

Through the Fog of Inflation: Examining the Mediating Role of Consumer Uncertainty on Purchase Intentions in Pakistani Smartphone Market

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Abstract

In this work, the impact of heuristic availability bias on financial decisions is attempted to be As inflation casts a shadow over Pakistan's economy, the smartphone industry shines as both a source of new ideas and a place where people have to make tough choices. This study examines the impact of perceived inflation on consumer purchase intentions in the context of the smartphone industry in Pakistan. As inflation rises globally, customers face uncertainty in making purchasing decisions, especially for high-end technology products. The research incorporates the Reactance Theory to understand how consumer uncertainty mediates the relationship between perceived inflation and purchase intentions. The study employs a sample of 400 respondents using convenience sampling and utilizes scales to measure perceived inflation, consumer uncertainty, and purchase intentions. The findings indicate a significant relationship between perceived inflation and purchase intentions, with consumer uncertainty partially mediating this relationship. The study contributes valuable insights for businesses operating in economically challenged environments, emphasizing the importance of addressing consumer uncertainty through strategies like transparent pricing and brand trust-building. While the study has strengths, such as relevance to the current economic situation, it also acknowledges limitations, suggesting avenues for future research.

Keywords: *Perceived Inflation, Consumer Uncertainty, Purchase Intentions, Pakistan*

Introduction

Worldwide, inflation is rising. Prices have increased across countries, particularly since COVID-19. Customers and buyers are both still going through a recovery process as are the industries and companies. Because of their imagined inflation, customers are therefore indecisive and unable to determine whether to buy anything, particularly high-end technology goods. Customers around the world are hurting as a result of the global economic crisis brought on by the COVID-19 pandemic. Previously, wealthy nations like the UK were almost completely free from the dread of

inflation. Therefore, it is crucial to research customer behavior in a fluid environment. Pakistan, on the other hand, is the nation where inflation is increasing rapidly. Every industry in Pakistan has been impacted by the severe fiscal catastrophe that the nation is currently experiencing. In a country with historically high levels of political unrest and a poor economic climate, Pakistan's smartphone industry is also experiencing sustainability problems. Therefore, there is a need to research how consumers of such economies behave in this kind of situation. Human behavior is affected by fear (Abbas et al., 2020).

Consumer behavior is also impacted when customers perceive that inflation is increasing. In an economic decline, customers may either have negative purchase plans to save money and only purchase necessities or they may engage in panic purchasing out of a fear of product shortage. Numerous studies have examined the effect of perceived shortage on buyer behavior, but they did so using the COVID-19 scenario rather than one where survival depends on people's ability to save money and cut back on spending. According to previous research, customers retaliate in response to various situational results to safeguard their lives and possessions. As a result, their level of anxiety increases whenever they sense an increase in costs (perceived inflation). They are not able to stay calm in such situations and thus they react differently.

Islam and Hussain (2022) are of the view that while marketing high-technology products companies must consider consumer uncertainty regarding their need for these products. Consumer uncertainty is the state of flux or indecisiveness where consumers get confused about making purchase decisions. Due to increased perceived risks and uncertainty, consumers take more time in decision-making and require more information concerning a product (Ashoer & Said, 2016) and about purchases concerning the high involvement products (Schneller & Swanson, 2018). Akdeniz et al. (2013) argue that consumers would find it more difficult to make a purchase decision who perceive to have higher levels of knowledge uncertainty. Therefore, one of the biggest impediments to purchase decisions is the perception of risk (uncertainty) (Forsythe & Shi, 2003). Before purchasing a product, consumers acquire information based on personal experiences and the external environment. When enough information has been acquired by the consumer they evaluate and compare products/services before purchasing. Fishbein and Ajzen (1975) suggest purchase intentions are the inclination of consumers toward a product and an approved to be a predictor of consumer behavior. Chiu et al. (2009) define purchase intentions as the capability of consumers to plan a purchase or be willing to buy a product/service in the future. Purchase behavior is initiated by purchase intentions (Hien et al., 2020).

