

## **When, What and How Much to Buy? Analyzing Consumer's Price Perception and Behavioral Intention in ISP industry of Pakistan**

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### **Abstract**

In Pakistan's internet service provider (ISP) industry, the sales promotion does effect in the form of downloading limits, level of discounts and payment methods to the consumer buying behavior. Sales promotion is one of the most effective ways to persuade consumers because it leads to actual physical use of the product. In Pakistan the internet service provider sector has grown since 1992. Each year, the internet service providers improve their services and consumer approach through different sale promotion techniques to stay up with the everyday competition. This paper analysis different marketer's point of view and serves as an abridging platform between the consumer approach and the market for nourishing and further strengthening sales promotion campaigns in Pakistan's ISP's industry.

**Keywords:** Consumer buying behavior, Consumer practices, Sales promotion, Internet service providers

### **Introduction**

Sales promotion is way to persuade the consumer toward a specific product or service. In this study we explore the impact of sales promotion on consumer of internet in Pakistan. Due to multiple internet providers, marketers focused on consumer to attract toward their services. Therefore, marketers use different promotional offers and schemes to take competitive advantage. There have five stages of basic buying decision model. First recognition of a service brand, at the second stage consumer seek information about the service provide and the third stage consumer evaluate the gathered information. After evaluation consumer reach on forth stage that buy the service of specific brand or service provider. After using of product or services the consumer evaluate the goods and services, consumer repeat the buying and become brand loyal. (harley, 1994) In Pakistan the arrival of internet industry starts from the first dial up connection introduced in 1992-1993. Then this journey goes on SDNPK launched dialup connection in Karachi, Lahore and Islamabad. Later on in 1995 Digicom launched first time online dialup connection by using a direct satellite SCPC backbone link of 64 kbps. In this same year a subsidiary of state owned incumbent PTCL named Paknet started in Karachi, Lahore and Islamabad started dialup text internet services. In 1996 Pakistan Telecommunication Authority (PTA) established, the first regulatory authority of Pakistan. The Paknet and COMSATS are also enhanced their services in this same year. At that time the cost of dial up connection is 100/- per hour. In 1998 the other internet service provides started their services and speed enhanced from 33.6 to 56 kbps. Now in 2001 the Pakistan's first broad band DSL launched by Micronet broadband services. Then from 2001 to own wards the Wi Tribe and other internet service providers launched their services. In current era the mobile companies like Mobilink, Warid, Ufone, Zong, and Telenor launched the 3G and 4G services in Pakistan.(ispak, 1997)

Due to lack of infrastructure only limited no. internet service provider are available in all big cities of Pakistan. The five major internet service providers are PTCL Broadband, Wateen , World Call, Wi-Tribe and Qubee. PTCL is the largest ISP (Internet Service Provider) in Pakistan whose have 26% total market share in Pakistan. PTCL provides both wireless and broadband services. It provides services almost all cities of Pakistan. It provides highest speed and unlimited downloading in Pakistan. Wateen is a second largest ISP in Pakistan and first and the largest WiMAX service Provider. It provides only wireless services in Pakistan. It provides up to 8.0 MBPS. World call ranked as in third position in ISP list. It provides both WLAN and Wireless services. Its speed is up to 10 MBPS and unlimited downloading with wire line. It's also provides services almost all big cities of Pakistan. Wi Tribe is forth major ISP provide services in Karachi, Lahore, Islamabad, Faisalabad and Rawalpindi. It does not provide unlimited downloading to all its users. Qubee is reach recently providing the service in four major cities Karachi Lahore Islamabad and Rawalpindi. It does not provide unlimited downloading to its users. (Top Internet Service Providers In Pakistan). This is the age of competition in which companies made an effort to promote their sales. Therefore, companies launch different promotions to attract consumers towards their services. Mainly the companies gave attraction in the form of downloading speed, data downloading, payment methods, the long lasting of offers and type of packages offered on different events. The consumers mainly focus the internet downloading speed because it enables the users to surf on internet more quickly. The internet speed matters a lot in internet surfing. As good as the speed of internet the users will more satisfied by the internet service provider. Secondly the payment methods have influenced to users. The easy payment methods are more favorable and welcomed by users rather than to visit franchise or follow the strict rules and regulation in payment matters. The people or users of internet are very much cost conscious. They generally search or seek information regarding the discounts and offers provided by the internet service providers. In this matter the companies also made an effort to provide distinguished discount offers in market to attract consumers. Another factor is the validity of offers that internet service providers will remain open in the market to get maximum sales. Sometimes the consumers switch to other networks just due attain offer for a specified or longer period of time that was offered by the other internet service providers. Therefore the validity of offer also does matter in sales promotion. Last the packages and offers offered by the internet service providers also made internet users to attain maximum benefit out of it. The importance of this study is to check the impact of sales promotion on consumer buying behavior with a prospective of marketer. The response is helpful for marketer to promote their services and take competitive advantage. It also helps in making marketing strategies that how to promote in perfectly competitive market. This study aims at examining the response of consumers of internet service providers on sales promotions. The response means consumer decisions to buy the specific internet service providers on the behalf of limit of downloading's, method of payments, size of discounts, validity of offer and packages of internet that which factor and how much it effects to selection of inter service providers.

