EFFECT OF BRAND IMAGE, PRICE AND QUALITY OF THE PRODUCT ON THE SMARTPHONE PURCHASE DECISION

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ABSTRACT

One of the competing mobile brands in Indonesia is xiaomi, the xiaomi brand itself began to be known by the people of Indonesia since 2013 and successfully exploded in the market in 2014 by creating their flagship product, smartphone. Various findings of a good product quality will affect the brand image of a product, brand image describes the results of the views or perceptions of consumers towards a particular brand, which is based on comparison and consideration with several other brands, on the same type of product. This research aims is to find out whether there is a significant influence between product quality, brand image, and price on smartphone purchase decision. This research uses a multiple regression approach and 100 respondent in Yogyakarta provincy, the results of the research output show that all hypotheses tested show achievement in accordance with the research parameters.

Keywords: Brand Image, Price, Quality Product, and Purchase Decision

INTRODUCTION

In the current era of globalization, a need for communication is very important for every society. One of the communication tools is cellular telephone or cellphone. The development of mobile phones from year to year developed rapidly and until now developed into a smartphone. As an increasing number of people demand communication quickly and efficiently, it has an impact on the needs of smartphones that were once considered tertiary needs and are now primary needs. Various kinds of brands compete in capturing the interests of consumers by increasing the features of each. Some brands that compete in Indonesia alone include: Samsung, Apple. Realme, Xiaomi, Oppo and many more. The high number of competing brands create intense competition among competitors in the telecommunications sector business.

One of the competing mobile brands in Indonesia is xiaomi, the xiaomi brand itself began to be known by the people of Indonesia since 2013 and successfully exploded in the market in 2014 by creating their flagship product, smartphone. Xiaomi smartphone products are present and try to compete with brands that are present first, such as Samsung and Apple. Since circulating in the Xiaomi smartphone market began to get special attention from the public who are curious about Xiaomi smartphone products. Slowly people turn to Xiaomi smartphones because they see the advantages of the brand such as prices that reach all walks of life, features that are presented are very diverse and elegant product design, MIUI OS, and also the results of camera shots that are quite clear. On this basis the community began to change brands with unique brands, specifications offered and prices that reach out to make consumers attractive in making purchasing decisions will increase

Source: Counterpoint Research

Figure 1
Indonesian Gadget Sales Market

As shown in the above table based on data obtained from the Counterpoint Research site Samsung is still the market leader in smartphone products with 27% market share, but has decreased compared to last year which is a decrease of 1%, while in the second rank there was an increase in Xiaomi in 2019 increased by 5%, in the third place there was the Oppo brand which in the last 2 periods produced marketshare 17%, in the ranking there was Vivo which had increased 3%, in the fifth place there was a Realme brand that surprisingly emerged in 2019 and immediately posted a markethare value of 18% and the rest is influenced by other brands outside the 5 brands above. High and low sales of a brand depends on the consumer whether the item is in demand or not so that it has a perceived value of benefits for the brand that makes consumers interested in taking action on the purchase decision process.

Intense competition between several brands makes each brand must create and offer products that have quality and have more value than competing products. In addition, if a brand wants to be excluded from its competitors, the brand must understand consumer behavior because the brand depends on consumer behavior for the survival of the company (Tjiptono, 2008). Companies must understand how consumers make decisions. In making a purchase decision, consumers make a consideration by looking at the quality of the product. According to (Kotler & Armstrong, 2008) product quality is the ability of the product to carry out its functions, which include the ability, durability, reliability, and valuable attributes of the product as a whole. Product quality can be judged by anything that is the advantage of a brand, one of which is its features. Features can be a competitive tool that distinguishes between company products and similar products owned by competitors. Consumers will buy quality products by looking at the superior features possessed by a brand and adjusted to the price offered,

Various findings of a good product quality will affect the brand image of a product, brand image describes the results of the views or perceptions of consumers towards a particular brand, which is based on comparison and consideration with several other brands, on the same type of product. Brand image is the result of consumer confidence in a brand among the community from past experience and brand information (Sari, 2013). The better the brand image and product quality, the increasing demand from consumers. So the company tries to improve and maintain a good brand image. In addition, the positive impression that arises in the minds of consumers of a product is influenced by a high brand image. The image of the brand is indirectly related to attitudes in the form of choices and beliefs about a brand. A positive image of a consumer will directly affect a brand and will make it possible to make a purchase.

Apart from product quality and brand image, the effect of price influences one's perception in making purchasing decisions. According to (Alma, 2007) the

price is an amount of medium of exchange that must be paid by consumers to get a item or service. In general, price perception is one of the important considerations in the purchasing decision process, and most consumers evaluate value (a combination of price and quality) in a purchasing decision. One of the determining factors of marketing is the price of the product, the affordable price will affect consumer behavior in making purchases. If the company determines the right price and in accordance with the purchasing power of consumers, the selection of consumers will fall on the product. In setting the price of a company to do various considerations in which the pricing is adjusted to the quality of available products.