Even though Mittal and Kamakura (2001) are of the view that one cannot accurately predict purchase intentions, a purchase action is an outcome of a motivational push. Conner and Armitage (1998) argue that the motivation of an individual to perform some action is the intention. Behavior is affected by determined intentions, the stronger the intentions the stronger the behavior will be. The prediction of future plans and behavior or chances of trusting and actually purchasing is reflected from an individual's purchase intentions. Engel et al. (1995) also added that intentions of consumers of buying a product or service depend upon their emotions and attitudes. Thus, when consumers perceive higher inflation, they are expected to either buy the product in bulk (panic buying) or leave high technology products and focus more on meeting

their daily basic needs. This expected impact of perceived inflation and consumer uncertainty on purchase intentions will be investigated in this study.

Theoretical Background

Reactance Theory

A psychological theory named reactance theory, proposed by Brehm (1966), describes the way individuals behave in response to threats to or limitations on their autonomy of choice. The concept holds that people naturally need to preserve their perceptions of autonomy and self-reliance. People may suffer psychological reactance whenever their independence is in danger or restricted, encouraging them to defend their autonomy by rejecting the suggestion. According to reactance theory, if individuals perceive that their autonomy of choice is in jeopardy or limited, they may have a psychological reaction that can affect their intention to make a purchase. Customers can sense that their freedom of choice is being constrained, for instance, when they believe that costs are high and that they are given only a few choices to pick from. This can cause psychological reactions and a decline in their readiness to make a purchase. Based on this theoretical framework, we can comprehend how consumer uncertainty can affect how consumers perceive inflation and how they plan to spend their money (Sun et al., 2022). Customers might be nervous regarding the future and hesitate to make purchases when they perceive high inflation because they worry that costs will keep rising.

Consumers may refrain from purchasing goods or services that they believe to be overpriced or unnecessary as a result of this ambiguity, which can cause psychological reactions. As a consequence, through the reactance process, perceived inflation might have a detrimental impact on buying intentions (Mao et al., 2023). Additionally, reactance theory contends that the perceived gravity of a threat to freedom affects the intensity of a reaction. Purchase intentions will decline if the threat is significant, as will reactance. If customers believe that their freedom of choice is severely constrained in the context of perceived inflation, then the level of reactance will be significant, resulting in a fall in purchase intentions. In light of this, reactance theory offers a convincing justification for how consumer uncertainty can affect the link between perceived inflation and purchase intentions (Chen et al., 2022). Businesses can create tactics to lessen consumer uncertainty and the perception of a danger to their freedom by understanding the psychological mechanisms at work, which can reduce reactance and promote purchasing decisions. This can be accomplished by having open and unambiguous pricing rules, giving added-value services or advertisements, and establishing reputation and trust with customers.

Perceived Inflation

The primary economic metrics of inflation track the rise in the cost of products and services in a nation's economy. Customer perceptions of shifts in the cost of products and services are referred to as perceived inflation. These opinions may have an impact on customer behavior, especially purchasing intention. The link between perceived inflation and purchasing intention will be examined in this review of the research. Individuals' perceptions of inflation are known as "perceived inflation," and it can impact both their degree of economic insecurity and their purchasing behavior (Takahashi and Tamanyu, 2022). Uncertainty among consumers has been defined as an absence of assurance or assurance regarding their expected future financial circumstances. Their eagerness to purchase goods or services, as well as their buying intentions,

might be impacted by this uncertainty. The relationship between perceived inflation and purchase intentions could be mediated by consumer uncertainty, defined as the absence of assurance or guarantee customers might feel regarding foreseeable economic circumstances. This literature review will utilize recent research as a starting point to examine the connections between perceived inflation, consumer uncertainty as a mediator, and purchase intentions.

Perceived Inflation and Purchase Intention

The connection between perceived inflation and purchase intention has been investigated in many research. For instance, the Stix (2021) study discovered that customers were more reluctant to make purchases when they felt greater inflation. A research investigation conducted by Wijoseno and Ariyanti (2017), determined that customers who felt higher inflation seemed more inclined to get involved in price-seeking behavior and buy low-priced goods. This may be motivated by an impulse to discover deals and conserve money throughout periods of perceived inflation. To deal with a perceived rise in costs, people might turn more cost-conscious and try to look for less expensive options. The correlation between perceived inflation and purchasing intention hasn't always been strong. Scholars were evident that customers' perceptions of inflation affected their pricing estimates but not their buying intentions.