### **Literature Review**

Sale promotion offer create brand awareness except than brand acceptance. Consumer ranked the all available product on base of their utility and take decisions. Consumer purchases that product whose have maximum utility for them. The sales promotions enhance the product utility for consumer to buy the specific product. The sales promotions does not effect on brand loyalty of a consumer, it's just short term attractiveness to a consumers towards a product, in long term consumer loyal to the positioned product. (Alam & Faruqui, 2009) In Nigerian study of telecommunication, shows that the sales promotions have positive impact on brand loyalty. The income of consumer has

a major effect to persuade the consumer towards promotional products or service. Consumer switches their brand that used before due to take advantages that provides in promotional offers in and schemes. So companies who have highly competitive use sale promotional techniques to take competitive advantage to attract the customers. (Omotayo, 2011) Marketers use to satisfy need of consumer. The purpose of marketing how to create brand preference with relate to specific product or service because consumer preference is most significant in consumer purchasing decision making process. According to prior study consumer purchasing decision making process has 5 stages. Definition of problems, investigation of alternatives, evaluation of alternatives, purchase decision and post purchase. The consumer focused on cost effectiveness from the consideration set. The sales promotion and announcement about products and services have major impact on consumer selection from the consideration set. According to consumer efficiency theory consumer preferred to select that product in which consumers spend minimum resources but want to get maximum utility. (Yildirim & Aydinb, 2012) Sales promotion mostly used to accelerate the purchase it's meant the promotions or pursue to consumers to purchase the promoted goods. But consumer selects those products and services whose are beneficial for consumer in monetary term and in head ionic term and manufacturer and provider also want to get benefits from the promotion of product and services. In the form of maximizing profit by increasing sales.(kahn & schmittlein, 1992) The sales promotion have significant positive effect on consumer buying behavior and similarly culture also influence in purchasing decision of consumer with reference to sales promotion. Sales promotion acts as a moderator of the effect of culture on the consumer behavior and may affect consumer behavior independently of culture. Consumer selects the product and services on the base of evaluation of promotions differently in different cultures. (Chaharsoughi & Yasory, 2012) Sales promotion enhances to buy on series of promoting tactics. Attract the customer towards specific product or services by emotionally. Like as time duration s, deadlines happy hour, that tactics are used to pursue the consumer emotionally. (Fransiska, Andhikaa, Indraa, & Rengganisa , 2012) Sales promotion enhances the sales for the company. Any type of sale promotion either it is in monetary or non-monetary terms seeks consumers attention. Sales promotion does affect the consumer loyalty or behavior. The consumer do consider the sale promoted items either it is in the form of financial benefits or other incentives. (Mendez, Bendixen, & Abratt, 2015). The sales promotion gives immediate boost to company to get their desire sales or revenue. Sales promotion is also known as a survival tool because it up fronts with the competitors to sustain in the market. The company's survival is in to gain maximum profit and to be cost efficient. Therefore the incentives given on any product is a method to gain maximum output. (Ajagbea, Longb, & Oluyinka, 2013) The promotional activity was a valid way to enhance your sales and gain place in the market. The sales promotion is also a strongest tool to gain customer attention other than the TV commercials and ad campaigns. The researcher found that sales promotional activities have positive effect on consumer attention seeking and change consumer purchase behavior. (Shallu & Gupta, 2013)The researcher analyzes the impact of sales promotion and commercial campaigns at the same time. They analyzed that sales promotion is a better way to approach consumer comparative to ad campaigns because in sales promotion campaigns actually seek and use the product physically. Therefore the combination of sales promotion and commercial campaigns were effective way to persuade consumers. (Chakraborty, Hossain, & Azad, 2013)

