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## ORIGINAL CONTRIBUTION

# A STUDY ON CUSTOMER ADOPTION OF SMARTPHONES

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## ABSTRACT

This study aims at assessing the factors influencing customers adoption of Smartphone's'. This particular study used one model from the behavioral science; the diffusion theory to undertake the research study. The study sought to assess the relationship between five factors that included: relative advantage, compatibility, complexity, perceived cost and observability on how they affect the adoption of Smartphone innovations. This study was a descriptive research study. Quantitative data collection method was used to carry out the study. The target population was consumers who own a Smartphone. This study employed primary and secondary data collection methods. Questionnaire-based survey was used and 180 sets of questionnaires were distributed to the respondents and analyzed using the SPSS. Data findings revealed that compatibility and observability had a positive influence on the consumer adoption of Smartphone's' whereas relative advantage, complexity and perceived cost had a negative influence on the consumer adoption of Smartphone's'. Results established necessitated recommendations to Smartphone companies, sellers and consumers. Recommendations to Smartphone companies was to conduct research at the consumer's viewpoint so that they could gain information about the factors that may cause consumers' to request a Smartphone and understand the features of Smartphone's' that are requested by the consumers and to offer creative and innovative advertisements on the target market to attract more customers. Recommendations to sellers are that they should provide education to their customers regarding the Smartphone technology, its importance, and how they can be operated. In addition, an effective follow up service could be provided to meet or act beyond the customers' expectations, in order to create a positive word of mouth towards the companies. Recommendations to consumers based on the research was that they should actively seek detailed information about the Smartphone innovation, evaluate the Smartphone innovation, try the new idea, observe and/or consult with others, before taking up the innovation for full use.

**KEYWORDS:** Customers Adoption, Innovative Advertisements, Smartphone Technology

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## 1. INTRODUCTION

Launching new products and services in the market represents an important source of increasing the size of a business and the profits of a company. The success of introducing new products on the market is a critical issue of the current marketing programs. Most of the launched products become failure before they grow old (Crawford, 1977; Booz, Allen et al, 1982). According to some research studies (Booz, Allen et al, 1982), only one out of five new launched products are successful on the

market, resulting an 80% failure rate. A different survey revealed that, yearly, out of 5,000 products in supermarkets, only 80% of them proved to be successful in the market (Engel, Blackwell et al, 1990). There are two research approaches concerning market penetration. The first one refers to the way the new products or ideas are spread in the market, which is called diffusion. Diffusion has become a research issue within the literature dedicated to consumer behavior in the second half of the 1960s, the

20th century. As a result of studies concerning the dissemination of new technologies, products and services, the research studies in diffusion process have extended. Researchers have focused both on explaining the diffusion process and drawing up some models of the diffusion process. The second approach refers to adoption or to the decisional process which determines the consumer to accept or reject a new product or idea. In order to create new markets and to alter the value dynamics in a competitive market, firms need to develop more “really new” products rather than radical or incremental products. Really new products are new products that result in a market discontinuity or a technological discontinuity, but do not require customers to undergo significant training in order to use them and extract their value. New products provide an increased opportunity for a stronger competitive position relative to more incremental innovations. Hence the whole concept of consumer adoption, which determines one’s tendency toward novelty-seeking and risk taking behavior (Hirschman, 1980) should be placed much into consideration in order for the firms to prevent failure in the market and gain a more competitive advantage or market share.

### ADOPTION LIFECYCLE

How do potential customers learn about new products, try them, and adopt or reject them? The consumer adoption process is later followed by the consumer-loyalty process, which is the concern of the established producer.

Years ago, new-product makers used a mass-market approach in launching products. They would distribute a product everywhere and advertise it to everyone on the assumption that most people are potential buyers. This approach had two main drawbacks. It called for heavy marketing expenditures, and it involved many wasted exposures to people who are not potential customers. These drawbacks led to a second approach, heavy-user target marketing, where the products is aimed at heavy users.

This approach makes sense, provided that heavy users are identifiable and are early adopters. But even within the heavy-user group , consumer differ in interest in new products and brands;

many heavy users are loyal to existing brands. Many new product marketers now aim at consumers who are early adopters. According to early adopter theory:

- Persons within a target maker differ in the amount of elapsed time between their exposure to a new product and their trying it.
- Early adopters share some traits that differentiate them from late adopters.
- Efficient media exist for reaching early adopters.
- Early adopters tend to be opinion leaders and helpful in “advertising” the new product to other potential buyers.