Similarly, Hoe et al. (2018) asserted that perceived inflation did not influence consumers' intentions to buy lasting goods. The link between perceived inflation and purchase intention may shift based on parameters like goods category and buyer demographics. According to academics, perceived inflation had a more detrimental impact on consumers' intentions to buy expensive luxury products than less expensive non-luxury goods. When compared to low-priced non-luxury items, perceived inflation had a higher negative impact on consumers' intentions to buy expensive luxury items. This could be because customers may put off or refrain from purchasing expensive goods during periods of perceived inflation. They believe they are more susceptible to price increases. Similar findings discovered that younger buyers were more inclined than older customers to have their purchasing intentions affected by perceived inflation. This could result from younger consumers being more susceptible to price shifts and having less expertise in coping with economic downturns and booms. On the contrary, older consumers might possess more consistent purchasing behaviors and might be less affected by transient increases in perceived inflation.

Consumer behavior and marketing researchers have been interested in perceived inflation and how customers perceive the rate at which costs increase. The results of many research investigations examining the connection between perceived inflation and buying intention have conflicted. According to several research, shoppers who anticipate a greater rate of inflation are not as inclined to spend money on buying things. An investigation by Qalati et al. (2021) indicated that consumers were more unlikely to make purchases when they thought inflation was significant. This might be because consumers lack confidence in their ability to make purchases and feel that costs are increasing quickly, which increases uncertainty regarding future costs. Although consumers' opinions on inflation affected their pricing demands, it did not impact their purchase intentions. This shows other variables, including one's financial status, the standard of the goods, and loyalty to a brand, could also impact a customer's choice to purchase rather than constantly adjusting their behavior depending on how they perceive inflation. It is also crucial to

remember that inflation perceptions are based on individual experiences and may not necessarily correspond to actual inflation rates. Media reporting, individual experiences, psychological prejudices, and other variables can all affect how consumers perceive inflation. As a result, the connection between purchase intention and perceived inflation could be complicated and dependent on several variables.

Cultural and social variables may also influence the relationship between perceived inflation and purchasing intention. For instance, customers might be more responsive to price fluctuations and modify their purchasing behavior in nations with high inflation rates (Ventre and Kolbe, 2020). On the contrary, consumers might be less worried about inflation and could maintain their purchasing behavior according to perceived inflation in nations with low inflation rates. Several studies revealed several variables that can affect the relationship between perceived inflation and purchase intention, including the category of goods, customer demographics, cultural and context-related variables, and individual financial circumstances. Although some research did not, some did find a substantial correlation between perceived inflation and purchase intention. The processes behind this relationship and the boundary circumstances whereby perceived inflation affects consumer purchasing intention require further study. Based on these considerations, the current study hypothesized that:

H₁: Perceived inflation has a significant impact on the consumer's purchase intention.

Consumer Uncertainty and Purchase Intentions

Several recent studies have investigated the association between consumer uncertainty and purchase intention. Consumer uncertainty had a detrimental effect on purchase intentions for expensive products. The researchers discovered that brand reputation among consumers could protect against this adverse impact, indicating that fostering a brand good reputation might assist in reducing the negative impacts of consumer uncertainty. Similar findings were made by a Lu and Chen (2021) investigation, which indicated that customer concern regarding economic conditions could reduce their inclination to buy non-essential goods. The research also revealed that a commitment to a brand and satisfactory products might assist consumers in feeling more confident by reducing the adverse impact of consumer uncertainty on purchase intention. However, a strong correlation between customer uncertainty and purchase intention has not always been established in recent research investigations.

According to an investigation by Trabelsi et al. (2021), product attributes like affordability and quality can offset the detrimental effects of consumer uncertainty on buying intent. According to the investigation, advertisers should concentrate on emphasizing the benefits of their products to offset the consequences of customer uncertainties. Furthermore, the kind of item or service under consideration may also impact the link between consumer uncertainty and purchase intention. Although it had little impact on searches for items like gadgets, consumer uncertainty had an unfavorable effect on purchase intentions for experience-related goods like vacations.

