

## **IMPACT OF MARKETING STRATEGIES ON YOUTH PURCHASING BEHAVIOR: A CASE STUDY OF MOBILE PHONE INDUSTRY**

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**ABSTRACT:** *Marketers consider youth as an important segment in recent globalized world. Due to their large number, accessibility to readily available information and massive internet usage they are difficult to ignore. This research paper aims to study the impact of marketing strategies on youth purchasing behavior in selection of mobile phone network. The study has focused that how these strategies used by mobile phone networking companies in Pakistan influence the purchase decision of youth in selection of their mobile phone network. Youth purchasing behavior has been taken as dependent variable to be influenced by various independent variables which are service quality, pricing, value offered, trust and switching cost. Primary data was collected by using self-administrative questionnaire with a sample size of 230 participants. Regression analysis was done for results analysis. The proposed research shows that youth preferred the mobile phone network with best service quality (quality in terms of all SMS, call and internet) at reasonable prices. Other factors like value offered by mobile phone networks, trust on the company and the switching cost also impact the purchasing decisions of youth in selection of mobile phone network.*

**KEYWORDS:** Marketing Strategies, Youth purchasing behavior, Mobile Phone network

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### **INTRODUCTION**

Youth is considered as an important segment in consumer market. Marketers can't ignore this segment. They formulate their strategies by keeping in mind the various needs and wants of young customers to satisfy them. Firm's revenue is largely based on its ability to attract young customers due to their large number, technology orientation and extensive exposure to media as compare to other segments. Mobile phone networking companies operating in Pakistan are targeting youth as their major customers and adopting various strategies to attract young customers. In Pakistan, the five major mobile phone networking companies are operating namely Mobilink, Warid, Ufone, Telenor and Zong. Switching among them is not very difficult, so they are continuously adapting their marketing approaches to catch up the large segment of youth towards their particular mobile phone network.

In this research study youth purchasing behavior was taken as dependent variable while various marketing strategies in terms of service quality, pricing, trust, value offered and switching cost used by five major mobile phone networking companies were taken as independent variables. The research paper will show that whether these independent variables service quality, pricing, value offered, trust and switching cost have an impact on the youth purchasing behavior.

## **Literature Review:**

### **Youth Purchasing Behavior**

Consumer purchasing behavior involves three steps by which consumer decide to purchase. These are input, process and output stage. Information both from formal and informal sources is vital for deciding which product to purchase. Marketing strategies designed by marketers using four P's of marketing to provide information internally while external information can be gathered from informal sources as family, friends and word of mouth. Receiving information is followed by processing it in a meaningful way according to knowledge, experience, perceptions and culture of consumers. Output stage involves sub stages of post purchase and post purchase evaluation (Schiffman & Kanuk, 2008).

In selection of mobile phone network, information is received both from formal and informal sources, processing of information after which consumer decides which mobile phone network to select. According to Janarain, (2010) youth is considered an important segment of market. Their accessibility to readily available information and sensible judgment of surroundings make them an important consumer segment- (Janarian, 2010). Constantine, 2010 also includes the young consumers in generation Y due to their high technology orientation and exposure to internet. They are innovators, always in search of new experience, considered as largest segment of market using mobile phones and mobile phone network services-(Constantine, 2010).

Macgregor, (2004) says that youth today are more confident to consume and can influence the purchase decision of their family. They consider themselves as independent consumers by showing confidence and their extensive ability to consume as compare to previous generation. According to Torlak, Spillan & Harcar, (2011) in future companies can only achieve high market shares and profits if they target youth as their major market segment. Ernst & Young, (2012) also find out recent era youth segment as more aware of technology, users of social media, innovators and like to do online transactions.

In the proposed research paper, five mobile phone networking companies are taken as study that how they influence youth to their particular network by using marketing strategies in terms of service quality, pricing, value offered, trust and switching cost. In their paper Hua, Lee, Chen, (2011) describes the modern world as a challenging place with wireless technology where communication among individuals is not difficult. In country like Pakistan where high ratio of youth segment is present, mobile phone companies formulate their strategies by keeping young consumers in mind.