The theory of innovation diffusion and consumer adoption helps marketers identify early adopters.

### STAGES IN THE ADOPTION PROCES

An innovation refers to any good, service, or idea that is perceived by someone as new. The idea may have a long history, but it is an innovation to the person who sees it as new. The idea may have a long history , but it is an innovation to the person who sees it as new. Innovations take time to spread through the social system. Rogers defines the innovation diffusion process as “the spread of a new idea from its source of invention or creation to its ultimate users or adopters.” The consumer-adoption process forces on the mental process through which an individual passes from first hearing about an innovation to final adoption.

Adopters of new products have been observed to move through five stages:

1. **Awareness:** The consumer becomes aware of the innovation but lacks information about it
2. **Interest:** The consumer is stimulated to seek information about the innovation.
3. **Evaluation:** The consumer considers whether to try the innovation.
4. **Trial:** The consumer tries the innovation to improve his or her estimate of its value
5. **Adoption:** The consumer decides to make full and regular use of the innovation

The new-product maker should facilitate consumer movement through these stages. A portable electric dishwasher manufacturer might discover that many consumers are stuck in the interest stage; They do not buy because of their uncertainty and the large investment cost. But these same consumers would be willing to use an electric dish washer on a trial basis for a small monthly fee. The manufacturer should consider offering a trial-use plan with option to buy. Developers of most general-interest interactive cd-rom titles found that consumers were stuck in the interest or trial stage and moved less rapidly to adoption.

The technology adoption lifecycle is a sociological model that is an extension of an earlier model called the diffusion process, which was originally published in 1957 by Joe M. Bohlen, George M. Beal and Everett M. Rogers at Iowa State University and which was originally published only for its application to agriculture and home economics. Building on earlier research conducted there by Neal C. Gross and Bryce Ryan. Their original purpose was to track the purchase patterns of hybrid seed corn by farmers.

Beal, Rogers and Bohlen together developed a model called the diffusion process and later Everett Rogers generalized the use of it in his widely acclaimed book, *Diffusion of Innovation* (now in its fifth edition), describing how new ideas and technologies spread in different cultures. Others have since used the model to describe how innovations spread between states in the U.S.

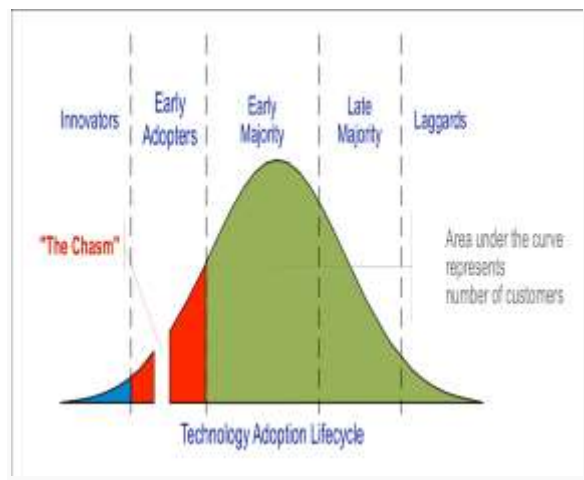


Figure 1:Rogers' bell curve

The technology adoption lifecycle model describes the adoption or acceptance of a new product or innovation, according to the demographic and psychological characteristics of defined adopter groups. The process of adoption over time is typically illustrated as a classical normal distribution or "bell curve." The model indicates that the first group of people to use a new product is called "innovators," followed by "early adopters." Next come the early and late majority, and the last group to eventually adopt a product are called "laggards".

The demographic and psychological (or "psychographic") profiles of each adoption group were originally specified by the North Central Rural Sociology Committee, Subcommittee for the Study of the Diffusion of Farm Practices (as cited by Beal and Bohlen in their study above).

The report summarized the categories as:

**Innovators** – had larger farms, were more educated, more prosperous and more risk-oriented

**Early adopters** – younger, more educated, tended to be community leaders, less prosperous

**Early majority** – more conservative but open to new ideas, active in community and influence to neighbors

**Late majority** – older, less educated, fairly conservative and less socially active

**Laggards** – very conservative, had small farms and capital, oldest and least educated

## 2. REVIEW OF LITERATURE

Literature Review refers to the works the researcher consulted in order to understand and investigate the research problem (Kombo & Thromp 2006). Understanding whether and why consumers will adopt a new product or service is a critical insight for managers involved in marketing innovations. It is common practice to obtain such an understanding based on market research of consumers' attitudes toward the innovation and their purchase intention.