Engagement of customers and perceived worth of the item were discovered as well to be able to reduce the detrimental impact of consumer uncertainty on purchase intention. Uncertainty among consumers is a major component that might affect consumers' intentions to buy. The connection between consumer uncertainty and purchase intention has been the subject of numerous recent

research, with different degrees of success. While customer uncertainty might hamper purchase intention, a study by Zhang et al. (2020) indicated that product attributes like quality and price could offset this effect. According to the study, marketers should concentrate on emphasizing the benefits of their products to offset the consequences of consumer uncertainty. Depending on the kind of product or service being examined, there might also be variations in the relationship between consumer uncertainty and purchase intention. While it had little impact on search products like gadgets, consumer uncertainty harmed purchase intentions for experience products like vacations. The consumer's involvement and perceived product value were also found to reduce the detrimental impact of consumer uncertainty on purchase intention (Chen et al., 2017). Another element that may impact the connection between customer uncertainty and purchase intention is the setting in which the doubt originates. In one case, an investigation by Rosillo-Díaz et al. (2020) discovered that customer concern regarding the COVID-19 pandemic had a detrimental impact on buying intent for expensive products; however, a favorable effect on purchase intention for essential requirements like food and household items. Customer demography, psychological qualities, and item type and setting can impact the link between consumer uncertainty and buying intention.

Researchers asserted that consumer uncertainty affected purchase intentions more negatively for women than for males. According to the research, individual variations in perceived authority and anxiousness may attenuate the detrimental impact of customer uncertainty on purchase intention. As a whole, there are many different facets and a complicated link between consumer uncertainty and purchase intention. Although some research has indicated that customer uncertainty significantly affects purchase intention, various studies have discovered that elements, including product attributes, brand confidence, and personality variations, can temper this link (Guo et al., 2021). The results imply that to lessen the adverse impact of consumer uncertainty on purchase intention, advertisers ought to carefully analyze the circumstances in which it occurs and modify their efforts appropriately. Following the findings of these studies, the current study develops a hypothesis that:

H₂: Consumer uncertainty has a significant impact on purchase intention.

The Mediating Role of Consumer Uncertainty

Several recent research has investigated the connection between perceived inflation, consumer uncertainty as a mediator, and purchasing intentions. For instance, an investigation by Singh et al. (2021) discovered that customer uncertainty mediates the negative impact of perceived inflation on purchase intentions. According to the research, consumer uncertainty rises along with perceived inflation, which lowers buying intentions. Perceived inflation may negatively impact consumer purchasing intentions through the intermediary of consumer uncertainty. According to the research, consumers who believe inflation is rising can become insecure regarding their financial future, which may cause them to have fewer buying intentions. Additionally, new research indicates that a few variables may be able to mitigate the detrimental impacts of perceived inflation and customer uncertainty on purchase intentions. When customers have a high level of financial knowledge, perceived inflation can have a less detrimental impact on their purchase intentions. The research also discovered that financial literacy could reduce customer confusion, which further lessens the detrimental impact of perceived inflation on purchase intentions (Qalati et al., 2021).

Perceived inflation may exert a detrimental impact on purchase intentions, but this effect can be mitigated by consumer trust in the brand. According to the research, customers who trust the company's products may be more inclined to buy the goods even when confronted with perceived inflation and consumer uncertainty. Recent research on the connection between perceived inflation and purchase intentions has shown interest in the mediating function of consumer uncertainty. According to several studies, consumer uncertainty can safeguard against perceived inflation's detrimental impact on purchase intentions. In their study, Singh et al. (2021) discovered that purchase intentions decline as customer uncertainty rises in response to perceived inflation. Additionally, Mishra and Singh (2021) discovered that customer uncertainty could negatively mediate the impact of perceived inflation on purchase intentions. Recent research, however, reveals that a few variables may mitigate the detrimental impacts of perceived inflation and customer uncertainty on purchase intentions. Financial knowledge constitutes one of these components. According to a study by Duffett and Wirtz (2021), financial literacy can lessen consumer uncertainty and mitigate the detrimental impact of perceived inflation on purchase intentions. According to the survey, financially literate customers can also assist them in making wiser judgments when faced with economic uncertainty.

Consumer brand trust is another moderating influence. Consumer brand loyalty might reduce the detrimental impact of perceived price inflation on purchase intentions. The study reveals that brand-trusted customers may be more willing to buy the product despite perceived inflation and consumer anxiety (Zhu et al., 2020). The importance of brand trust-building for marketers in reducing the detrimental impacts of perceived inflation and consumer uncertainty on purchase intentions is highlighted by this research. Most recent research points to consumer uncertainty as a mediating factor in the connection between perceived inflation and purchase intentions. However, the association between perceived inflation and consumer fear and purchase intentions can be moderated by specific characteristics like financial literacy and brand trust among consumers (Uhm et al., 2022). Based on all these considerations, the recent study hypothesized that:

H₃: Consumer uncertainty mediates the relationship between perceived inflation and consumers' purchase intention.