**Service Quality:**

According to Parasurama et.al, (1998) complete analysis of product or services is known as service quality. Kang, (2006) argues that service quality is what difference the customer feels in perceived and actual performance. Woo and Fock, (1999) in their paper pointed out service quality in terms of network coverage and good calling services. This research paper focuses on service quality in terms of network coverage, calling and voice quality. Usman & Beenish, (2012) also indicates the service quality in terms of network coverage, package variety (both for calls and SMS) and long lasting satisfying relationship with company. The research paper shows that service quality has an impact on youth purchasing behavior.

**Pricing**

Pricing is an important marketing strategy that largely affects the youth purchasing behavior. Youth are more price sensitive due to limited pocket money as most of the respondents included in this study were youth and unemployed. Their main source of income is pocket money they received from their parents. According to Kotler & Armstrong, (2009) pricing is specific amount of money charged for a particular product or service that creates value for customers in return. Butt, (2011) also argues the fact that marketing is about exchanging money for value. Pricing strategies have an impact on youth purchasing behavior. The paper also shows that adopting low pricing strategies without compromising quality have a tremendous impact on youth purchasing patterns. Economist, (1999) also argues the fact that mobile phone networking companies are focusing on low pricing strategies to attract young customers. Megis, Menisto & Kelly (1999) in their research shows that young customers are mostly subscribed to pre-paid cellular services. Our research has also shown that provision of extra minutes, free balance on recharge offers by companies to attract youth towards their particular mobile phone network. Due to this reason five mobile companies included in our study i.e Warid, Mobilink, Telenor, Ufone and Zong have designed special packages for youth which are , Glow Dosti by Warid, Jazba by Mobilink, Dejuice by Telenor, Uth package by Ufone and Circle by Zong to attract young consumers towards their particular network. As all these packages are created for youngsters and have low calling, SMS, MMS and internet packages.

**Trust:**

According to Ballester and Aleman, (2001) positive perception of company in consumer's mind creates trustworthiness. Reliable mobile phone networks leads to satisfied and loyal customers. According to Islam, (2009) a company can only retain customers if it has the ability to satisfy them. Trust on selected mobile phone network makes customer satisfy and in long run loyal to company. Our research finds that trust given by mobile phone networking companies in terms of security, provision of services as promised and fulfillment of expectations all are helpful in attracting customers towards that mobile phone network. Study has also shown that major number of youth prefers Ufone as they trust on its packages, offers and services.

**Value offered:**

Our research study has shown that services offered by mobile phone networks like easy payments of bills, mobile banking, on mobile transactions are the source of gaining competitive edge over other cellular companies. In this era of competition, mobile phone networks are getting saturated and the only way to get competitive advantage over other cellular companies is to provide value

added services to customers. Jan & Wajidi, (2007) also describe in their paper that good network coverage with value added services is necessary to boost cellular company's profits and in return the company can increase its market share.

### **Switching Cost:**

The cost which customer bears in changing from one cellular network to another is called switching cost. According to Mathews & Murray (2007), the cost customer bears in moving from one supplier to another which includes both financial and non-financial cost is known as switching cost. Switching cost can be calculated which occurs in switching to another company or supplier (Lee & Chunnigham, 2011). In Pakistan, switching among the mobile phone networking companies is not very costly. According to Fornell, (1992) customers prefer to use their current services if switching cost is high. Research study conducted by us shows that customers switch the mobile phone network if they are not satisfied with their current mobile phone network. Switching is not costly in terms of money but it also includes mental and psychological cost incurred in changing from one service provider to another. Most of the young respondents were agreed that they have the fear of losing contacts if they change their number.

## **RESEARCH METHODOLOGY**

Collection of data on the proposed research topic is known as research methodology. It can be primary or secondary data or sometimes both primary and secondary data are used by researchers. Methodology includes procedure to collect data, designing of questionnaire, selected population description, analysis and presentation of data

**Types of research:** Both qualitative and quantitative research is used in social science. For more accurate results and analysis qualitative is often followed by quantitative research to get more meaningful results. This research paper aims to find the impact of various marketing strategies on youth purchasing behavior in mobile phone industry of Pakistan. Youth purchasing behavior was taken as dependent variable while service quality, pricing, trust, value offered and switching cost were taken as independent variables.

