

A Study of Factors Affecting Towards Young Customers' Purchase Intention of Domestic-Branded Smartphone in Shanghai, Republic of China

Xizi Xie, and Sirion Chaipoopirutana

Abstract—This research aimed to study the factors which were related to purchase intention towards Xiaomi smart phone in China. It also examined the relationship among social value, consumer ethnocentric, price consciousness, and functional value with attitude towards Xiaomi smart phone. In addition, the researcher aimed to study about the relationship between, consumer aspiration, social value, functional value and consumer uncertainty with purchase intention. Furthermore, this research analyzed and examined the relationship between attitude towards Xiaomi smart phone and purchase intention. The target population is university students studying Bachelor, Master or Doctor degree who intend to buy Xiaomi smart phone in the eight national universities in Shanghai, Republic of China. A total of 400 data was tested which were collect from the target respondents by using self-administered questionnaires. Then, this research has eight variables and nine hypotheses and Pearson's Correlation Coefficient was applied for the data analysis. The results reveals that social value, price consciousness, consumer ethnocentric and functional value have a positive and significant relationship with attitude toward Xiaomi smart phone. What's more, consumer aspiration, social value, functional value and attitude towards Xiaomi smart phone also have a positive and significant relationship with purchase intention. However, consumer uncertainty has a negative and significant relationship with purchase intention. Based on these results, Xiaomi smart phone company can refer to this research to understand more what Chinese consumers think, how to trigger their purchase intention and increase the sales among Chinese consumers in China. Therefore, marketers can evaluate their strategies and yield more effective strategies to target more consumers.

Keywords—Purchase intention, social value, functional value, consumer aspiration, consumer uncertainty, consumer ethnocentric, price consciousness, attitude towards product

I. INTRODUCTION

PURCHASE intention plays a significant role for all organizations because purchase intention is a considerable index to predict consumer's behavior defined as customer's subjective tendency on a particular product, According to Warshaw(2004) [19], it demonstrated that

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purchase intention is a key indicator of actual purchase behavior. With smart phone consumers are increasing swiftly, the behavior of smart phone consumers turns out to be more and more unpredictable. Therefore, identification of market segmentation and market targeting plays a more significant role in smart phone industry market research. According to Shen (2010) [14] stated that nowadays, most of the young people especially university students are fanatical about mobile devices, attend to use a smart phone, tend to be opinion leader and like to suggest their friends to buy a smart phone. Hence, companies spend billions in developing more user friendly, interactive smart phone to initially hook young clients typically university students and then retain them as they get older. Young adults especially university students, nowadays are having more option in choosing their preferable smart phone brands; as a result, it is a necessity for Xiaomi smart phone company to make further improvements and used various marketing strategies to boost the sales of smart phone. For the necessity and feasibility study analysis, the main focus of the target population in this study is Chinese university students who were born after China instituted its one-child policy in the late 1970s supposed to be the special result of a peculiar age. McNeal and Chyon (1997) [10] stated that they were cherished and spoiled by "six pockets" (i.e., two parents and four grandparents) activating a large portion of the family's expenditure as they grew up. They not only have purchasing power, but also pursue their own perceptions on how to spend money. This group is noticeably different from other age groups in China in terms of habits, lifestyles, and philosophy. Hence, the researcher will apply nine hypotheses and seven variables to analyze the factors affecting the purchase intention of Xiaomi smart phone among Chinese young consumers. The variables applied in this study are consumer aspiration, consumer ethnocentric, consumer uncertainty, functional value, price consciousness, social value, attitude towards products and purchase intention.

II. LITERATURE REVIEW

A. CONSUMER ASPIRATION

Miller (1976) [11] stated that consumers' aspiration is considered as the perception, feelings or objective of achieving something such as pride, usefulness and consumers' level of aspiration is a system of expectation. Sherwood and Richard

(1989) [15] described that an operational definition of an aspiration as any future goal in which a customer is willing to invest time, effort or money.

B. SOCIAL VALUE

Firat & Venkatesh (1993) [4] stated that consuming a product can represent a social act where produce or reproduce symbolic meanings, social codes, relationships, and the consumer's identity. Bodker et al (2011) [2] argued that many customer purchase smart phone in order to get acceptance of certain group of people.

C. CONSUMER ETHNOCENTRIC

Consumer ethnocentrism as the beliefs held by the consumers about the appropriateness, indeed morality, of purchasing foreign-made products. Ethnocentric consumers prefer domestic products even if they know the foreign products have better quality (Shimp et al. 1995) [16].