Speaking about innovativeness, Hirschman (1980) underlined that: "Innovativeness is one of the few concepts that are so important to the consumer behavior. Innovation has different definitions; the most common one states that: "innovation may be any idea or product, seen as new by the prospective consumers" (Engel, Blackwell, Miniard, 1990). The consumer's tendency to adopt new products, ideas, goods or services, plays an important role of the theories concerning brand loyalty, decision making, preferences and communication. The consumers may pass through various mental processes before deciding to adopt a new product.

**Theoretical Literature Review** Most of the launched products become failure before they grow old (Crawford, 1977; Booz, Allen et al, 1982). Faced with a dynamically changing environment; marketers are always with regard to new product development. This could result in modification, ranging from slight to moderate to large or the continuum, or even result in totally new product and service offerings. The two questions that face a marketer are, i) whether the modified/new product and service offering would be accepted by the segment(s), and ii) how quickly would the product and service offering be accepted by the segment(s). While the first pertains to what is referred to as diffusion, the second pertains to what is known as adoption.

The factors mentioned must be analyzed critically as they are the determinants of whether a product will succeed in the market or not, since they are the factors that affect a consumers drive and determination to accept or reject a particular innovation.

### **3. RESEARCH METHODOLOGY**

#### **3.1 NEED FOR THE STUDY**

In this present generation the consumers want to upgrade their Smartphone's very often with updated features with better technology, and this gives pressure to the manufacturers to innovate new Smartphone's on time. For this the companies has to identify the needs

of the consumer and satisfy them. The company should also capture the technology life cycle and also want to find when the consumer adopts new Smartphone when introduced in the market.

#### **3.2 OBJECTIVES OF THE STUDY**

1. To assess the factors influencing customers adoption of Smartphone's.
2. To study the factors affecting customer's Technology Readiness.

#### **3.3 SCOPE OF THE STUDY**

The scope of the study is to find out the consumer with reference to Smartphone. The study covers the different aspects of consumer satisfaction. This has been conducted in Coimbatore zone. Data have been collected from customer by a questionnaire format.

#### **3.4 RESEARCH METHODOLOGY:**

The methodology followed for conducting the study includes the objective of the study, specification of research design, sample design, data collection, questionnaire design, and statistical tools used for analyzing the collected data. The research design used for this study is of the descriptive type. Descriptive researches studies are those studies which are concerned with describing the characteristics of a particular individual or a group. The major descriptive research is used for fact finding of different kinds. A sample size of 180 people who owns a smart phone from Coimbatore were taken for the study and the questionnaire was designed with 43 questions. Responses from the entire sample were analyzed. Questions relevant to each hypothesis were grouped together and their responses were compiled and studied. The statistical tools used for the study is cross tabulation.

#### **3.5 LIMITATIONS OF THE STUDY**

There were several limitations in this research. The result may not be generalized for managerial purposes because the samples were only collected in one area of Tamilnadu which is a small sample of students at the . Thus the obtained data cannot represent the whole

population. Besides that, the statistic of demographic elements shows that the data contain the highest percentage of students compared to the large population that owns a

Smartphone. This may cause people in different demographic to have a different thinking about the consumption of Smartphone.

#### 4. ANALYSIS AND INTERPRETATION

**TABLE 4.1: GENDER-BRAND**

Cross tabulation of gender with brands owned									
		Brands you owned?							Total
		Samsung	Nokia	Sony	Apple	Micromax	Lg	Others	
Gender	Male	53	20	15	8	10	4	20	<b>130</b>
	Female	27	7	9	2	2	0	3	<b>50</b>
Total		<b>80</b>	<b>27</b>	<b>24</b>	<b>10</b>	<b>12</b>	<b>4</b>	<b>23</b>	<b>180</b>

#### INTERPRETATION:

From the above collected data of 180 samples 130 were male and 50 were female, In that 80 people use Samsung Smartphone's of which 53 are male users 27 are female users, and 27 people are using Nokia out of which 20 are male

and 7 are female, and 24 use Sony where, 15 are male and 9 are female, and 10 respondents use apple where 8 are male and 2 female, 12 people use Micromax 10 among which are male and 2 female. In the collected samples majority of the people use Samsung Smartphone's.