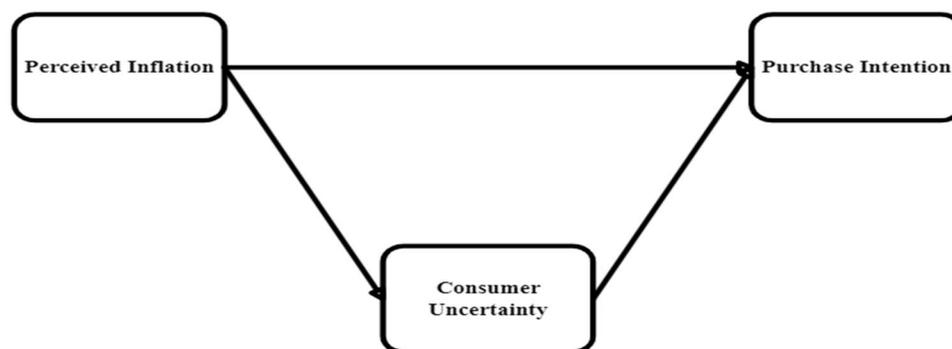


Figure 1. Conceptual Framework

Methods

Context of the Study

This study investigated the intervening role of consumer uncertainty in the association between perceived inflation and consumer purchase intentions. The reason to select the smartphone industry of Pakistan is that Pakistan is undergoing severe economic downturns currently. According to the Pakistan Telecommunication Authority (PTA) (2023), out of the 241 million population of Pakistanis, 190 million i.e., 78% of the population are mobile phone subscribers. However, due to the recent economic condition of Pakistan, many smartphone companies such as Samsung, Vivo, etc. have seen a decrease in market share (Stat Counter Global Stats, 2023). This has happened because now people are looking for inexpensive smartphones that are of other brands. After all, they aren't able to afford the bigger-brand smartphones. Pakistanis have higher consumer uncertainty when it comes to high-tech products such as smartphones which also affects their purchase intentions (Islam and Hussain, 2022). This study is defined as explanatory research as it aims to clarify the relationship between perceived inflation, consumer uncertainty, and purchase intentions within the smartphone sector in Pakistan. The study seeks to utilise Reactance Theory to elucidate the impact of perceived inflation on consumer purchase intentions, while also examining the mediating function of customer uncertainty in this process.

Sample and Procedure

Convenience sampling is used to draw a sample from the population and a sample of 400 was selected so that the Pakistani population can be well represented. Responses were collected using Google Forms and links to Google Forms were shared via different kinds of social media platforms as well as emails. Males of age constituted the majority of the sample.

Measure

Perceived Inflation

Perceived inflation was measured by using an item scale of Düren (2016) inspired by EU consumer survey, with reliability $\alpha=0.79$. A sample item was, "Prices have increased very much during the last 12 months".

Consumer Uncertainty

A three-item scale of Dholakia was used to measure consumer uncertainty. The reliability of scale was $\alpha=0.86$. A sample item was "I would be afraid that this smartphone would not provide me with the level of benefits that I expected it to".

Consumer Purchase Intentions

A six-item scale by Souiden et al. (2011) was used to measure consumer purchase intentions of Pakistani consumers. The reliability of the scale was $\alpha=0.94$. A sample item was, "I am highly considering the purchase of a smartphone".

Control Variables

Gender, age, education, and household income are treated as control variables in this study, as these socio-demographic variables have been found to influence panic buying behavior (Lins & Aquino, 2020).

Most of the respondents were male (N=242), young (aged between 18-34), and had graduated (N=191). As in Pakistan most of the grocery is done by younger un-married boys.

