloatware free OS with high customizability

- One of the biggest drawbacks of several systems today are unnecessary pre-installed applications or bloatware. These unnecessarily occupy memory and are often of little value
- Complex and cluttered interfaces do not make for pleasant user experiences. Operating systems should ideally be designed to be functionally efficient but easy to learn, use and manoeuvre. The more customizable, the better

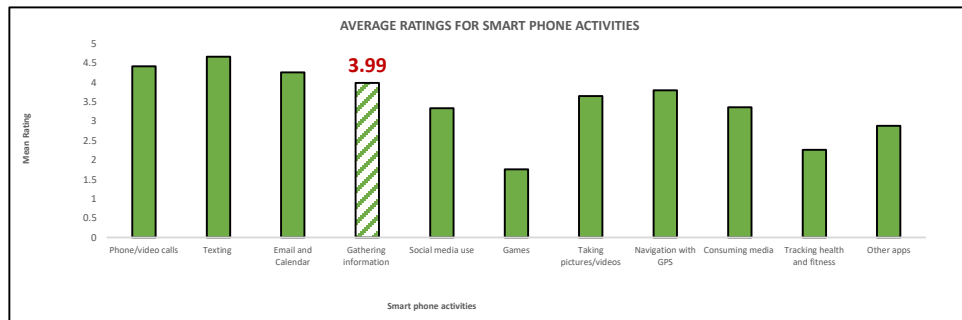
2. Integrate a high quality camera



- Take **quality pictures** and videos from a hand held device – saves cost of specific camera equipment
- Significant in a social media driven context

- The entirety of social media interaction relies on posting pictures and videos. Not just this, but a high camera quality is useful to capture several important moments, be it for personal or professional use, people or documents
- It has been observed that a smart phone that integrates an impeccable camera is something people are willing to even pay extra for
- Case in point – one of the iPhone's stand out features has been its consistently better quality cameras, one of the major reasons its price has never been begrudged

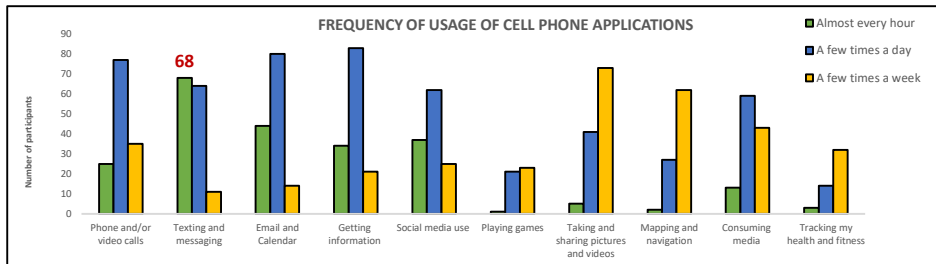
3. Facilitate easy information flow



- Phones are **hand held information sources** – their most overlooked but essential purpose
- Make searching customized, efficient and fun

- Our phones are our most essential information sources, so much so that “Googling” has become synonymous with searching for information
- This means that there is an impending need to ensure that the user gets to experience new and innovative ways to look for information, in a way that personalizes their experience and provides an efficient but enjoyable experience
- The emphasis of this observation can also be seen from the focus group interaction

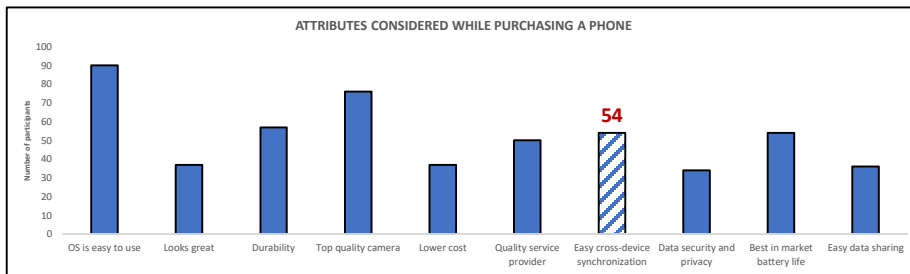
4. Develop easy, fast and user friendly texting applications



- Most **frequently** used application is **messaging** – almost every hour
- Provide innovative reply features – interact with and respond to messages without actually typing anything

- As we can see from the graph, texting applications are heavily utilized. This was also observed during the focus group session, where a majority of participants expressed their love for fast, easy and innovative messaging. Those who had such an experience with their phones deemed it an extremely important and enjoyable experience.
- In a millennial driven society such as ours, even typing is fast becoming a nuisance and it is imperative to develop and integrate methods that allow the user to interact with messages beyond the conventional set up. An example is the way Instagram allows users to double tap a text to show that they like it.