**TABLE 4.2: OCCUPATION-BRAND**

Cross tabulation of Occupation with Brand									
		which of the brands you own?							Total
		Samsung	Nokia	Sony	Apple	Micromax	Lg	others	
occupation	student	76	24	20	7	7	4	19	<b>157</b>
	business	4	2	1	0	0	0	3	<b>10</b>
	service	0	0	0	0	3	0	0	<b>3</b>
	others	0	1	3	3	2	0	1	<b>10</b>
Total		<b>80</b>	<b>27</b>	<b>24</b>	<b>10</b>	<b>12</b>	<b>4</b>	<b>23</b>	<b>180</b>

#### INTERPRETATION:

The table shows that the data collected are mostly from students and few where from businessmen.

It was found that the student community prefer Samsung brand followed by Nokia.

**TABLE 4.3: INCOME-PRICE**

Cross tabulation of Combined Family Income with Price										
		price of the Smartphone								Total
		5k- 10k	10k- 15k	15k- 20k	20k- 25k	25k- 30k	30k- 35k	35k- 40k	above 40k	
combined family income	below 1lakh	30	17	10	8	0	0	0	2	67
	1lakh-3lakh	33	9	6	2	0	0	2	2	54
	3lakh- 5lakh	13	9	11	2	2	3	2	1	43
	Above 5 lakh	5	0	3	1	3	0	0	4	16
<b>Total</b>		<b>81</b>	<b>35</b>	<b>30</b>	<b>13</b>	<b>5</b>	<b>3</b>	<b>4</b>	<b>9</b>	<b>180</b>

**INTERPRETATION:**

From the above 180 respondents 67 people are in the Rs.1lakh income group where most of the people buy low end phones, 54 people fall under Rs.1 lakh-3lakh income group where they own basic Smartphone's, 43 people are in the

Rs.3lakh- 5lakh income group where most of them own basic and mid range Smartphone's. 16 people are in the above Rs.5lakh income group where most of the people buy high end Smartphone's compared with other income group.

**TABLE 4.4: OCCUPATION-REASONS**

Cross Tabulation of Occupation with Reasons for upgrade						
		Reasons for upgrade				Total
		Technology advancement	Status	Damaged old phone	Other	
occupation	student	98	13	41	5	157
	business	8	1	1	0	10
	service	3	0	0	0	3
	others	7	2	1	0	10
<b>Total</b>		<b>116</b>	<b>16</b>	<b>43</b>	<b>5</b>	<b>180</b>

**INTERPRETATION:**

From the above table it is clear that 116 people upgrade the Smartphone's because of technological advancement, and 43 people

upgrade the Smartphone's only when the old phone is damaged. 16 people give importance to the status, and 5 people upgrade for other reasons.

**TABLE 4.5: BRAND-SATISFACTION**

Cross tabulation of Brand with Satisfaction							
Satisfaction with the current Smartphone?							Total
		very satisfied	Satisfied	not very satisfied	dissatisfied	very dissatisfied	
which of the brands you own?	Samsung	3	53	13	4	7	80
	Nokia	2	19	5	0	1	27
	Sony	7	12	1	2	2	24
	Apple	7	1	0	2	0	10
	Micromax	0	8	4	0	0	12
	Lg	2	0	0	0	2	4
	Others	4	12	7	0	0	23
<b>Total</b>		12	8	30	105	25	180

**INTERPRETATION:**

In the collected samples most of the respondents were satisfied with the Smartphone's, 30 respondents are not very satisfied with their Smartphone's, 8 respondents are dissatisfied with

their Smartphone's, and 12 people are very dissatisfied with their Smartphone's. The people who own Samsung phones are more satisfied than the people own other brands.

**TABLE 4.6: Extent of Smartphone use**

Descriptive Statistics		
	Mean	Std. Deviation
E-mail	3.97	.903
Social network	4.37	.865
Browsing	4.38	.779
Entertainment	4.19	.885
Official purpose	3.79	1.066
Other purpose	3.47	1.038

**INTERPRETATION:**

The table shows the extent of use of Smartphone by respondents on a scale of 5, it was found that the main use of a Smartphone was for staying connected in the social network using networking sites like facebook etc. Using the

internet to browse for information has become a necessity and a habit by many uses of Smartphone. Checking emails, for both personal and official purposes are the other uses of the Smartphone.

