



**ECONOMICS FACULTY
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THESIS**

**Analyzes Factors that Affecting Consumer Choice of Mobile Phones
in Padang City**

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ANALYZES FACTORS THAT AFFECTED CONSUMER CHOICE OF MOBILE PHONE IN PADANG CITY

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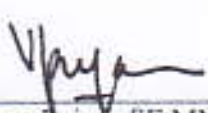

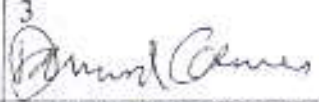
ABSTRACT

Technological developments make a cell phone is no longer only use as a tool for voice communication. This makes the growth of the mobile phone market grew rapidly. Therefore, the mobile phone manufacturers have competed to deliver a true mobile phone that really enthused by the consumer.

This research was conducted in order to know the expectations of consumers in choosing a mobile phone. Data obtained by using a questionnaire which was subsequently analyzed with descriptive analysis data. The respondents were asked about their opinions on what factors are desired by consumers in choosing a mobile phone. These factors then processed using the program SPSS 17 for windows.

This study shows that the factor that most affect consumers in choosing a mobile phone is the brand. The second factor is the features. The third and fourth factors are price and after sales service. While the last factor considered by consumers is an external factor.

This thesis has been defended at the examiner session and has passed on June 1, 2010.
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CHAPTER I

INTRODUCTION

1.1 Background

Although mobile phones have become a fundamental part of personal communication across the globe during the past ten years, consumer research has devoted little specific attention to motives and choice underlying the mobile phone buying decision process. There are numerous complex factors that need to be taken into account when exploring mobile phone buying decision process, including both macro and microeconomic conditions that affect the evolution of mobile phone market in general and individual consumer's motives and decision making in particular. Moreover, it is important to distinguish between buying behavior referring to the choice between different mobile phone models and brands and change aspects referring to reasons that affect change. As the mobile phone market is a typical technology push driven market where products are created ahead of the recognition of existing recognized consumer needs, mobile phone development is based on consumers' possible future needs and thus companies that best hunch the technologies and services of future will be the leaders in the discipline.

The telecommunications sector has been struggling over the past years, not only due to high prices companies paid for UMTS licenses but also due to the global economic downturn. We are currently experiencing a shift from the second generation (2G) to the third generation (3G) mobile phones, which is expected to change the way people use their mobile phones. The rise of the 3G network and its consumer acceptance is said to be one of the toughest marketing challenges in recent history. In general terms, the success

of 3G depends primary on how the real benefits of the technology are marketed to consumers on one hand and on pricing policy of the services on the other. If we look beyond the hype around 3G it is obvious that we are not experiencing a revolution in mobile phone markets, rather an evolution where consumers are able to do the same things they could with 2G and 2.5G (e.g., GPRS and EDGE technology), but only better and faster in terms of download times. The mobile phone industry is currently using many standards (e.g., GSM, CDMA), which has made it difficult for users traveling to utilize their phones extensively. The evolution of 3G is expected to simplify this as only two standards are competing, the WCDMA (Wide-Code Division Multiple Access) that will become UMTS (Universal Mobile Telecommunications System), CDMA2000 (Code Division Multiple Access), the WCDMA standard is said to dominate the global market for the next five years.

Consumer shift from 2G to 3G means that in order to be able to use the services offered by the faster network consumers need to acquire new mobile handsets equipped with Internet access and new features such as possibility to receive and send multimedia messages. Although recent news indicates a strong demand for new mobile phones equipped with color displays and built-in camera, there still is plenty of skepticism in the media, as well as in the market itself, towards the technological development.

The development of mobile phones is leading the market into a situation where the basic need, communication, is actually broadened to new means of interaction and personal digital assistance. In fact, mobile phone evolution will eventually lead to the convergence of mobile phones and digital personal assistants (PDAs). Thus, communication is not the only need mobile phones fulfill. Beyond voice, three main

CHAPTER V

CONCLUSION, LIMITATION AND RECOMMENDATION

5.1 Conclusion

This study discusses on factors that are considered by consumers in making decisions to buy a mobile phone and see the dominant factor in choosing a mobile phone. This research focused on consumers in the city field. There are five factors that into the research variables, namely features, brand, price, after sale service, and external factors. Research using 100 respondents sample that living in the city of Padang.

From this research it can be conclude that the dominant factor that affected consumer chooses a mobile phone is brand. The brand that has higher resale value is most chosen by consumer. The famous brand is also considered by consumer because a famous brand can improve their confidence.

The second dominant factor is feature. Internet connectivity is the most considered feature. The main feature which contain technology of mobile phone itself, availability of adding application and multimedia also considered by consumer when choose a mobile phone.

The third factor is price. The consumer tends to choose a higher price. Higher price could be similar with famous brand. Consumers also agree that price that has been paid must be accordance with the feature that offered. Compare mobile phone that has similar price done by consumer to know about that. Discount price is not really considered by consumer.

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