Table 1. Demographic Variables

Demographic Variable		N	Percentage (%)
Gender	Male	242	38.7
	Female	153	61.3
Age (Years)	Under 18	26	6.6
	18-24	108	27.3
	25-34	150	38
	35-44	108	27.3
	45 & above	3	8
Education	School	11	2.8
	Diploma	20	5.1
	Undergraduate	173	43.8
	Graduate	191	48.4
	Post-graduate	11	2.8

Results

Primary Analysis

SPSS Software is used to data analysis. Initially, data was examined to check for any missing values, detect outliers, normality tests, descriptive and correlational statistics as well as reliability was also evaluated (Hussain et al., 2023). All the questions in the online survey were designated to be required for the sake of avoiding any kind of missing values in the data (Islam and Hussain, 2022). Outliers were detected using the stem and leaf method and removed from the data. Byrne et al. (2013) suggest that + kurtosis and +1 skewness are acceptable ranges and values of data analysis were found to be within this acceptable range. Therefore, data is said to be normally distributed. Pavlou et al. (2007) suggests no multicollinearity exists if the value of correlation is <0.85. The data was ready for further analysis.

Descriptive and Correlation Analysis

Table 2 indicates the mean and standard deviation values. Pakistani customers have positive perceptions of inflation (M=3.57) and uncertainty (M=3.57) while intending to buy smartphones. However, the respondents showed negative purchase intentions (M=2.34) to buy smartphones in Pakistan aimed economic conditions of the country. Moreover, the correlation coefficients indicated a positive relation between perceived inflation and consumer uncertainty ($r=0.303$, $\rho<0.01$), whereas perceived inflation ($r=0.399$, $\rho<0.01$) and consumer uncertainty ($r=0.264$, $\rho<0.01$) both are negatively correlated with purchase intentions

Table 2. Descriptive Statistics and Correlation

Variables	1	2	3	Mean	SD
Perceived Inflation	1			3.57	0.59
Consumer Uncertainty	0.303**	1		3.45	0.87
Consumer Purchase Intention	-0.399**	-0.264**	1	2.34	0.74

Hypothesis Testing

Baron and Kenny's (1986) hierarchical regression method was used to estimate the mediating effect of perceived inflation between perceived scarcity and panic buying. As the data is normal and there is no sign of heteroskedasticity or autocorrelation in residuals, therefore it is appropriate to use Baron and Kenny's (1986) method instead of other methods like generalized least square estimates (GLS). Five-point Likert scale has been used to collect data for this study. There is not much variation in data as indicated by the spread around mean values. However, the Breusch-Pagan Test has been conducted for all variables of the study to test for heteroskedasticity. Chi-square values were found insignificant indicating that data is homoscedastic. Cross-sectional data for the current study have been collected, so there exists no time component. Therefore, serial correlation among residuals cannot exist. To get the best, linear, and unbiased estimates (BLUE), the most suitable estimator OLS has been applied.

Hierarchical regression was performed after measuring direct associations among variables. The demographic variables that might influence purchase intentions have been treated as control variables in this study (Krettenauer, 2017). In the second step, a significant impact of perceived inflation on purchase intention ($\beta=-0.505$, $\rho<0.01$) was found (H1 Supported). The impact of consumer uncertainty on purchase intention was found to be significant ($\beta=-0.105$, $\rho<0.05$) in the third step (H2 and H3 Supporter). The effect of perceived inflation on purchase intentions was reduced when consumer uncertainty (mediator) was introduced in the model. It is evident that in Step 2, β of perceived inflation is ($\beta=-0.505$, $\rho<0.01$) but after adding consumer uncertainty as a mediator, the β of perceived inflation is seen to be reduced to ($\beta=-0.458$, $\rho<0.01$). Hence, it is evident that perceived inflation mediates the relationship between perceived scarcity and panic buying (table 3).

Table 3. Hierarchical Regression: Mediation

Variables	M1(β)	M2(β)	M3(β)
Control Variables			
Gender	-0.022	-0.022	-0.015
Age	0.133**	0.130**	0.127**
Qualification	0.078	0.097	0.076
R ²	0.217		
Independent Variable			
PI		-0.505***	-0.458***
R ²		0.459	
XR ²		0.203	
Mediating Variable			
CU			-0.105**
R ²			0.224
XR ²			0.214

Note(s): ** $p<0.05$, *** $p<0.01$

Discussion and Conclusion

Inflation is growing globally. Prices have gone up worldwide, especially following the COVID-19. As with the markets and businesses, customers and purchasers are all currently going through

a recovery phase. Customers are consequently unable to decide whether to buy anything, especially high-end technological items, due to its projected inflation. Customers all around the world are suffering as a result of the COVID-19 pandemic-induced worldwide economic catastrophe. Rich countries like the UK formerly experienced practically little fear about inflation. Therefore, it is critical to do a study on consumer behavior in dynamic settings. On the other side, Pakistan is the country where inflation is rising quickly. The catastrophic financial disaster that Pakistan is presently going through has influenced every business. Pakistan's smartphone business is facing sustainability issues in a nation with historically high levels of political upheaval and a difficult economic environment.