**Procedure:** The research study includes the primary data collected from respondents who were students studying at college and university level in Bahawalpur city. Collection of data was carried out by self-administrative questionnaires. Both male and female respondents were taken for the study with age group divided into two categories. Youth of age group 15-20 years were included in one group while youth of age group 20-25 years were included in other category. Simple random sampling technique was used to get accurate results. Structured questionnaire was developed by adopted questions from various researchers.

**Instruments to collect Data:** Structured questionnaire were designed to carry out analysis. They were distributed among 230 students for data collection. Questions regarding dependent and independent variables were asked from students. Questions designed were rated on a five points Likert scale from strongly agree 1, agree 2, neutral 3, Disagree 4 and strongly disagree 5.

**Population:** It means whole. In our research study, youth of Pakistan who are users of mobile phones were taken as population.

**Sample:** Sample is the Representative of population. In the proposed research study students studying at The Islamia University of Bahawalpur and The Punjab College Bahawalpur were taken as sample.

**Selected variables:** The research includes two categories of variables for studying the research questions. These include dependent variable and the independent variables. We have selected six variables in our study out of which one is dependent variable and five are independent variables  
Dependent Variable: Youth purchasing behavior was taken as dependent variable.

Independent variable: Service quality, pricing, value offered, trust and switching cost were taken as independent variables.

### Hypothesis Development:

Following hypothesis were developed and tested during the study.

H1: There is a positive relation between service quality and youth purchasing behavior.

H2: Price is positively correlated with youth purchasing behavior.

H3: Value offered is positively associated with youth purchasing behavior.

H4: Trust has a positive relationship with youth purchasing behavior.

H5: Switching cost has an association with youth purchasing behavior.

Estimation Technique: Regression analysis was used to analyze the results of the hypothesis.

### RESULTS AND ANALYSIS:

Personal and demographic analysis which includes gender of the respondents, status, age and education of the respondents is presented in Table 1. This table also shows the mobile network of the respondents and the years of using that mobile network by them.

Table 1 Statistics of respondents

Variables	Category	Frequency	Percentage
Gender	Male	134	58.3
	Female	96	41.7
Status	Employed	40	17.4
	Unemployed	190	82.6
Age	15-20 Years	124	53.9
	20-25 Years	106	46.1
Education	Matriculation	9	3.9
	Intermediate	54	23.5
	Bachelors	112	48.7
	Masters	55	23.9
Mobile Network	Warid	19	8.3
	Telenor	33	14.3
	Mobilink	72	31.3
	Ufone	78	33.9
	Zong	28	12.2
	Year of using network	Less than a year	21
	1-2 years	60	26.1
	3-4 years	80	35.7
	5 & above	27	29.7

**Hypothesis Testing:**

The hypotheses were tested by using regression analysis. The results of the analysis have been shown in the table 2:

Table .2: Regression analysis for variables:

Variables Entered	Coefficients		sig
	$\beta$	t	
Service quality	.227	3.836	.000
Pricing	.247	4.970	.000
Value offered	.100	2.075	.039
Trust	.077	1.852	.065
Switching cost	.068	2.199	.029

Note :  $R = 0.825$ ,  $R^2 = 0.680$

The above table indicates that service quality, pricing, value offered, trust and switching cost collectively explains 68 percent of variance caused in dependent variable due to the independent variables.

**Testing of Hypothesis:**

According to the regression equation  $Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5$

Y is dependent variable that is youth purchasing behavior, while X1 indicates service quality, X2 shows pricing, X3 for value offered, X4 indicates trust and X5 shows the switching cost. All these are independent variables that have an impact on the dependent variable which is youth purchasing behavior.