D. PRICE CONSCIOUSNESS

Lichtenstein et al. (1993) [9] demonstrated that people use the range of remembered price experiences to establish a set of acceptable price range on price expectation that importantly affects a consumer's purchasing behavior. Consumers' purchase intention tends to be reduced when the actual price on products is higher than acceptable price range and if the price is lower than acceptable price range seriously, consumers are lack of confidence towards the product quality.

E. FUNCTIONAL VALUE

Vigneron and Johnson (2004) [18] defined the functional value is the attributes that set the products apart from the competitors' products, including underlying craftsmanship, consumer perceived superiority pertaining to quality and ability to function or perform at a higher level.

F. CONSUMER UNCERTAINTY

Mitchell and Papavassiliou (1999) [12] observed that uncertainty is confusion of consumers who would like to postpone purchasing product or abandon it, or seek supplementary information..

G. ATTITUDE TOWARD PRODUCT

Batra and Ray (1985) [1] illustrated that product attitude is inclined to respond in a favorable or unfavorable manner to a specified product. Morris et al. (2002) [13] proposed that attitude towards products associated with purchase behavior is constructed as a result of direct familiarity with the product, including: word-of-mouth information acquired from or exposure to mass-media advertising.

H. PURCHASE INTENTION

Wilkie (1994) [20] defined that purchase intention is the degree of consumers' intended to buy products. Purchase intention refers to a consumer tendency to purchase the product in the future and resist switching to other brands (Wu et al., 2011) [21].

III. RESEARCH FRAMEWORK AND METHODOLOGY

A. Research Framework

Based on the reviewed literature in previous sections, in the conceptual framework, the researchers applied social value, functional value, consumer ethnocentric, price consciousness, consumer aspiration and consumer uncertainty as independent variables. The dependent variable is purchase intention. Previous empirical researches, as Huang et al.(2004) [5], Kumar et al. (2013) [7], Li et al.(2013) [8]. and Souiden et al. (2011) [17] provided evidence.

The framework is shown in Fig.1. There were 9 hypotheses formulated based on the framework and they are shown as follows:

H1: Consumer aspiration is significantly influential on purchase intention.

H2: Social value is significantly influential on purchase intention.

H3: Social value is significantly influential on attitude towards Xiaomi smart phone.

H4: Consumer ethnocentric is significantly influential on attitude towards Xiaomi smart phone.

H5: Price consciousness is significantly influential on attitude towards Xiaomi smart phone.

H6: Functional value is significantly influential on attitude towards Xiaomi smart phone.

H7: Functional value is significantly influential on purchase intention.

H8: Consumer aspiration is significantly influential on purchase intention.

H9: Attitude towards Xiaomi smart phone is significantly influential on purchase intention.

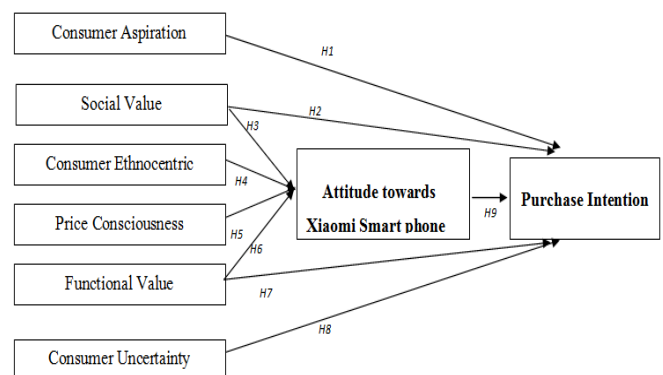


Fig.1. A Study of Factors Affecting Towards Young Customers' Purchase Intention of Domestic-Branded Smartphone in Shanghai, Republic of China

B. Research Methodology

The purpose of this research is to investigate the factors affecting attitude and purchase intention towards Xiaomi smart phone in Shanghai, China.

This research examined the relationship among social value, consumer ethnocentric, price consciousness, and functional value with attitude towards Xiaomi smart phone. In addition, the researcher aimed to study about the relationship between,

consumer aspiration, social value, functional value and consumer uncertainty with purchase intention. Furthermore, this research analyzed and examined the relationship between attitude towards Xiaomi smart phone and purchase intention. All 400 research questionnaires which were distributed to target population in Shanghai, China. In this research, questionnaires are subdivided into ten sections which are screening question, functional value, social value, consumer ethnocentric, price consciousness, consumer aspiration, consumer uncertainty, attitude toward products, purchase intention and demographic factors. The researcher applied quota and convenience non-probability sampling. The researcher selected the descriptive research methodology instrument to evaluate each variable. This means that the outcome of the research would be described by examining the relationship between different variables.