Therefore, the study is required to determine how consumers in these economies act in circumstances like these. Fear has an impact on how people behave (Abbas et al., 2020). To understand this there was a need to search for the inflation perceptions of consumers in Pakistan and how these affect the purchase intentions of consumers. The results revealed that there exists a significant relationship between perceived inflation and purchase intentions of Pakistani consumers. Moreover, consumer uncertainty partially mediates the relationship between perceived inflation and purchase intention. Hence, all three hypotheses were supported by data analysis. Furthermore, Pakistani consumers are also risk averse therefore, in a panic created by this economic downturn their purchase intentions would be greatly affected by their uncertainty. A recent study by Islam and Hussain (2022) has also highlighted consumer uncertainty as an important factor that can negatively influence buying intentions. However, no one has looked at how consumer uncertainty and purchasing intention are affected by perceived inflation.

Practical and theoretical implications

This research has some theoretical and practical implications. Firstly, you may ensure profitability and maintain affordability by implementing dynamic pricing strategies that adapt to inflationary pressures. This can mean regularly adjusting prices in reaction to economic conditions, competitive activity, and market trends. Second, by analyzing consumer conduct in the context of inflationary scenarios using the Reactance Theory, the study contributes to the theoretical knowledge of consumer psychology. This illustrates the relevance of reactance as a tool for consumers to use their purchasing power to offset perceived risks. Thirdly, by highlighting customer uncertainty as a mediator in determining the relationship between perceived inflation and purchase intentions, the study contributes to our theoretical understanding of how psychological aspects influence consumers' decision-making processes in challenging economic conditions. By focusing on these measures, smartphone makers can better manage Pakistan's financial restraints and meet the expectations of its users.

Research Limitations and Strengths

This study has various strengths such as this is a study based on the current economic situation of the country and this situation can be posed to any country in the future so the results of this study provide useful insights for companies operating in such countries and how to tackle these factors of perceived inflation and consumer uncertainty to prevent them from affecting the purchase intentions of consumers. The research methods used and the data from the respondents were repeated and aligned with the study's goals. Although, the sample size is 100 still the variety of responses collected makes it more useful and a good representation of the Pakistani population as

data was collected from different regions of Pakistan and respondents were of different age brackets, gender, and educational level.

However, this study still has some limitations. First, previously there was no research conducted on these variables therefore little data was available for literature review. Second, this is a cross-sectional study and cannot learn about the changing consumer behavior thus in the future a longitudinal study can help. Third, a closed-ended questionnaire limits respondents to answer within limits. Fourth, the sample size is very small which is due to time and cost limits.

Recommendations

This study has successfully addressed the research questions. However, there is still an opportunity for researchers to study various factors that can either mediate or moderate the relationships studied in this research. Following are some recommendations by the researcher that ought to be considered for future research: The situation in Pakistan is alarming as many bigger companies as possible like Apple and Samsung have faced a decline in sales. Therefore, the authorities need to control their inflation and imply appropriate monetary tools to maintain market equilibrium which seems highly off in Pakistan right now. Companies and businesses, especially in the smartphone industry, need to provide products that consumers can afford and should also be of acceptable quality. This will improve their performance and grow their market share. Local production of cell phones could result in lower total product prices and shorter lead times. A mixed-method research methodology with both qualitative and quantitative data will provide enhanced insights to research.

A large enough sample size would be of utmost importance as it will provide more accurate information and result in increased generalizability. In the future, similar studies can be conducted in other industries like the automobile industry which is facing shutdowns or a pause of operations in Pakistan, or maybe the fast-food industry which is still running smoothly. Examining the moderating impacts of demographic factors including age, income, education, and cultural background may help to give light on how consumers behave when facing inflationary pressures. Further studies could delve into further psychological variables, such as consumer confidence, perceived value, and financial stress, and examine how they correlate with perceived inflation and uncertainty. Lastly, In the future, research could investigate the efficacy of various business strategies and governmental policies in reducing the negative impact of inflation on consumer behaviour.

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