H1: There is a positive relation between service quality and youth purchasing behavior.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5$$

$$\text{Purchasing behavior} = \beta_0 + .227(\text{service Quality})$$

This shows that due to change in service quality by 1%, the purchasing behavior is changed by 22.7% due to service quality. The results have shown that service quality has an impact on purchasing behavior by the 22.7%. So we accept our hypothesis 1 on the basis of this result which states that there is positive relationship between service quality and youth purchasing behavior. The hypothesis is accepted by the results of this study which is ( $\beta_1 = 0.227$ ) and ( $p < 0.01$ ).

H2: Price is positively associated with youth purchasing behavior.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5$$

$$\text{Purchasing behavior} = \beta_0 + 0.247(\text{pricing})$$

The above results have shown that due to change in pricing by 1%, the purchasing behavior is changed by 24.7%. So we accept our hypothesis 2 on the basis of following results which states that Price is positively associated with youth purchasing behavior. The hypothesis is accepted by the results of this study which is ( $\beta_2 = 0.247$ ) and ( $p < 0.01$ ).

H3: Value offered is positively associated with youth purchasing behavior.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5$$

$$\text{Purchasing behavior} = \beta_0 + 0.100(\text{value offered})$$



The above results have shown that due to change in value offered by 1%, the purchasing behavior is changed by 10%. So we accept our hypothesis 3 on the basis of these results which states that Value offered is positively associated with youth purchasing behavior. The hypothesis is accepted by the results of this study which is ( $\beta_3=0.100$ ) and ( $p<0.05$ ).

Value offered has impact on purchasing behavior. Although it is less as compare to service quality and pricing but it has an impact on purchasing behavior and it is also positively associated with purchasing behavior.

H4: Trust has a positive relationship with youth purchasing behavior.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5$$

$$\text{Purchasing behavior} = \beta_0 + 0.77(\text{trust})$$

The results have shown that due to change in trust by 1 %, purchasing behavior of youth is changed by 7%. The results in the above regression table i:e ( $\beta_4=0.77$  ) and ( $p=0.065$ ) has shown that it has positive relationship with purchasing behavior which is partially significant we accept the hypothesis 4 which is that trust has a positive relationship with youth purchasing behavior. The relationship is positive and trust has an impact on the purchasing behavior.

H5: Switching cost has an association with youth purchasing behavior.

$$Y = \beta_0 + \beta_1X_1 + \beta_2X_2 + \beta_3X_3 + \beta_4X_4 + \beta_5X_5$$

$$\text{Purchasing behavior} = \beta_0 + 0.068(\text{switching cost})$$

The results have shown that due to change in switching cost by 1%, purchasing behavior of youth has changed by 6%.the hypothesis is accepted due to results of this study which shows that ( $\beta_5=0.068$ )and ( $p<0.05$ ).

The analysis has shown that the pricing has large impact on the purchasing decisions of youth in selection of mobile network. Service quality after pricing has an impact on the purchasing behavior of youth. The other three independent variables value offered, trust and switching cost have an impact on the purchasing decisions but that impact is less as compare to the impact of service quality and pricing on purchasing behavior.

## CONCLUSIONS

This was an exploratory type of research which was conducted to find the impact of various independent variables on the purchasing behavior. The study included both male and female respondents to show that how marketing strategies used by marketers in terms of service quality, pricing, value offered, trust and switching cost affects the purchasing behavior. Youth is considered as the largest and important segment of customers which cannot be ignored by cellular companies if they want to increase their profits. Findings have proven that strategies formulated by marketers have positive impact on purchasing behavior with the largest affect shown by pricing as youth are highly sensitive to price. By proving services at adequate prices and with proper network coverage and service quality makes the young customers satisfied and leaves positive image of Mobile Phone Company on them. Further value added services, trust and switching cost also shows impact on purchasing behavior, although its little as compare to service quality and pricing .

## RECOMMENDATIONS

Marketers should continuously develop new plans to attract youth by offering better network coverage and best calling rates and also by offering value added services and trust to them, if they want to gain competitive advantage over their rivalry mobile phone companies. Mobile phone companies should go for fair price policy with no hidden charges. Today is the era of competition. Only by adopting innovative technology a company or brand can survive in market. Mobile phone companies should try to focus on providing better internet packages to their customers at reasonable rates and also should not ignore to expand their network services to remote areas which are still out of reach.

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