Sampling procedure

In this research, the researcher applied the non-probability sampling method to find the sampling unit in this study. According to Kinnear (1987) [6], the researcher utilized non-probability method because there is no record of the exact number of university students from 8 national universities who intended to buy Xiaomi smart phone in Shanghai City. In this study, the researcher will apply to quota sampling and convenience sampling. Detail explanations of both sampling methods are as follows:

Step 1: Quota Sampling

Quota sampling is a non-probability sampling method and which is used in representing the subgroups of population. Quota sampling is a method through which the researcher is able to control the sampling procedure to obtain a sample; it is similar to the population. The researcher focus on the customers' purchase intention toward Xiaomi smart phone, so the data was collected from $400/8=50$ university students in each national university in Shanghai City, China.

Step 2: Convenience Sampling

Cooper and Schindler (2006) [3] illustrated that convenience sampling is the sampling method used to gather information from people who are most conveniently available. Therefore, the researcher applied the convenience sampling, which is asking respondents who are available to fill out the questionnaire from each university. The researcher obtained to meet the students in the hallway, break hours in the canteen and also during the class hours with the help of lecturers.

IV. RESEARCH AND FINDINGS

The hypotheses testing, is supported by the conceptual framework. There are a total of nine hypotheses which were tested in this research. Based on the research objectives, Pearson's Correlation Coefficient was used in this study. After analyzing the hypotheses, all the null hypotheses were rejected. The results are summarized as follows:

TABLE I
SUMMARY OF HYPOTHESES TESTING

Hypothesis	Statistical Test	Significant Value	Correlation Coefficient	Result
H1 _a : There is no relationship between consumer aspiration and purchase intention of Xiaomi smart phone.	Pearson's Correlation	0.000	0.578**	Reject H ₀
H2 _a : There is no relationship between social value and attitude towards Xiaomi smart phone.	Pearson's Correlation	0.000	0.426**	Reject H ₀
H3 _a : There is no relationship between social value and purchase intention of Xiaomi smart phone.	Pearson's Correlation	0.000	0.501**	Reject H ₀
H4 _a : There is no relationship between consumer ethnocentric and attitude towards Xiaomi smart phone.	Pearson's Correlation	0.000	0.712**	Reject H ₀
H5 _a : There is no relationship between price consciousness and attitude towards Xiaomi smart phone.	Pearson's Correlation	0.000	0.311**	Reject H ₀
H6 _a : There is no relationship between functional value and attitude towards Xiaomo smart phone.	Pearson's Correlation	0.000	0.448**	Reject H ₀
H7 _a : There is a statistical significant relationship between consumer uncertainty and purchase intention of Xiaomi smart phone.	Pearson's Correlation	0.000	-0.108**	Reject H ₀
H8 ₀ : There is no relationship between functional value and purchase intention of Xiaomi smart phone.	Pearson's Correlation	0.000	0.414**	Reject H ₀
H9 ₀ : There is no relationship between attitudes towards Xiaomi smart phone purchase intention.	Pearson's Correlation	0.000	0.857**	Reject H ₀

V. SUMMARY AND CONCLUSION

In this research, the researcher applied 400 samples of primary data and these data are collected from (8) national universities in Shanghai City, China. The researcher collected these data by using questionnaire during July and August of 2014. According to the result of this study, the major group is male group (61.0%) followed with female group (39.0%). The majority of the respondents are university students with the highest age level group of 21-30 years old (34.2%). The largest personal income in a month group is between 2001-4000 RMB (35.8%) with bachelor degree (44.8%) as highest educational level.

Based on the result of hypothesis one, the result of analysis shows that there is a moderate positive relationship between consumer aspiration and purchase intention towards Xiaomi smart phone. It is implied that consumer aspiration plays an important role and directly affects the customer purchase intention. Based on the result of hypothesis two, the result showed that there is a moderate positive relationship between social value and attitude towards Xiaomi smart phone. It is implied that social values of Xiaomi smart phone influences positively on consumers' attitude in affective way. Based on the result of hypothesis three, the result of analysis showed that there is a moderate positive relationship between social value and purchase intention. It demonstrated that the more favorable social value the consumers achieve and more customers would like to purchase Xiaomi smart phone. Based on the result of hypothesis four, the result of the analysis showed that there is a strong positive relationship between consumer ethnocentric and attitude towards product. The research results reveal that consumers' ethnocentric tendencies have a significant, strong impact on attitude towards domestic products. Based on the result of hypothesis five, the result showed that there is a weak positive relationship between price consciousness and attitude towards product. It implied that Consumers' price consciousness still positively affects consumers' preference for Xiaomi smart phone. The result from hypothesis six shows that there is a moderate positive relationship between functional value and attitude towards Xiaomi smart phone. Based on the result of hypothesis six, it indicated that favorable functional values of Xiaomi smart phone influences on consumers with a positive attitude. Based on the result of hypothesis seven, the result showed that there is a moderate positive relationship between functional value and purchase intention. It indicated that functional values of Xiaomi smart phone influences positively on consumers' purchase intention. Based on the result of hypothesis eight, the result from hypothesis eight showed that there is a weak negative relationship between consumer uncertainty and purchase intention. It implied that consumer uncertainty toward Xiaomi smart phone influences negatively on consumer's purchase intention. Based on the result of hypothesis nine, it showed that there is a strong positive relationship between consumer uncertainty and purchase intention.