If companies want constant influence on consumer than sales promotion was effective to persuade consumers. The promotions actually reach and fulfill consumer's needs. In every sector to meet the demands of consumer in competition it is one of the methods to approach consumers and build relationship. (Darko, 2012)

**Hypothesis:**

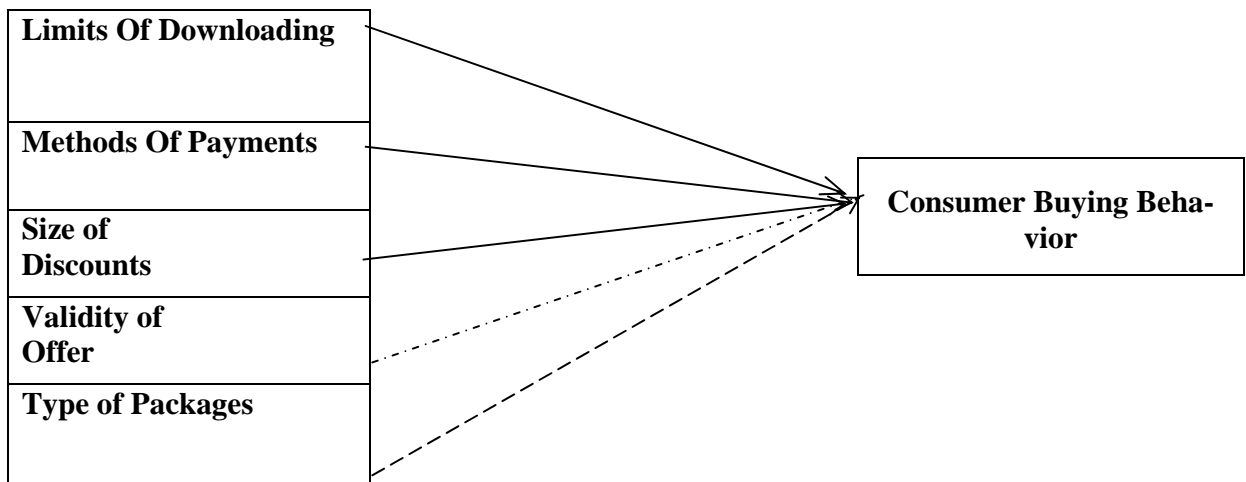
**H1:** The limits of downloading have positive effect on consumer buying behavior of internet services.

**H2:** The payment methods have an effect on consumer buying behavior of internet services.

**H3:** The discount sizes have a positive effect on consumer buying behavior of internet services.

**H4:** The validity of offer can effect on consumer buying behavior of internet services.

**H5:** The types of packages of internet service providers have positive effect on consumer buying behaviors of internet services.



