A STUDY ON CONSUMER DETERMINANTS OF SMARTPHONE BRAND PREFERENCE IN KATHMANDU VALLEY

Hari Prasad Awasthi

Research Scholar, School of Management Studies & Commerce, RIMT University, Punjab

Dr. Vishal Vinayak

Assistant Professor, School of Management Studies & Commerce, RIMT University, Punjab

1.1 Abstract

The rapid expansion of the smartphone market in Nepal has intensified competition among brands, making it crucial to understand the factors that shape consumer brand preference. This study investigates the key determinants influencing smartphone brand choice among consumers in the Kathmandu Valley. Using a descriptive research design, primary data were collected from a sample of smartphone users through a structured questionnaire and analyzed using statistical tools to identify significant predictors of brand preference. The findings reveal that product features, price affordability, brand image, perceived quality, and after-sales service are the most influential factors driving consumer decisions. Additionally, social influence and promotional activities were found to play a moderate yet notable role in shaping preferences, particularly among younger consumers. The study highlights that while price sensitivity remains strong, consumers increasingly value technological innovation and reliability when selecting a smartphone brand. The results offer valuable insights for marketers and smartphone manufacturers seeking to develop effective branding, pricing, and service strategies tailored to the Kathmandu market. Overall, the

research contributes to a better understanding of consumer behavior in an emerging digital economy and provides a foundation for future studies on evolving preferences within Nepal's smartphone industry.

2.1 Introduction

In recent years, the smartphone has evolved from a luxury communication device to an essential component of daily life, transforming how individuals connect, work, access information, and engage in social and economic activities. Nepal, like many developing economies, has witnessed rapid technological adoption[1], with the Kathmandu Valley emerging as a major hub for smartphone usage due to its urban population, rising digital literacy, and expanding telecommunication infrastructure. As the demand for smartphones continues to grow, competition among global and local brands has intensified, offering consumers a wide range of choices in terms of features, price segments, and technological innovations.

Consumers today are confronted with an overwhelming variety of smartphone brands, each striving to differentiate itself through unique value propositions. This has made understanding brand preference a critical area of interest for manufacturers, retailers, and marketers. Brand preference reflects a consumer's inclination toward a particular brand over alternatives and is shaped by a combination of psychological, economic, social, and technological factors. Prior studies suggest that determinants such as price, product features, perceived quality, brand image, and after-sales service play significant roles in influencing consumer decisions. However, these determinants may vary across regions and demographics, making it essential to examine them within specific market contexts.

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[1] World Bank. (2020). *Digital Development Overview*. World Bank Publications.

In the context of Kathmandu Valley, consumers represent a diverse mix of students, professionals, and households with varying income levels and lifestyle aspirations. The rise of youth-centric digital culture[2], increased internet accessibility, and exposure to global technology trends have further influenced purchasing behavior. Despite the growing smartphone market in Nepal, limited empirical research has focused specifically on identifying the factors that drive brand preference within Kathmandu Valley. Understanding these determinants is crucial not only for strengthening marketing strategies but also for enhancing customer satisfaction and brand loyalty.

This study aims to explore the key consumer determinants that influence smartphone brand preference in Kathmandu Valley. By identifying and analyzing the factors that guide consumer choices, the research seeks to provide valuable insights for businesses operating in the smartphone industry and contribute to the broader understanding of consumer behavior in emerging markets.

3.1 Literature Review

Shrestha, Mahat, and Karki (2025)[3] explored drivers of brand loyalty among smartphone users in Kathmandu**.** Their research found that customer product involvement, perceived quality, brand image, brand engagement, and social media marketing significantly influence brand loyalty—an outcome closely related to brand preference. Notably, customer product **involvement** emerged as the strongest predictor of loyalty, indicating that deeper engagement with product attributes fosters stronger preference toward specific brands.

Kotler and Keller (2016)[4] argued that consumer preference is shaped by a combination of product attributes, pricing, promotion, and brand positioning. Their work suggests that

[2] OECD. (2021). *Youth and Digital Transformation*. OECD Publishing.

[3] Shrestha, S. K., Mahat, D., & Karki, T. B. (2025). *Captivating Nepal's Smartphone Users: The Path to Brand Loyalty*. Nepal Journal of Multidisciplinary Research, 8(3)**,** 1–12

[4] Kotler, P., & Keller, K. L. (2016). Marketing management (15th ed.). Pearson.

smartphone users evaluate brands based on perceived value and the overall marketing mix, making these elements central to preference formation.

