

# Mobile phone markets in malaysia marketing essay



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## CHAPTER 1

### INTRODUCTION

In this chapter, Information related with mobile phone industry, global prospective, users and brands. And the determination of problem statement with variable, purpose of the research will be stated in the introduction.

#### 1. 1 Global prospective

Now global mobile phone usage will top 3. 25 billion, it equivalent to around half the world's population, during year 2007 as mobile phone demand booms in China, India and Africa, result based on a survey. From Chinese factory workers to African farmers, in July, mobile phone subscriptions will pass the 3 billion mark and by the end of the year will exceed 3. 25 billion, according to a report by UK-based telecoms analysis company. The mobile phone has revolutionized communication along with the Internet. The mobile phone has spread from city whiz kids to Brazilian slum dwellers. Every minute, there is more than 1, 000 new customers are effectively signing up for mobile phones around the world, the survey showed. Analysts have forecast that as manufacturers, total 65 percent of all handsets made this year will be sold in emerging markets, such as Nokia of Finland and Motorola of the United States, push out low-cost phones and mobile phone operators cut call charges. The figures cited in the survey take account of multiple mobile subscriptions by customers. With 666 million mobile connections, penetration in Europe has topped 100 percent of the population. 135 million new customers signed up to mobile phone networks and record 240 million handsets were sold in the quarter to the end of March, the report said. In

terms of connections, when 142 million and 163 million signed up respectively, are the last quarter was the third strongest in the industry's history after the fourth quarters of 2004 and 2006. (Ridley, 2007, London Reuters)

Source – Kirstin Ridley (2007), London. Reuters 27th June 2007.

## **Mobile phone markets in Malaysia**

This is the survey result of mobile phone users came from the Malaysian Communications and Multimedia Commission(SKMM)(2007). It is relatively related with the purchasing of the mobile phone based on the quantity of users.

## **Percentage distribution of hand phone users by nationality**

Table 1

Nationality

Percentage

2005

2006

2007

Malaysian

93. 7

92. 5

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90.3

Non-Malaysian

6.3

7.5

9.7

The survey found that 90.3 percent of hand phone users are Malaysians while

9.7 percent of hand phone users are non – Malaysians in year 2007. The figure showed in table 1, that there is an increasing of consumption of mobile usage among foreigner. More and more foreigner user entered into mobile phone industry. It is believed that the figure of non-Malaysian user had increase more than 10 percent in the current time.

## **Percentage distribution of hand phone users by gender**

Table 2

Gender

Percentage

2005

2006

2007

Male

57. 4

58. 3

56. 4

Female

42. 6

41. 7

43. 6

Survey results show in table 2 that males contribute to 56. 4 percent of the total hand phone subscribers while females contribute 43. 6 percent. The figure for male is slightly lower compared to the years 2006 and 2005. On the contrary, the figure for females has shown an increase in percentage compared to 2006 and 2005. The Malaysian population is made up of 51 percent male and 49 percent female. The table 2 show that male user is more than woman, this can concluded that male consumer are more than female, but eventually possibility due to business operation usually is men, the male users are more than female.

### **Percentage distribution of hand phone users by ethnicity**

Table 3

Ethnicity

Percentage

2005

2006

2007

Chinese

32.4

28.9

25.8

Indian

6.3

6.2

6.6

Malay

53.9

57.3

61.1

Bumiputera/Orang Asli

6.5

6.7

5.8

Others

0.9

0.9

0.7

In the table 3 showed that among Malaysian users, Malays continue to be the largest group of users accounting for 61.1 percent followed by Chinese at 25.8 percent. Indians, Bumiputra Sabah & Sarawak and Orang Asli account for 6.6 percent and 5.8 percent respectively. The remaining 0.7 percent are other ethnic groups. Malay stand on the highest rate of all, while other race such as expatriate who decided permanently resident in Malaysia, they are the lowest group rate. Perhaps the population factor influence the result as the biggest ethnic group in Malaysia population is Malay.