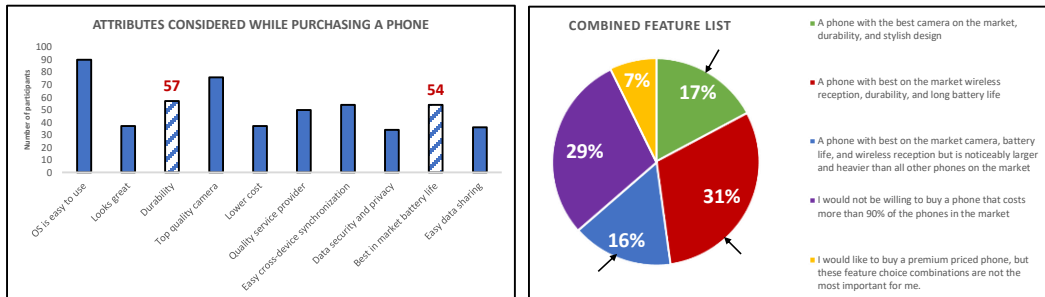
5. Integrate seamless cross device connectivity



- Access all data across **different devices**
- Provide strong cloud sharing and support

- For many people, usage carries across devices. In this case, a standardized cloud interface that makes all the desired data available across the devices used by the customer would be ideal
- While the survey does not indicate a majority, the focus group discussion indicated that it was quite important to have a one size fits all.
- Having access to all possible data wherever you go and any device you use can do wonders for all kinds of people –from students to working professionals

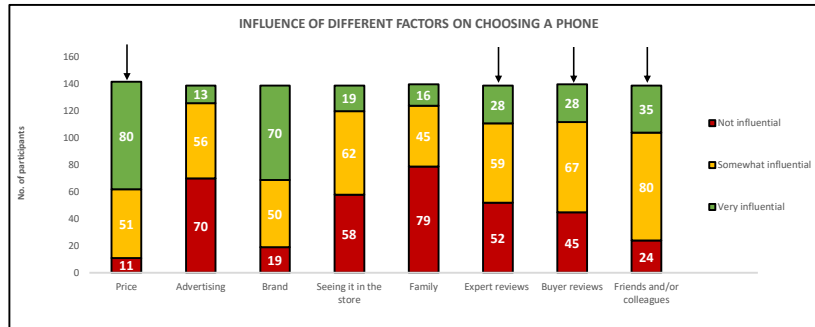
6. Develop durable devices with enduring battery life



- Phones that resist damage, last long and have **robust** underlying software
- **Good battery life** can significantly impact usage – must be seriously considered

- Battery life is one of the most touted about features in any smart phone. A good battery life has a definitive impact on productivity and ease of usage. It eliminates the need for constant charging. However, the research indicates that, while extremely important, it is not advisable to trade off processor speed for exceptional battery. A poorly performing phone with great battery is of no use, while the latter is still very much functional
- Durability includes resistance to common forms of damage, in addition to how long the phone supports system updates and can function without glitches. This is key when targeting higher price segments

7. Prices matter and so do reviews



- Reviews of fellow buyers and friends impacts purchase decisions
- Negative **word of mouth** can have disastrous consequences

- Price is clearly an extremely influential parameter while considering purchase. This is true for a majority of participants. The focus group also indicated a similar sentiment. However participants seem to heavily consider brand and the value they get for their money, instead of just absolute pricing.
- Reviews of experts and other buyers are easily available through online platforms and these can aid or deter purchase decisions. Word of mouth – both online and through friends, colleagues etc. also plays a vital role in how a product is perceived by customers.
- Example of negative word of mouth – Samsung