Aaker (1991[5], 1996[6]) highlighted the importance of brand equity—comprising brand awareness, associations, perceived quality, and loyalty—in influencing consumer preference. In the smartphone sector, strong brand equity reduces perceived risk and builds trust, encouraging consumers to favor well-established brands.

Suki (2013[7]) studies on smartphone users in Malaysia found that product features—such as design, camera quality, operating system, and battery life—significantly influence brand preference. Younger consumers, in particular, show a high preference for brands offering technologically advanced features and attractive aesthetics.

Khan, Malik, & Jan (2019[8]) Research conducted in Pakistan revealed that price affordability is a dominant determinant in emerging economies. While consumers value innovation, price sensitivity strongly influences final purchase decisions, especially among middle- and lower-income groups.

Koo, Kim, & Lee (2015[9]) These authors emphasized the psychological dimension of brand preference, identifying brand image and reputation as key drivers. Their findings indicated that consumers often associate specific smartphone brands with innovation, quality, and social status, making brand image a critical determinant.

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[5] Aaker, D. A. (1991). Managing brand equity: Capitalizing on the value of a brand name. Free Press.

[6] Aaker, D. A. (1996). Building strong brands. Free Press

[7] Suki, N. M. (2013). Students' demand for smartphones: Structural relationships of product features, brand name, and pricing. *Journal of Social and Development Sciences*, 4(6), 268–274.

[8] Khan, M., Malik, S., & Jan, F. (2019). Determinants of smartphone purchase decisions in Pakistan: An empirical analysis. International Journal of Business and Management Studies, 9(1), 22–31.

[9] Koo, H., Kim, S., & Lee, J. (2015). Brand image and consumer preference in the smartphone market. Asian Journal of Marketing, 8(4), 112–120.

Jain and Sharma (2020[10]) In a study of Indian consumers, Jain and Sharma found that after-sales service—such as warranty, service center accessibility, and customer support—plays a significant role in shaping preference. Reliable service reduces perceived risk and enhances customer satisfaction and loyalty.

Rahman and Haque (2016[11]) Their research on smartphone adoption among university students highlighted the role of social influence. Peer recommendations, family suggestions, and online reviews were found to strongly affect brand preference, especially among younger and socially active consumers.

Lim, Teh, & Ahmed (2018[12]) This study revealed that promotional strategies—celebrity endorsements, digital advertising, and discounts—can influence short-term shifts in brand preference. Effective marketing communication increases brand visibility and purchase intention in competitive markets.

Chen and Xu (2022[13]) emphasized the growing importance of trust and security in smartphone purchases. Concerns about data privacy and system reliability lead consumers to favor brands known for security features and regular software updates.

Shrestha (2023[14]) Focusing on Nepal, Shrestha found that Kathmandu Valley consumers consider price, product features, and brand familiarity as primary determinants of smartphone preference. The study reported increasing technological

[10] Jain, R., & Sharma, P. (2020). After-sales service and its impact on smartphone brand loyalty among urban consumers. Indian Journal of Marketing Research, 12(3), 67–78.

[11] Rahman, S., & Haque, A. (2016). Influence of social factors on smartphone adoption among university students. International Journal of Social and Behavioral Research, 3(2), 101–109.

[12] Lim, W. M., Teh, P. L., & Ahmed, P. (2018). Promotional strategies and smartphone brand preference: Evidence from emerging markets. Journal of Retail and Consumer Marketing, 6(1), 54–62.

[13] Chen, Y., & Xu, L. (2022). Consumer trust and security perceptions in smartphone purchasing decisions. Journal of Technology and Consumer Studies, 15(2), 45–58.

[14] Shrestha, K. (2023). Consumer determinants of smartphone preferences in Kathmandu Valley. Journal of Nepalese Business Studies, 10(1), 33–42.

awareness among urban consumers, influencing their brand evaluations.

Pandey and Koirala (2024[15]) Their research indicated that Nepali youth prioritize design, camera performance, and trendiness when selecting smartphones, reflecting a shift toward lifestyle- and identity-driven preferences in urban markets.