## **Percentage distribution of hand phone users by state**

Table 4

State

Percentage

2005

2006

2007

Johor

13.7

13.0

13.5

Kedah

5.9

6.6

6.6

Kelantan

3.7

4.6

4.2

Melaka

3.0

3.7



3. 7

Negeri Sembilan

3. 9

4. 3

4. 2

Pahang

4. 5

4. 8

5. 1

Penang

7. 4

6. 4

6. 5

Perak

7. 3

7. 7

7. 8

Perlis

0.8

0.9

0.8

Selangor

24.7

21.7

22.1

Terengganu

2.9

3.8

3.7

Sabah

6.4

6.4

7.1

Sarawak

5. 9

7. 1

6. 1

F. T. Kuala Lumpur

9. 7

8. 6

8. 6

Selangor continues as the state with the highest number of hand phone users at 22. 1 percent followed by Johor (13. 5 percent), Federal Territory of Kuala Lumpur (8. 6 percent) and Perak (7. 8 percent). Among other states, Sabah (including Federal Territory of Labuan), Penang, Kedah, and Sarawak have between 6 and 7 percent of hand phone users, while Pahang, Kelantan, Negeri Sembilan, Terengganu and Melaka have between 4 and 5 percent users. Perlis has the smallest number of users with only 0. 8 percent.

Obviously Selangor state is the highest rate of mobile phone user. This is typically because of Selangor is the most develop state with the highest population in the country. We can conclude that Selangor had the highest potential of consumerism of mobile phone. Meanwhile, Kuala Lumpur, the capital city of Malaysia, although it is small than some state such as Perak or Johor, consumer are high. Lastly, Perlis are the lowest among all due to the small state in the country. Besides Selangor stand for the highest rate, other state having average of mobile phone user as well.

## **The growth rate of mobile phone usage in Malaysia**

Based on the research, it is truth that Malaysia is the first country in Southeast Asia to have a cellular network. The mobile phone was considered a luxurious item when it was first introduced to Malaysia several years ago. Currently, the mobile phone which is now considered a very common subject has made way into our daily lives. Astoundingly, the growth of mobile phone usage and mobile networks has been so strong that it even weathered the economic crisis boom during 1997. In South East Asia, cellular mobile subscribers grew at an average of 63% a year between the years 1991 to 1997. During the 1997 financial crisis, the number of subscribers continued to grow, though at a lower rate of 45% a year. The growth rate increased sharply in the year 2000 to 75%, the highest increase since 1995. To understand the reasons for the growth of mobile phones in Malaysia, a study based on science and technology(S&T) development in the mobile phone industry was carried out by researcher from University of Malaya, Malaysia. The mobile phone usage growth rate is defined as the percentage increase in the number of mobile phone subscribers over a year. This research investigates the growth rate from 1990 to 2001. For the purpose of the study, a system called the Mobile Phone Usage Growth Rate Indicator (MPID) was developed to forecast the growth rate. This system would benefit the mobile phone industry, especially in business decision-making. The growth rate of the mobile phone usage is dependent on several factors, such as advancement in S&T pertaining to the product, government policies, cost and others. This study focuses only on the advancement in S&T. Information on advancements in S&T in the mobile telecommunication industry for the

past twelve years was used to develop the system to forecast the growth rate of mobile phone usage.

The analysis of the purchasing preferences was used to establish the relationship between the growth of mobile phone usage and mobile phone features. To analyze the trend for each feature, the number of respondents who chose a specific feature was plotted for the years 1990 to 2001. A best-fit trend line was then generated for each feature using SPSS for Windows (version 11. 0). From the analysis (Table 1), accessibility was the main criterion for purchasing mobile phones for the study period, 1990 to 1995. From 1996-2001, the main criterion for purchasing was the wireless solution

Table 5 Purchasing criteria of mobile phone based on two-year period

## **Year**

### **Main Preference**

### **Second Preference**

1990-1991

Accessibility

Security

1992-1993

Accessibility

Security

1994-1995

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Accessibility

Security

1996-1997

Wireless Solution

Accessibility

1998-1999

Wireless Solution

Accessibility

2000-2001

Wireless Solution

Physical Attributes

Source – Koh & Ow(2003). Growth Rate of Mobile Phone Usage in Malaysia.

(2003) Universiti Putra Malaysia Press, Serdang, Selangor, Malaysia.

## **Brand of mobile phone is a factor will cause consumer decision making**

In Russian mobile phone markets, at the end of 2004, Siemens, Motorola, Nokia and Samsung held the top four positions in the Russian mobile phone market (Shlykova, 2004). Competition among the market leaders is very keen. Although each company's products have their own advantages and disadvantages, the price differences between them are negligible (Murtazin, <https://assignbuster.com/mobile-phone-markets-in-malaysia-marketing-essay/>)

2004). In this kind of a competitive setting it is crucial to use all sources of competitive advantage available, including design. There are of course different mobile phone classes having different functions, but phones from the same price segment, as a rule, represent similar functionality. As one Russian designer working with mobile phones put it, “ we are turning into the watch-makers of today: functionally phones are very similar. Therefore, people choose based on the brand, ergonomics and design” (Murtazin, 2004).