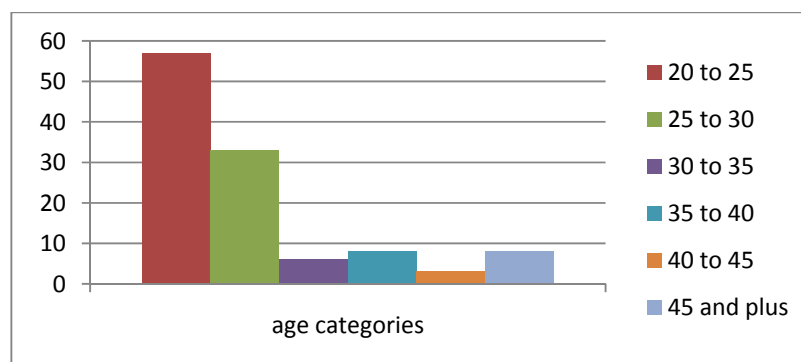
**Figure 1. Model Frame Work**

**Data Analysis:**

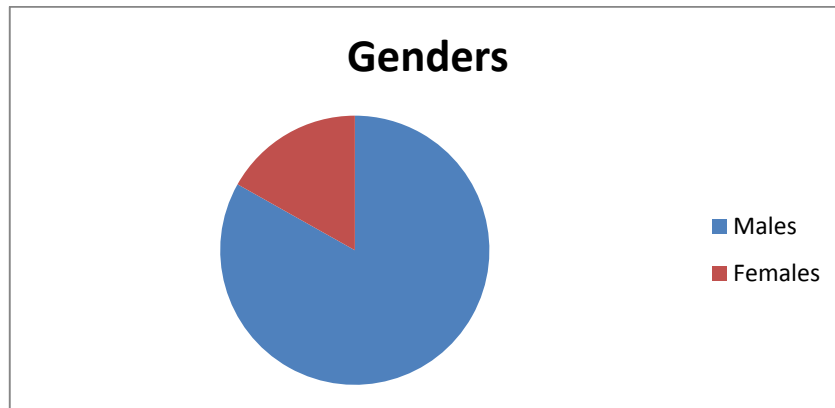
In this research methodology we organized a structured questionnaire that was distributed among 200 participants. Among this 184 participants managed to give appropriate data on which we analyze our findings. We distributed the questionnaire among different age group cadres. In gender analysis there were 153 males and 31 female participants.

**Table: 1 Age**

15 to 20	20 TO 25	25 TO 30	30 TO 35	35 TO 40	40 TO 45	45 & PLUS
69	57	33	6	8	3	8



**Figure 2 Demographics**

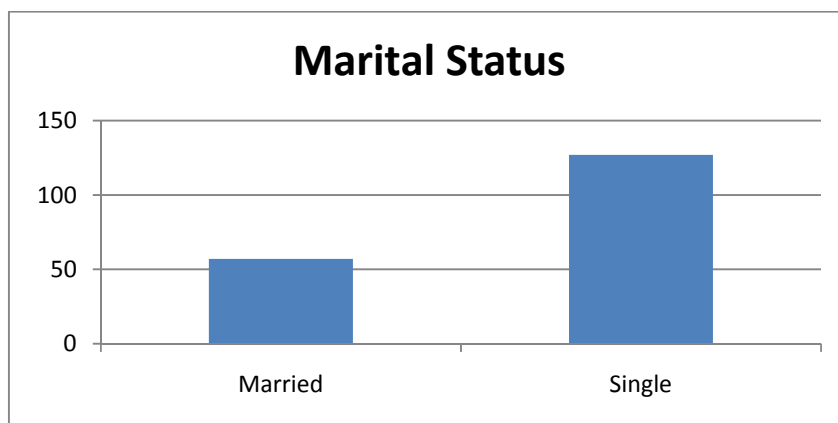


**Figure3 Demographics**

We categorized the educational status into four categories i.e. secondary, graduation, master and others. The people related to internet service purchasing segment were majority of literate people. They know the basic elements and information regarding internet service providers and their services. In marital status the majority respondents are single and their majority educational status are graduation basis.