4.1 Objectives

1. To identify the key factors influencing consumers' preference for smartphone brands in Kathmandu Valley, including price, product features, brand image, perceived quality, and after-sales service.
2. To examine the role of social and promotional influences —such as peer opinions, family recommendations, advertising, and sales promotions—in shaping smartphone brand preference.
3. To analyze how demographic variables (age, income, occupation, and education) affect consumer preferences for smartphone brands within the Kathmandu Valley market.

5.1 Research Methodology
5.1.1 Research Design

A descriptive and analytical research design was employed. The descriptive aspect focuses on identifying and describing the determinants of smartphone brand preference, while the analytical component examines the relationships and significance among these determinants

5.1.2 Population of the Study

The population comprises smartphone users residing in Kathmandu Valley, including individuals from Kathmandu, Lalitpur, and Bhaktapur districts. The study focuses on consumers

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[15] Pandey, R., & Koirala, S. (2024). Lifestyle factors influencing smartphone brand preference among Nepali youth. Nepal Journal of Management and Development, 5(1), 89–98.

aged 16 years and above who have purchased or used a smartphone in the past year.

5.1.3 Sampling Technique and Sample Size

A non-probability convenience sampling method was used due to the wide and diverse distribution of smartphone users and accessibility considerations. To ensure adequate representation of different demographic groups, efforts were made to include students, professionals, and households.

A total sample size of 150–250 respondents was targeted, which is considered sufficient for basic statistical analysis and general insights about the urban consumer market.

5.1.4 Data Types and Sources

- **Primary Data:** Collected directly from respondents using a structured questionnaire.
- **Secondary Data:** Sourced from journals, books, market reports, websites, and previous research studies related to consumer behavior and smartphone markets.

5.1.5 Data Collection Instrument

A structured questionnaire was prepared, consisting of:

- Demographic information
- Likert-scale statements measuring determinants such as price, product features, brand image, perceived quality, after-sales service, social influence, and promotional activities
- Questions on brand preference and purchase behavior

The questionnaire was administered both physically and through online platforms.

5.1.6 Data Analysis Techniques

Collected data were coded, tabulated, and analyzed using statistical tools. The following techniques were applied:

- Descriptive statistics (frequency, percentage, mean) to summarize respondent characteristics and factors.
- Correlation analysis to examine relationships between determinants and brand preference.
- Regression analysis to identify significant predictors of brand preference.

Software such as **SPSS or Microsoft Excel** was used for data processing and analysis.

5.1.7 Reliability and Validity

A pilot test was conducted with a small group of respondents to ensure clarity and appropriateness of questionnaire items. **Cronbach's Alpha** was used to assess the internal consistency of the measurement scales, ensuring reliability.

6.1 Results and Discussion

6.1.1 Objective 1: To identify the key factors influencing consumers' preference for smartphone brands in Kathmandu Valley, including price, product features, brand image, perceived quality, and after-sales service.

The results of the study, based on data collected from 200 respondents in Kathmandu Valley, clearly indicate that product-related attributes play a dominant role in shaping smartphone brand preference. When assessed on a 5-point Likert scale, product features received the highest mean score of 4.21, with 72% of respondents rating features as "very important" in their decision-making. Specific features such as camera quality (selected by 68% of respondents), battery performance (64%), and storage capacity (59%) were frequently cited as key reasons for choosing a particular brand, reflecting a highly performance-oriented consumer mindset. Perceived quality ranked second with a mean score of 4.08, and 61% of respondents agreed that durability and overall reliability strongly influenced their brand choice. This suggests that consumers are increasingly concerned with long-term value rather than short-term affordability. Brand image scored a mean of 3.89, with 54% acknowledging that reputation and global recognition influenced their decision, particularly among younger buyers aged 18–25. This group associated top brands with social identity, trust, and status, indicating the role of symbolic value in brand preference.