**TABLE 4.7: Satisfaction with the current Smartphone**

Satisfaction with the current Smartphone		
	Mean	Std. Deviation
Satisfaction with the current Smartphone?	3.68	.994
Valid N (list wise)	180	

**INTERPRETATION:**

In a scale of 5,it was found that the respondents were not very satisfied with their current

Smartphone . Hence there is a potential for Smartphone manufacturers to sell new variants by introducing features needed for current generation.

**TABLE 4.8: Purchase of Smartphone**

When the Smartphone was purchased	Yes	%	No	%
As soon as it got introduced	100	56	80	44
After getting feedback of its use from other users	30	17	50	28
On continuous persuasion by friends	34	19	33	18
After this Smartphone widely used by all	16	8	17	10

**INTERPRETATION:**

The Smartphone users follow the adoption life cycle being innovators to early adopters, early majority and laggards. It was found that 56% of the people where innovators, 17% where early adopters, 19% where early majority and 8% laggards.

'Technology readiness' refers to people's propensity to embrace and use new technologies to accomplish goals in home life and at work (parasuraman, 2000). It is the combination of positive and negative technology-related beliefs. These beliefs are assumed to vary among individuals. Collectively, these coexisting beliefs determine a person's predisposition to interact with new technology (Parasuraman & colby 2001). Furthermore, findings show that these beliefs can be categorized into four dimensions:

**TECHNOLOGY READINESS INDEX OPTIMISM**



optimism, innovativeness, discomfort, and insecurity (parasuraman, 2000).

- Optimism is defined as "a positive view of technology and a belief that it offers people increased control, flexibility, and efficiency in their lives" (parasuraman & Colby 2001). It generally captures positive feeling about technology.
- Innovativeness is defined as "a tendency to be a technology pioneer and thought leader" (Parasuraman & Colby 2001). This dimension generally measures to what degree individuals perceive themselves as being at the forefront of technology adoption.
- Discomfort is defined as " a perceived lack of control over technology and a feeling of being overwhelmed by it" (Parasuraman & Colby 2001). This dimension generally measures the fear and concerns people experience when confronted with technology.
- Insecurity is defined as "distrust of technology and skepticism about its ability to work properly"(parasuraman & Colby 2001). This dimension focuses

on concerns people may have in face of technology-based transactions.

Optimism and innovativeness are drivers of technology readiness. A high score on these dimensions will increase the overall technology readiness. Discomfort and insecurity, on the other hand, are inhibitors of technology readiness. Thus, a high score on these dimensions will reduce overall technology readiness (parasuraman, 2000). Result show that the four dimensions are fairly independent, each of them making a unique contribution to an individual's technology readiness (parasuraman & Colby 2001).

A questionnaire with statements to measure the above factors were given to the respondents to test their technology readiness and thus adoption of a new technology product like a Smartphone. The following tables gives the mean score of respondents technology readiness with reference to the above mentioned factors on a 5 point likerts scale from ( 1= strongly disagree to 5= strongly agree )

**TABLE: 4.9**

<b>Descriptive Statistics</b>		
	<b>Mean</b>	<b>Std. Deviation</b>
Smartphone gives people more control over their daily lives	4.22	.856
Smartphone's with the newest technology are much more convenient to use	4.32	.649
I like the idea of doing business via Smartphone because it's not limited to regular business hours	3.97	.825
I prefer to use the most advanced Smartphone available	4.14	.799
I like Smartphone programs that allow me to tailor things to fit my own needs	3.98	.936
Smartphone makes me more efficient in my occupation	3.73	.802
Smartphone give me more freedom of mobility	3.92	.845

Smartphone's enables me to accomplish tasks more quickly	3.88	.830
using Smartphone's improves my job performance	3.83	.864
Using Smartphone's enhances my effectiveness on the job	3.80	.808
Overall, I find my Smartphone useful in my job	3.98	.815

From the table it is found that optimism among the respondents to technology based products in general is high. An individual, who is optimistic about technology, will find a product more useful and easier to use than someone less optimistic. This is found generally among young customers.

### INNOVATIVENESS

'Innovativeness' among respondents was also found to be high, As always, innovative people find it easier to use a system. The problem with

innovative people is that they seek new features and therefore newer products are innovated by the manufactures. Innovators are more willing to adopt and try new technologies as compared to people characterized by low levels of innovativeness. So, if a manufacturer of Smartphone's, should compulsorily often innovate products else, the innovators would stop buying their product.

