

A Study on Brand Preference Towards Foreign vs. Local Brands in the Indian Smartphone Market

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Abstract

This study investigates the determinants of Indian consumers' preferences towards foreign versus local smartphone brands. Drawing from prior literature on brand perception, globalization, and consumer behavior, the research employs a quantitative approach using survey data (N=100). Constructs include Foreign Preference (FP), Price Sensitivity (PS), Social Media Influence (SMI), and Globalization Orientation (GLO). Reliability analysis confirmed strong internal consistency for most constructs. Regression analysis revealed that globalization orientation positively predicts foreign preference, price sensitivity has a negative effect, and social media influence unexpectedly shows a negative association with foreign brand preference. However, social media buffers the negative effect of price sensitivity. Findings have implications for both foreign and domestic smartphone brand strategies in India.

1. Introduction

The Indian smartphone market has experienced notable shifts in brand preferences, reflecting a dynamic interplay between foreign and local manufacturers. Foreign brands continue to dominate the Indian market. Vivo led with a 19% market share, Xiaomi (including Poco) secured 17%, Samsung held 16%, and Apple reached a record 12 million unit shipments in 2024, making India its fourth-largest market globally. Conversely, local Indian smartphone brands such as Micromax, Lava, and Karbonn have struggled to maintain market presence, with their combined share falling below 1%.

2. Literature Review

Prior research identifies a predisposition towards foreign brands, often linked to perceptions of superior technology, quality, status, and prestige. Gupta (2012) describes this as a preference for brands from economically developed countries due to perceived technological superiority and enhanced social status. Durvasula and Lysonski (2008) highlight the role of globalization and global media in spreading global consumer culture in emerging markets. Kinra (2007) finds Indian consumers rate foreign brands higher on technology, quality, and status, while Kaynak et al. (2000) and Batra et al. (2000) emphasize the credibility of country-of-origin cues.

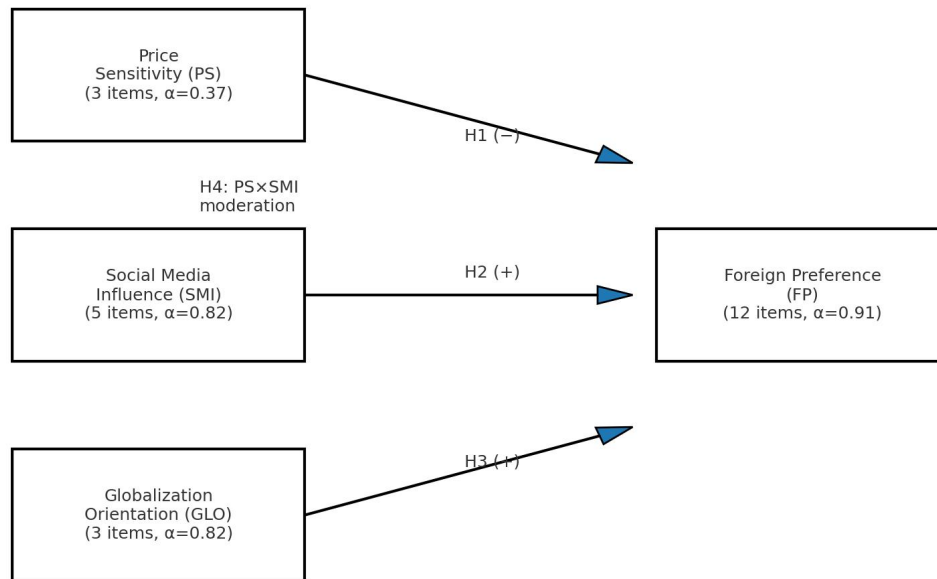
3. Conceptual Model and Hypotheses

H1: Price Sensitivity negatively affects Foreign Preference.

H2: Social Media Influence positively affects Foreign Preference.

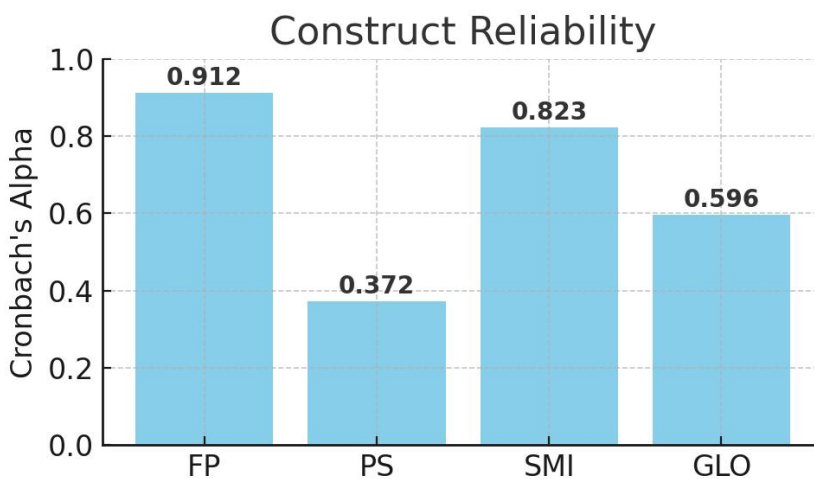
H3: Globalization Orientation positively affects Foreign Preference.

H4: Social Media Influence moderates the relationship between Price Sensitivity and Foreign Preference.