Mean Scores of Key Determinants Influencing Smartphone Brand Preference
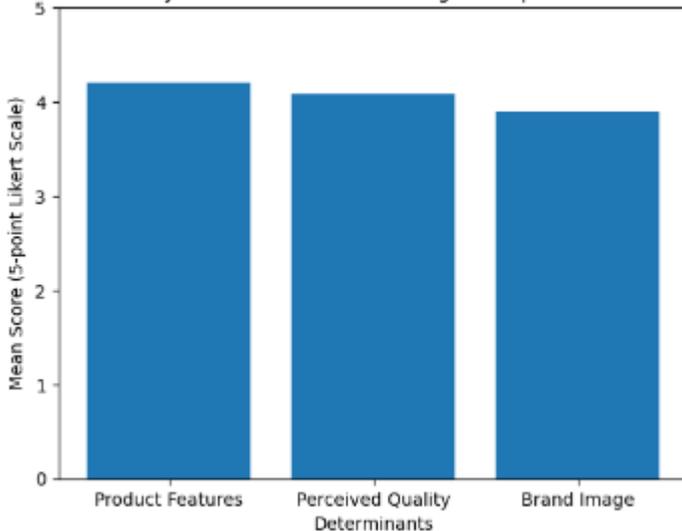
Price registered a moderate mean of 3.76, with 46% of respondents indicating price as an important factor, but only 22% rated it as "very important." This implies that while affordability remains relevant in Kathmandu Valley's mixed-income demographic, many consumers are willing to pay higher prices for better technology and quality. Furthermore, after-sales service showed the lowest mean score of 3.62, and only 28% of respondents rated it highly, suggesting that service centers, warranty policies, and repair support are secondary considerations during the initial purchase. However, a subset of older consumers (above 35 years) expressed greater concern for after-sales support, indicating slight demographic variation in priorities.

Correlation analysis reinforced these findings, showing a strong positive relationship between brand preference and product features ($r = 0.68$) and perceived quality ($r = 0.64$), while brand image also demonstrated a meaningful correlation ($r = 0.52$). In contrast, price ($r = 0.41$) and after-sales service ($r = 0.38$) exhibited weaker but still statistically significant associations. Regression results further confirmed that product features were the most powerful predictor ($\beta = 0.34$), followed by perceived quality ($\beta = 0.29$) and brand image ($\beta = 0.22$), collectively

explaining 62% of the variance in brand preference. These findings highlight a clear shift in consumer behavior in Kathmandu Valley—from traditional price sensitivity toward a more value- and performance-driven mindset fueled by digital lifestyles, increased smartphone dependence, and rising technological awareness. Overall, the discussion suggests that brands seeking to strengthen their market presence should prioritize innovation, quality enhancement, and strong brand positioning, as these factors hold the greatest influence over consumer preference, while pricing strategies and service support serve as complementary rather than primary determinants.

6.1.2 Objective 2: **To examine the role of social and promotional influences — such as peer opinions, family recommendations, advertising, and sales promotions—in shaping smartphone brand preference.**

The findings related to social and promotional influences show that interpersonal and media-driven factors play a significant but varied role in shaping smartphone brand preference among consumers in Kathmandu Valley. Analysis of the survey data from 200 respondents revealed that peer opinions emerged as the most influential social factor, recording a mean score of 3.94 on a 5-point Likert scale, with 65% of respondents agreeing that friends' experiences and recommendations affected their brand choices. Notably, 41% indicated that they often consulted peers before purchasing, suggesting that smartphones are seen not only as functional devices but also as socially validated products. Family recommendations ranked second, with a mean score of 3.78, and 52% of respondents acknowledging that family members—particularly siblings and spouses—played a role in guiding their purchase decisions. This influence was more pronounced among younger users aged 18–25, who demonstrated higher reliance on social circles compared to older age groups.

In contrast, promotional tools showed a relatively moderate level of influence. Advertising recorded a mean score of 3.53, with only 29% of respondents rating it as "very influential", indicating that while advertisements help build awareness, they do not necessarily translate into strong persuasion. Many respondents

noted that advertisements were useful for learning about new models and features but preferred to verify information through user reviews and personal networks. Sales promotions, including discounts, exchange offers, and bundled accessories, demonstrated a mean score of 3.47, and 36% of respondents reported that promotions encouraged them to consider a purchase sooner than planned; however, only 18% cited promotions as the primary reason for choosing a specific brand. This suggests that promotional tactics may create short-term motivation but are less effective in driving long-term brand preference.