**Table: 2 Marital Status**

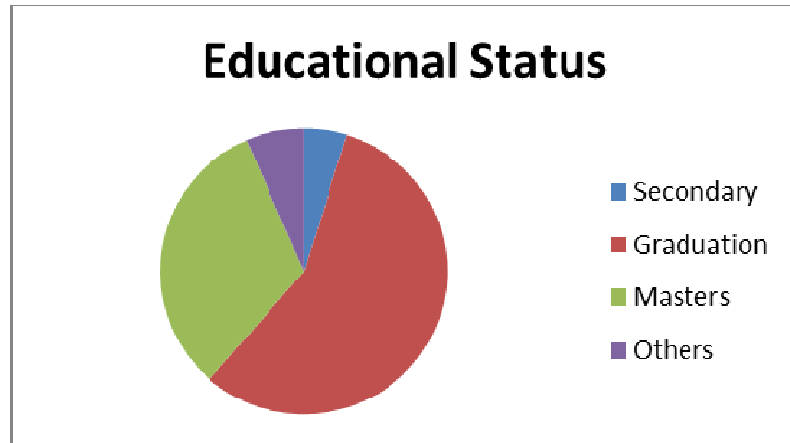
Married	Single
57	127



**Figure: 4 Marital Status**

**Table 3. Education**

Secondary	Graduation	Masters	Others
9	104	59	12

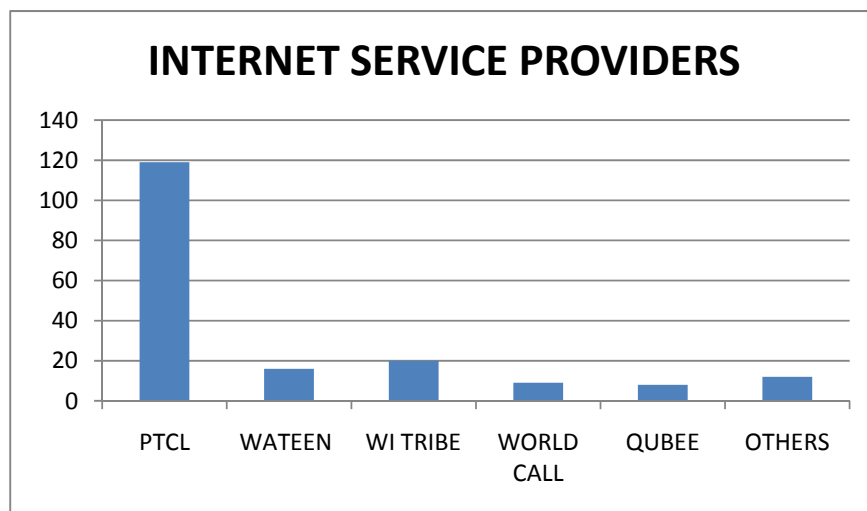


**Figure 5. Educational Level**

According to our research there were some major internet service providers in Pakistan who provided their services for more than a decade. We categorized the data among major internet service providers and other sources. Among 184 participants the people use internet services for both official and domestic purposes. The people use internet services for approx. 10 years. The 61% people said that they do not change their service providers on the basis of sales promotion and remaining change their service provider due to sales promotion. The majority of respondents use PTCL as internet service providers.