VI. RECOMMENDATIONS

According to the data analysis of this study, the result can help marketers not only to understand the Chinese young consumer's purchase intention towards Xiaomi smart phone but also to gain more competitive advantages. Regarding to the research findings, the answers from the questionnaires of this research paper and based on the researcher's observation, the researcher would like to make some suggestion as follows;

Based on the results of hypotheses one, the researcher found that consumer aspiration had a significant positive relationship with purchase intention. Thus, Xiaomi smart phone company is suggested offering creative and innovative advertisement target on young adult. For example, attractive tools such as animations and colorful designs can be used on their advertisement.

Based on hypothesis two and three, the researcher found that social value had a positive relationship with attitude toward Xiaomi smart phone and purchase intention. The researcher would like to suggest Xiaomi smart phone should produce products and services which make difference from their competitors and provide them benefit in competitive environments. They should use technology efficiently and try to take part in the social media and contact with the consumers via social media as well as the traditional communication environments.

Based on hypothesis four, the researcher found that consumer ethnocentric had a positive relationship with attitude towards Xiaomi smart phone. This research in this field has highlighted a trend among Chinese young consumers especially university students, which is a preference for domestic products to foreign products.

Based on hypothesis five, the researcher found that price consciousness had a positive relationship with attitude towards Xiaomi smart phone. Xiaomi should attract the customers by the appropriate and reasonable price of their products to increase the favorable attitude towards Xiaomi smart phone.

Based on hypothesis six and seven, the researcher found that functional value had a positive relationship with attitude towards Xiaomi smart phone and purchase intention. Xiaomi should improve the value gained from smart phone applications such as GPS, camera, e-mail, SMS, calls and browsing which are equally considered to be important functions of a smart phone that derive functional values. In addition, nice designs and high-end features also improve the customer attitude towards Xiaomi smart phone and purchase intention. Besides that, Xiaomi smart phone company can expand their smart phone function such as by upgrading the processor of smart phone so that it can perform faster and better which suit to the lifestyle of young adults. Furthermore, the companies can increased the battery life of their new invent smart phone because young adults tend to used their smart phone in whole-day life.

Based on hypothesis eight, the researcher found that consumer uncertainty had a negative relationship with attitude towards Xiaomi smart phone and purchase intention. Xiaomi

should consider the further useful and attractive information for the customers to increase the level of their knowledge about the products to be unnoticed any hesitation or unwillingness about their intention in order to purchase Xiaomi's smart phones. Xiaomi should better organize and present product information, so that consumers become educated about different features and can assess the importance of these features to them.

Based on hypothesis 9, the researcher found that attitude towards Xiaomi smart phone had a stronger positive relationship with purchase intention. Based on the previous study, attitudes towards product can be formed either the direct result of experiences from a product or throughout the information gathered from other people. Therefore, the researcher would like to suggest that Xiaomi should put effort on advertising such as TV, Internet Marketing, Billboard. The content of the advertising should be simple and easy words but with meaning. The main purpose of this is to expand the brand awareness and get more attention from the potential consumers to formulate positive attitude toward Xiaomi smart phone. Once there is more favorable attitude more consumers will buy Xiaomi smart phone and also increase the social value at the same time. Especially for university students, Xiaomi can make event sponsorship as it is cash or any kind of fee which is paid to a property in arts, sports, entertainment or some cause, to get an access to exploit commercial potential associated with that property.

FURTHER RESEARCH

Further studies could be carried out to compare purchase intention of smart phone between two brands such as Xiaomi VS Samsung in China. The research considered only four variables, thus, other variables which can influence purchase intention including consumer ethnocentric, price consciousness, symbolic value and need for uniqueness could be explored. This research focused on customers' purchase intention towards Xiaomi smart phone who have never experienced this brand. Future researchers can investigate about repurchase intention towards Xiaomi smart phone.

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