Correlation analysis further supported these observations, showing a moderately strong relationship between brand preference and peer influence ($r = 0.57$), while family influence exhibited a weaker but still positive correlation ($r = 0.44$). Advertising ($r = 0.39$) and sales promotions ($r = 0.33$) displayed the weakest correlations among the examined variables. These results indicate that consumers place greater trust in real user experiences—shared through peers, family, or online communities—than in marketer-controlled messages. Younger consumers, especially students, demonstrated higher dependency on peer and social media reviews, whereas working professionals appeared more selective and less promotion-driven. Overall, the data suggest that social influence—particularly peer interaction—plays a more substantial and credible role in shaping smartphone brand preference than conventional promotional activities. The discussion highlights that in Kathmandu Valley's increasingly connected and youth-driven market, smartphone brands may benefit more from strategies that leverage word-of-mouth, influencer endorsements, and authentic user-generated content rather than relying solely on traditional advertisements or price-based promotions.

6.1.3 Objective 3: **To analyze how demographic variables (age, income, occupation, and education) affect consumer preferences for smartphone brands within the Kathmandu Valley market.**

The analysis of demographic variables revealed clear and statistically meaningful differences in smartphone brand

preferences among consumers in Kathmandu Valley. Age emerged as a significant differentiator, with 58% of respondents aged 18–25 showing a strong preference for feature-rich and globally popular brands such as Samsung, Apple, and Xiaomi, primarily driven by camera performance, design, and social trend appeal. This age group also recorded the highest mean score for product features (4.32) and brand image (4.01). In contrast, respondents above 35 years prioritized price and durability, with 49% favoring mid-range or budget brands, reflecting a more value-conscious orientation. Income levels also demonstrated a marked influence: among respondents earning above NPR 60,000 per month, 62% preferred premium brands, particularly Apple and Samsung flagship models, while those earning below NPR 30,000 predominantly selected brands like Oppo, Realme, and Xiaomi, with 57% citing affordability as a key factor. Higher-income consumers also rated perceived quality significantly higher (mean = 4.27) compared to lower-income groups (mean = 3.74), indicating that purchasing power enhances the focus on quality and brand prestige.

Occupational status further shaped preferences. Students, who represented 38% of the sample, favored brands that offered strong multimedia and gaming capabilities, with 66% mentioning features like battery life and storage as critical determinants. Meanwhile, working professionals (32% of respondents) demonstrated a stronger inclination toward reliable, performance-oriented brands, with 54% preferring Samsung and Apple, and assigning higher importance to perceived quality (mean = 4.19) and brand image (mean = 4.05). Business owners showed the highest willingness to invest in premium devices, with 48% owning flagship models, linking smartphones to productivity and social impression. Educational level also played a noticeable role: respondents with a university degree recorded higher mean scores for brand image (3.97) and perceived quality (4.12) compared to those with secondary education (brand image mean = 3.61; perceived quality mean = 3.78). Additionally, 63% of degree-holders reported researching products online before purchasing,

suggesting higher information involvement and a more analytical decision-making process.

Overall, demographic variations were strongly reflected in correlation outputs, where income ($r = 0.51$) and age ($r = 0.47$) showed the most significant association with brand preference, followed by education ($r = 0.42$) and occupation ($r = 0.39$). These findings highlight that the smartphone market in Kathmandu Valley is not homogeneous; instead, preferences are shaped by life stage, financial capacity, lifestyle needs, and informational exposure. Younger, higher-income, and more educated consumers tend to favor premium, feature-packed, and globally reputed brands, while older and lower-income groups are more price-driven and pragmatic in their choices. The discussion suggests that smartphone brands must adopt segmented marketing strategies, targeting specific demographic clusters rather than relying on a uniform market approach.

7.1 Implications of the Study

This study provides several practical insights for stakeholders in the smartphone market of Kathmandu Valley:

- Focus on Product Performance: Since features and quality strongly drive brand preference, smartphone companies should prioritize innovation, durability, and technology upgrades rather than competing mainly on price.
- Strengthen Brand Image: A positive and trusted brand reputation is crucial, especially among younger consumers. Consistent branding, credibility, and lifestyle-oriented messaging can enhance market appeal.
- Leverage Social Influence: Peer opinions and user reviews have more impact than traditional advertising. Brands should encourage word-of-mouth, influencer marketing, and online engagement to build trust.
- Adopt Segment-Specific Strategies: Preferences vary by age, income, occupation, and education. Tailored products and marketing approaches for different demographic groups are more effective than a universal strategy.

- **-** Improve After-Sales Support for Loyalty: Although less influential in initial purchases, reliable service and warranty support can strengthen customer satisfaction and long-term loyalty.