**Table 4. Internet Service Providers**

PTCL	WATEEN	WI TRIBE	WORLD CALL	QUBEE	OTHERS
119	16	20	9	8	12



**Figure 6 Internet Service Providers**

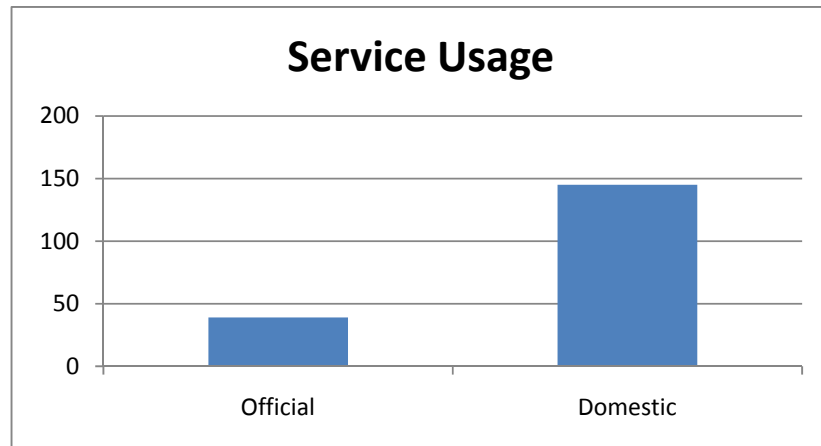


Figure 7. Service Usage

Table 5. Usage Period

0 to 2 Years	3 to 4 Years	5to 6 Years	7 to 8 Years	9 to 10 Years
60	55	38	12	19

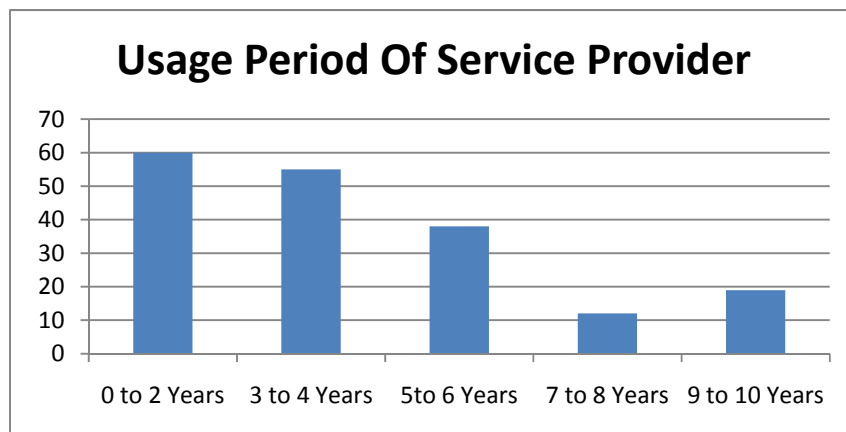


Figure 8 Usage Period

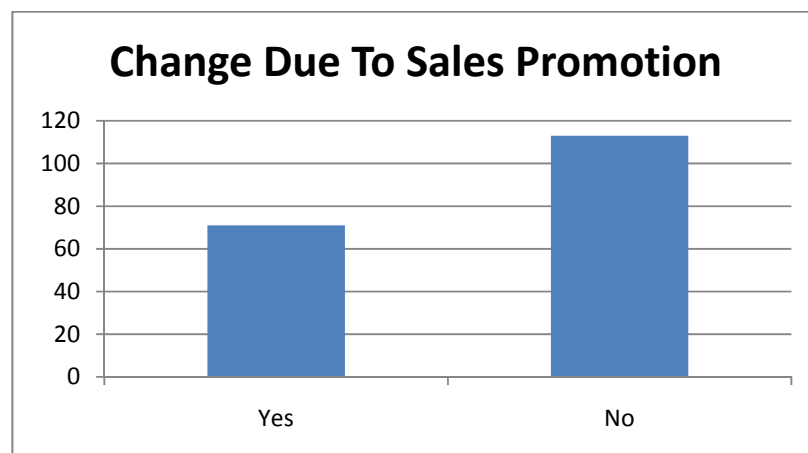


Figure 9.

**Reliability Analysis**  
**Reliability Statistics**

**Table 6. Reliability**

Cronbach's Alpha	N of Items
.794	6

**Table 7. Correlation**

Correlations			
		CBB	LOD
CBB	Pearson Correlation	1	.435**
	Sig. (2-tailed)		.000
	N	184	184
LOD	Pearson Correlation	.435**	1
	Sig. (2-tailed)	.000	
	N	184	184

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Table 8. Correlation**

Correlations			
		CBB	SOD
CBB	Pearson Correlation	1	.222**
	Sig. (2-tailed)		.002
	N	184	184
SOD	Pearson Correlation	.222**	1
	Sig. (2-tailed)	.002	
	N	184	184

\*\* . Correlation is significant at the 0.01 level (2-tailed).

**Table 9. Correlation**

		CBB	MOP
CBB	Pearson Correlation	1	.327**
	Sig. (2-tailed)		.000
	N	184	184
MOP	Pearson Correlation	.327**	1
	Sig. (2-tailed)	.000	
	N	184	184

\*\* . Correlation is significant at the 0.01 level (2-tailed).



**Table 10. Coefficients**

Coefficients										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	2.146	.201		10.679	.000	1.750	2.543		
	LOD	.382	.059	.435	6.516	.000	.266	.498	1.000	1.000

Dependent Variable: CBB

**Table 11. Coefficients**

Coefficients <sup>a</sup>										
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	2.374	.225		10.535	.000	1.929	2.818		
	MOP	.332	.071	.327	4.668	.000	.192	.472	1.000	1.000

a. Dependent Variable: CBB

**Table 12.**

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	95.0% Confidence Interval for B		Collinearity Statistics	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	2.618	.254		10.301	.000	2.117	3.120		
	SOD	.233	.076	.222	3.067	.002	.083	.383	1.000	1.000

Dependent Variable: CBB

### Results

The findings of our study show H1, H2 and H3 are accepted. H4 and H5 are rejected. H1 is accepted means limit of downloading have significant and positive effect own consumer buying of internet service provider ( $C = .435$  &  $P < 0.05$ ). H2 accepted mean method of payments have significant and positive impact on consumer buying decision of specific service provider ( $c = .327$  &  $P < 0.05$ ). H3 accepted mean size of discount also have significant and positive relation to the consumer buying decision ( $C = .222$  &  $p < 0.05$ ). H4 and H5 are rejected because p value is greater than 0.05.

### Conclusion

According to finding this study the limit of downloading is most important factor that consumer consider to selection of internet service provider. Most of the consumers decide to buy on the bases of limit of downloading. Method and payment the second factor that consumer consider for selection of internet service provider. Size of discount also influence the decision making process which internet service providers are suitable for them. Method of payment and size of discount are also important but not much as compare to limit of downloading's.

### Recommendations

This study has done in limited frame of time and deficiency of cost which do not extended in large manner. It the data is limited to geographically in Lahore. So, it cannot be generalized on all Pakistan. Convenient sampling is itself biased sampling technique.

This study extended to other dimension that significantly effective in buying decision making process. It also geographically expanded to other big cities of Pakistan.

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