

CHAPTER 1

INTRODUCTION

The International Telecommunication Union (ITU) (www.budde.com.au), an international organization where governments and the private sector coordinate global telecom networks and services, has reported that Asia is one of the fastest growing markets in the world. The region experienced annual growth rates of 50% in mobile subscribers numbers in both 1999 and 2000 with annual revenues reaching a total US\$ 120 billion in 2002. The report also forecasted that the revenue from this sector will rise to US 239 billion by 2008.

In Malaysia, mobile communications industry indeed has been a booming business for the past few years. According to the Malaysian Communications and Multimedia Commission (MCMC) (www.cmc.gov.my) report as at December 2002, Malaysia's mobile phone population stood at 9.1 m subscribers, with a penetration rate of about 37%. This level is 3.4x the subscriber base at end-1999, representing a 3-year compounded annual growth rate of 50%. Mobile service providers have indeed outperformed the initial target of having 38 per cent penetration by 2005. Currently, there are approximately 11.1 million mobile phone subscribers in the country with the penetration already reaching 43.9 per cent in quarter four of 2003. (See Appendix I).

This exceptional growth of mobile penetration in fact indicates how large this market can become. The trend is set to continue, as Malaysians wait for yet another mobile technology revolution - the introduction of the latest and more advanced data technology called General Packet Radio Services or GPRS for short. More applications will be available and are expected to enrich the lives of mobile users, subsequently making the task of identifying and consolidating "one integrated" usage behaviour more complex than before. In fact, even more difficult will be the prediction of future usage behaviour.

The purpose of this study, therefore, is to investigate characteristics of the mobile phone consumers with regards to their demographic and psychographics factors.

1.1 OBJECTIVES OF THE STUDY

The purpose of this study is to distinguish the urban mobile phone user using the respondents average monthly mobile phones bill as the dependant variable and profile them based on demographic and psychographics variables.

Specifically, the objective of the study is to distinguish demographically and psychographically the usage behavior of urban Malaysian mobile consumer.

1.2 SIGNIFICANCE OF THE STUDY

By exploring the demographics and psychographics of Malaysian mobile phone consumers, it is hope that the findings of the study would facilitate further development of mobile phone market in Malaysia. Most specifically, the study aim to explore how demographics and psychographics would direct consumer attitude and perception towards the usage of mobile phone differently. As asserted by Friend, a marketing researcher for Survey Research Malaysia (SRI), the Malaysian marketers can see their consumers in black and white by using demographic variables. However, with psychographics, the marketers can see them in colours (Ho, 1988).

The consumer behaviour knowledge obtain could be an utmost useful information for mobile operators in the formulation of marketing strategies pertaining to the rolling out of new applications and services in the near future. From this, mobile operators can embrace niche marketing to refine and target their services offering to different potential and profitable user groups. The target markets can then be reach through appropriate marketing mixes and efforts with the help of more meaningful portraits of target groups defined.

1.3 SCOPE OF THE STUDY

This study will be conducted in Klang Valley using quota convenience sampling to represent urban Malaysian mobile phone users. Klang Valley, being the largest and most cosmopolitan area in Malaysia, has a sizeable percentage of the population making their livings from diverse industries. Furthermore, people who live in large city are perceive to be more responsive to the questionnaires. Moreover, time and cost constraints have also limited the geographical coverage to other areas. The data for this study was collected through self-administered questionnaires during the period from February to March 2004.

The scope of this study uses mobile phone usage as the dependant variable and explicating the relationships through empirical testing with psychographics (Wells and Tigert, 1971) and demographic variables of urban Malaysian mobile phone users.

1.4 LIMITATIONS OF THE STUDY

Firstly, this study is limited in its scope of study and sampling procedure. The impacts of consumer behaviour on mobile phone usage could be examined in many perspectives and in more details. This study only focuses on the lifestyle and demographic variables that the author viewed can provide useful insight to the influences of mobile phone usage behaviour.

Secondly, in view of the time and cost constraints, the present study is restrictively conducted with the participation of mobile phone users in Klang Valley, which may not be representative of the total market. Apart from that, the use of quota for convenience sampling is in fact view as a limitation, which may account for upwardly biased findings. As a matter of fact, a larger and diverse sample is able to produce a more generalized result of the impact of lifestyle to the usage of the mobile phone. As a result, this study will be exploratory in nature.

Therefore, the findings of this research should be interpreted within the limits of the sample size (n=500 urban consumers), sample space (Klang Valley) and time (data collected within 4 weeks). Despite the above shortcomings, the findings of this study would be able to provide insights into the impacts of the psychographics and demographic characteristics among Malaysian mobile phone users.

1.5 ORGANIZATION OF THE REPORT

This report has been organized into five main chapters. Chapter One serves as general introduction to the study. It presents an overview of the problem, objective, significance and scope of the study. Chapter Two discuss on how people currently use their mobile phones and how it has contributed to the reorganization of work and leisure. Also, previous researches in the field of segmentation based on consumer psychographics and demographic characters are also reviewed here. Chapter Three presents the methodology of the study, which includes the sample design and procedures, the measuring instruments adopted, followed by data collection method and data analysis techniques used in this study. Chapter Four presents the overall findings of the study and discussion of the research results. Lastly, Chapter 5 concludes the study by summarizing the findings and provides implications of the study. Some recommendations for future research are also presented in the study.