**TABLE: 4.10**

Descriptive Statistics		
	Mean	Std. Deviation
Other people come to me for advice on new technologies	3.64	.883
I can usually figure out new high tech products without help from others	3.80	.887
I always talk and discuss about new Smartphone with my friends	3.77	1.063
I read a lot of articles on new Smartphone's	3.72	.981
I walk into stores to get details about the latest Smartphone	3.54	1.037

### DISCOMFORT

Discomfort in using a technology based product arises when disruptive technology changes the

very method of using an existing product. 'Discomfort' can also arise due to lack of a manual to understand functioning of a product,

embarrassment in use, failure to use the product, etc. Discomfort is less among the respondents.

The obvious reason being 'age' and 'gender'.

**TABLE: 4.11**

<b>Descriptive Statistics</b>		
	<b>Mean</b>	<b>Std. Deviation</b>
Technical support lines are not helpful because they do not explain things in terms I understand	3.72	.843
Sometime I think that Smartphone's are not designed for use by ordinary people	3.12	.876
It is embarrassing when i have trouble with my Smartphone while people are watching	3.87	.834
Usage of Smartphone have health issues that are not discovered until after people use them	3.27	.895
Technology always seems to fail at the worst possible time	3.78	.859

### **INSECURITY**

Mistakes by self could lead to problems in use of the product. certain 'insecure' customer consider it unsafe to do financial transactions outline. such people prefer to have a hard copy of any transaction done outline. Insecure customers prefer human touch in any transaction. In this

study 'Insecurity' was found to be low. The younger customers have been accustomed to use of technology based products that insecurity is found to be less among this group.

**TABLE: 4.12**

<b>Descriptive Statistics</b>		
	<b>Mean</b>	<b>Std. Deviation</b>
I am very much worried that my Smartphone would be stolen	3.44	1.084
I consider it safe to do financial transactions over Smartphone	3.68	.955
I am scared that I may lose my personal data from my Smartphone	3.67	1.029

Hence, the study found that respondents were 'Technology Ready' and this could be the cause of high usage of Smartphone among students.

## 5.1 FINDINGS

- Samsung has proved its leadership in the Smartphone category as most of the respondents were found to be owning Samsung Smartphone, followed by Nokia, Sony & Apple.
- It was found that students were the major users of 'Samsung' brand of Smartphone.
- Most of the respondents were found to own a low end Smartphone in the Rs.5000 - 10000 price range. India, being a market of price sensitive customers, this finding is not surprising.
- It was found that majority of the respondents bought a new Smartphone, whenever there was an advancement in technology. Damage to the currently using phone and status were the other reasons for upgrading to the new Smartphone.
- Most of the respondents were found to be satisfied with their current Smartphone. However, this satisfaction could reduce once a new model is introduced in the market.
- The Smartphone was mainly used for internet browsing, connect with social networks and for entertainment purpose. hence manufacturers should enhance usage of the above to retain satisfaction level of customers.
- The study found that in the customer adoption life cycle 'Innovators' were more among the respondents.
- Technology readiness factors were tested among the respondents. viz- 'Innovativeness', 'Optimism' was high and 'Discomfort', 'Insecurity' was low among the respondents surveyed.

## 5.2. POLICY IMPLICATIONS:

### Companies could:

- Get cross-departmental participation in planning and managing the customer satisfaction and retention process.
- Integrate the voice of the customer in all business decisions.
- Create superior products, services, and experiences for the target market.
- Organize and make accessible a database of information on individual customer needs, preference, contacts, purchase frequency, and satisfaction.
- Make it easy for customers to reach appropriate company personnel and express their needs, perceptions, and complaints.
- The innovating firm should research the demographic, psychographic, and media characteristics of innovators and early adopters and direct communications specially to them.

## 6. CONCLUSION

The study found that while introducing new technology, considerable emphasis should be placed on users and their general attitude towards technology. Organizations manufacturing technology based products should identify the category of prospective customers in the adoption life cycle, and connect most of the prospects to 'users' by introducing innovative products. Technology life cycle has reduced considerably and will reduce further, if innovators increase in the market. Hence substantial money should be invested in research and development to introduce new products with latest features as quickly as possible. Finally, it can be concluded that the adoption of new technologies involves both individual and system specific factors. An integration of all such facts could help organizations enhance their market share.

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