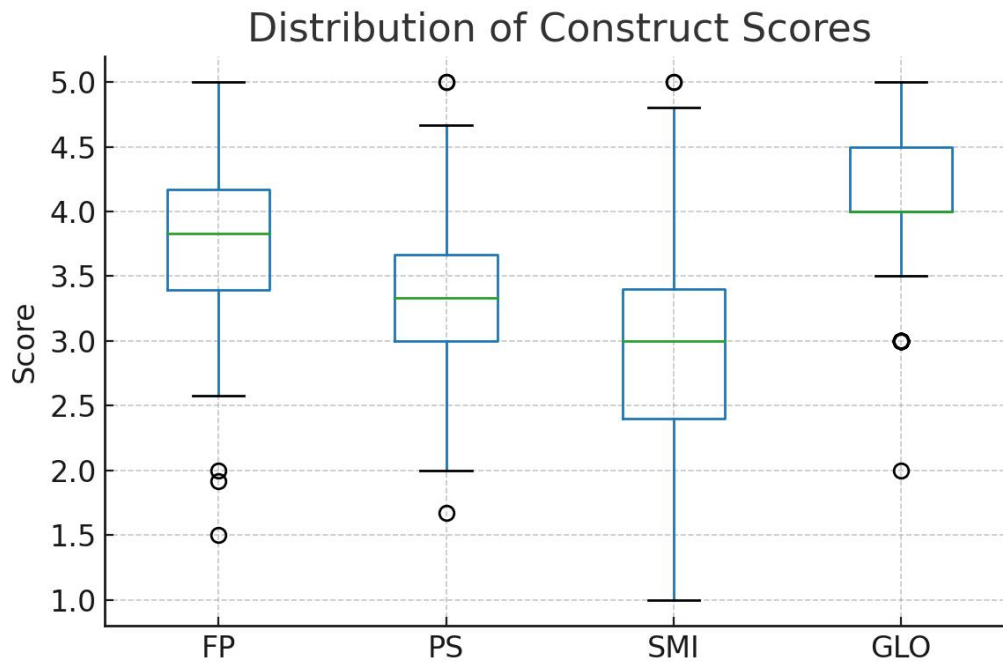
4. Methodology

Reliability statistics for each construct are shown below:



Construct	k_items	Cronbach_alpha
FP	12	0.912
PS	3	0.372
SMI	5	0.823
GLO	2	0.596

5. Results



Regression output is summarised in the table below:

Variable	Coef	Std Err	t	P> t	[0.025	0.975]
const	4.1504	0.878	4.727	0.000	2.407	5.893
PS	-0.8105	0.242	-3.345	0.001	-1.292	-0.329
SMI	-0.6787	0.271	-2.504	0.014	-1.217	-0.141
GLO	0.4572	0.077	5.927	0.000	0.304	0.610
PS_x_SMI	0.2441	0.076	3.215	0.002	0.093	0.395

Hypothesis	Statement	Result	Evidence
H1	Price Sensitivity (–) →	Supported	Coefficient = –0.8105, p = 0.001 <

	Foreign Preference		0.05 — strong negative effect.
H2	Social Media Influence (+) → Foreign Preference	Not Supported	Coefficient = -0.6787 , $p = 0.014 < 0.05$ — significant but opposite (negative) direction.
H3	Globalization Orientation (+) → Foreign Preference	Supported	Coefficient = $+0.4572$, $p < 0.001$ — strong positive effect.
H4	PS × SMI moderation (+)	Supported	Coefficient = $+0.2441$, $p = 0.002$ — significant positive interaction effect.

6. Limitations

While this study provides valuable insights into the determinants of foreign brand preference in the Indian smartphone market, certain limitations should be acknowledged:

1. **Sample Size & Representativeness** – The survey was conducted with 100 respondents, which limits the generalizability of findings. The sample may not fully represent all demographic and geographic segments of Indian consumers.
2. **Cross-sectional Design** – Data were collected at a single point in time, restricting the ability to infer causality between the constructs.
3. **Measurement Issues** – The Price Sensitivity construct showed low reliability (Cronbach's $\alpha = 0.372$), indicating the need for improved item consistency in future research.
4. **Self-reported Data** – Reliance on self-reported perceptions and behaviors may introduce biases such as social desirability or recall bias.
5. **Limited Scope of Variables** – The model focused on Price Sensitivity, Social Media Influence, and Globalization Orientation, but did not include other potential factors such as brand loyalty, after-sales service quality, or peer influence.
6. **Potential Cultural and Regional Variations** – The study did not explicitly control for regional, cultural, or language differences within India, which may affect consumer attitudes toward foreign vs. local brands.

7. Conclusion

This study confirms that Globalization Orientation is a strong and consistent driver of Indian consumers' preference for foreign smartphone brands. Price Sensitivity exerts a significant negative influence, suggesting that cost-conscious consumers lean toward local or budget-friendly options. Interestingly, Social Media Influence shows a negative main effect on foreign brand preference, indicating that heavy social media exposure may heighten price awareness or shift attention toward promotional value deals. However, its positive interaction with price sensitivity suggests that social media engagement can soften the negative impact of cost concerns on foreign brand choice.

For domestic smartphone manufacturers, these results emphasize the need to build global brand appeal, enhance perceived quality, and strategically use social media to communicate value without reinforcing price sensitivity. For foreign brands, maintaining technological superiority and leveraging globalization themes will be key to sustaining their competitive edge in India's evolving smartphone market.

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