### **Importance of study**

In a student perspective, they will understand more about the potential of country-of-origin brand affecting the purchase intention of consumer. Moreover, it will help them on identifying the consumer purchasing behavior. Nevertheless, they will gained specific knowledge related with the brand culture of mobile phone industry, such as company or organization of mobile phone will find out the consumer behave towards brand culture and background. More studies on purchase intention will be gained especially the knowledge about it on their mind.

In a cooperate company perspective, especially mobile phone company, they will gained much more clear mind towards purchase intention form by consumer, in the same time, they could improve their marketing strategies based on the finding. Unfortunately, they will revive back the weaknesses of the marketing strategy implemented by the company on capturing consumer purchasing behavior. Finally, they could adjust the studies and scope of direction of future path of their company towards the trend followed by the purchasing behavior of consumer.

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In a consumer perspective, they will realize that their purchasing intention came from several factors that they will not even think about it. Perhaps they did not even know it is the factor caused them to have purchase intention. After their realization, they could learn and manage to control their unwanted cost of purchasing of mobile phone, besides phones, they could implement the same concept into other categories of products.

In a small business owner perspective, especially those who involved with mobile phone, they could easily capture consumer purchase intention toward mobile phone. Secondly, they manage to communicate well with their supplier more on the trend of purchasing intention in the future, as the knowledge of purchase intention learned by them.

## **Problem Statement**

Many different types of products and services being introduced in the market, but there is a significant relation between country-of-origin and purchase intention of product. Consumer's purchase intention of Malaysian is influenced by the brand and where does it originally come from (Yasin, Nasser & Osman, 2007). The trends of mobile phone industry in Malaysia had highly changed, from the perception of consumer that was a luxury product turn into commodity product, and it is really common to have mobile phone among us even that person is just teenage age. So specifically, there are many different type of mobile phone, including brand, model, attribute offered, etc are competitively focus by the business in mobile phone industry. It is a possibility of the country-of-origin will affected the consumer purchase intention.



Based on studies by a researcher (Francis Piron, 2000), there is an existing research saying an issues that related purchase intention affecting from country of origin, the author claim that when consumer decision on purchasing product, consumer face many of it related to product itself, it's purchase and intended usage, as evidenced in the many published research on the topic, marketers and researchers believe and accept that product's COO generally important in decision making, but it is still uncertain in mobile phone industry.

During early 20th century, based on studies from researcher Koh & Ow (2003), most of the user purchased mobile phone with intention of wireless solution and physical attribute, now the purchase intention could not be the same anymore, this is another issues that phone purchasing intention will not always be the same, and currently the user purchasing behavior. Meanwhile, user survey from SKMM (2007), the table figure overall increasing year by year, there is a question, what is the factor will increasing and affect purchase intention of mobile phone.

Mobile phones are often a medium of self-expression and individuality for the younger generation (Ling, 2001; Taylor and Harper, 2001). For example, Gen Y personalized their phones by downloading unique ring tones, screensavers and message tones. Also, Gen Y use mobile phones as an important means to maintain peer relations. As mobile data services are a main source of income for mobile carriers, Gen Y is an important target market for mobile carriers. It's another question, is it different brand offered different type of service or product will affect the intention of buying for Gen Y, too many

selection of the brand in the market had eventually lead the purchase choice increasing, but which is the brand that the consumer choose as the best.

According to the Handphone User Survey, 2005 by Malaysian

Communication and Multimedia Commission, thirteen percentages of people aged below 20 years old owned a mobile phone. Nearly 80 percent of people living in the Malaysia between the ages of 20 and 49 owned or used a mobile phone. The ownership percentages of people in higher age brackets are slightly lower. The ownership drops drastically to 8.7 percent for people 50 years old and above. (Adapted from “ The Use of Mobile Phones by Elderly: A Study in Malaysia Perspectives” by Md. Nizam, Hassan & Jomhari, 2008), it is also potential study from elderly related with purchase intention of mobile phone because they should not be neglected, it is another issues related with purchasing on mobile phone for elder, since different generation had different characteristic. Such as generation Matures, they are hardworking, very reliable, high level of commitment to organizations, meanwhile generation Y, they want everything quickly, show respect only after they are treated with respect.(University of Illinois Alumni Career Center, Lou Harris & Associates)

## **Objective of study**

To look into the consumer of Malaysia’s purchased intention of certain product and service does affected by the country-of-origin brand. It will prove whether there is relationship of country-of-origin affect purchase intention in the studies. From the table 4 that stated in the growth rate of usage of mobile phone in Malaysia, the forecast table stated it is a truth that the usage had increased from year 2005 to 2007, although the attribute in <https://assignbuster.com/mobile-phone-markets-in-malaysia-marketing-essay/>

the table were not related with purchase intention toward mobile phone, but it does prove that the mobile phone usage had growth, therefore purchase activities increased as well. That is why this study is to test the interrelationship of purchase intention with factor and country-of-origin.

Another objective that wanted to achieve is the hard to understand more clearly on the consumer market in Malaysia towards brand of mobile phone, many uncertainty of brand preference or shopping method used by the consumer. Therefore this study could reach this objective through survey.

## **Organization of Research Project**

Figure 1 – Research Framework

Dependent Independent

Purchase Intention

Product Attitude

Brand Attitude

Perceived Quality

Emotional Value

Brand Personality

Country-of-origin

Interrelationship

Product attitude, brand attitude, perceived quality, emotional value, and brand personality. These are the independent variables of dependent variable purchase intention. This model framework purpose is to identify the relationship between purchase intention with product attitude, brand attitude, perceived quality, emotional value, brand personality. Product attitude is the product response of consumer towards the product, brand attitude is the perception of brand among consumers, perceived quality is the average level of quality satisfaction received, emotional value is the emotion of the consumer judge on certain product or service, lastly, brand personality is the personality created by the producer.

There is another purpose, to search whether country-of-origin impact or affect the relationship between dependant and independent variables, this show that the independent variable country-of-origin might affect the independent variable of purchase intention during purchasing process.

## **1. 9. 1 Important terms**

### **Purchase intention**

The plan made by the consumer to purchase the specific products and services in the future is define as purchase intention. (Adapt from <http://www.businessdictionary.com/definition/purchase-intention.html>)

### **Country-of-origin**

Country-of-origin is the country (often referred to as the home country) with which a manufacturer's product or brand is associated (Saeed, 1994)

## **Brand attitude**

The importance of overall brand attitude in consumer perceptions of product attributes has been widely reported in the consumer behavior literature. Han and Terpstra, (1988) observed that brand name affected consumer evaluations of the quality.

## **Product attitude**

Product attitude is generally defined as a predisposition to respond to a particular product in a favorable or unfavourable manner (Kim, 1995).

## **Perceived quality**

One of the ways consumers form perceptions about a brand is based upon quality (Doyle, 2001). In Malaysia, several different culture occur in perception of quality because of differ ethnicity.

## **Emotional value**

Certain products and brands provide non-utilitarian experiences that generate distinct emotional value for consumers (Holbrook, 1986). Emotional value is defined as the benefit derived from the feeling or affective states that a product generates (Sweeney and Soutar, 2001).

## **Brand personality**

Brand personality refers to the human characteristics associated with a specific brand (Aaker, 1997). It is typically regarded as an important promotional tool to develop an overall image appealing to targeted audiences (Gwinner and Eaton, 1999)

# 1. 10 Organization of Research Project

## Chapter 1 – Introduction

Basically will find article and search information through line, if there is a lack of resources, definitely will seek help from supervisor, and friends.

Library could be a very great resource centre for the gathering of information. But will try to find the data from any channel that could perform in the studies.

## Chapter 2 – Literature Review

Adapt and cite from the article mostly from Emerald (www. emeraldinsight. com), because the site which is Emerald provide complete and neat journal, while it had supported by our MMU digital library. Read as many articles and journals as possible, Mostly will source from the internet, print out in hard copy way, highlight will be an easy job for me to noted down the citation.

## Chapter 3 – Methodology

Build hypothesis before create survey questionnaire. It is because the assumption will be the initial idea to create standard questionnaire, through guidance of supervisor to ensure the questionnaire is really effective and qualified to distribute to the consumer. Sampling will be the user of mobile phone since my topic is related with mobile phone brand and purchase intention of the product lines. Besides, continuing the studies by collect the data from secondary data such as journal as reference. Data collection will be in the survey questionnaire style, and focusing on different demographical consumer.

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#### Chapter 4 – Result and Discussions

Compute results from the survey questionnaire by using necessary measuring tools, such as ANOVA table, or SPSS software.

#### Chapter 5 – Conclusion and recommendation

Depends on the result, if the discovery is totally different from the hypothesis had been made, conclusion will be contra from the hypothesis. Recommendation will be based on the weaknesses and negative scope occurs from the result.