With the growing competition in the telecommunications business marked by the number of smartphone products that enter and compete in Indonesia, there are many choices of product quality, brand image, and prices for Indonesian consumers. Quality indicates the factors or parts that become the advantage of a brand, a good brand image will create a positive impression for consumers. On the price side of an affordable product can also create consumer purchases because consumers tend to prioritize products whose prices are really affordable. from the previous presentation, this study aims to: (1) find out whether there is a significant influence between product quality on the purchase decision of Xiaomi Mobile; (2) Knowing whether there is a significant influence between brand image on the purchase decision of Xiaomi Mobile; (3) Knowing whether there is a significant effect between price on the purchase decision of Xiaomi Mobile; (4) Determine whether there is a significant influence between product quality, brand image, and price together on the purchase decision of Xiaomi Mobile

LITERATURE REVIEW

Product Quality

According to (Schiffman & Kanuk, 2010) Perceptions of product quality (or services) are based on various information cues from those they associate with the product. Product quality is defined as the long-lasting time of a product to easily operate and maintain the product (Oentoro, 2012). Product quality is the quality of how capable a product is to function for humans or others. These capabilities include accuracy, reliability, ease of operation and improvement of the durability of all components that make up the product, so that the product will have added value (Hariyanti, 2011). According to (Wang, 2013), Product Quality can be influenced by the visual appearance of the product. The visual appearance can be in the form of good colors, unique product face shapes, logos, sizes, and detailed appearance. The visual appearance will influence the initial perception of consumers on the quality of a product. Product excellence, satisfying warranty, and good overall quality are some of the elements that indicate the quality of a

product. Increasing the quality of a product will significantly influence the high value of the customer to the product.

Brand Image

According to (Roberts & Dowling, 2002) Brand image is a valuable intangible asset, which is difficult to imitate, and which can help to achieve sustainable financial superior performance. According to (Koller & Keller, 2007), brand image is the process by which a person chooses, organizes, and interprets information input to create a meaningful picture. (Kertajaya, 2007) argues that what is meant by brand image is the shrill of all associations related to a brand that is already in the minds of consumers. Brand image is based on what people associate with a company or all information (perceptions, conclusions, and beliefs) about it that people hold. favorable brand image will have a positive impact on consumer behavior towards the brand, such as the opportunity to order premium prices, more loyal buyers, and positive value obtained by word of mouth (Bloemer & Ruyter, 1998). Translated into the retail context, it is likely that a favorable brand image increases satisfaction with the company so that it has an impact on increasing loyalty to the company (Osman, 1993).

Product Price

According to (Saladin, 2007) price is the amount of value charged by business units to consumers or customers for goods or services that are delivered and sold. (Vera, 2015) states that the price is a confirmation of the value offered to consumers. The value offered will later be responded to by customers differently. According to (Alma, 2007) basically the selling price must be able to cover the full costs plus a reasonable profit. Price is the determining factor for market demand. So that the price can affect the company's position in a market. The price factor determined by consumers is taken from the affordability of a price on the product, the benefits that can be taken from the product even though the price is above the average market average, comparing quality with balanced prices or not, and comparing with prices of similar competitor products (Kotler & Armstrong, 2008). If the perceived benefits are smaller with the price incurred by consumers, consumers will move to similar competitors' products. (Alma, 2007) provides an explanation that companies must consider many factors in setting pricing policies, namely: 1) Choosing pricing objectives, 2) Determining demand, 3) Estimating costs, 4) Analyzing competitors' prices and offers, 5) Choosing a pricing method price, 6) Choose the final price.

Purchase Decision

According to (Schiffman & Kanuk, 2010) purchasing decisions are behaviors that are shown by consumers in finding, giving, using, evaluating, and

spending a product and service that is expected to satisfy their needs. Purchasing decisions according to (Kotler & Armstrong, 2008) are consumer decisions in making purchases of products to be purchased. Meanwhile, according to (Tjiptono, 2008) purchasing decisions is a process of how consumers recognize the problem, find sources of information about a particular product or brand and evaluate how well each alternative can solve the problem, which in turn leads to purchasing decisions. Purchasing decisions refer to the buying behavior of consumers both individuals and groups who buy goods and services for personal consumption. Some purchasing situations are characterized by low consumer involvement but significant brand differences. In this case, consumers often switch brands. Brand switching occurs not because of dissatisfaction but consumers want to look for variations. (Koller & Keller, 2007) suggested that there are several stages in the decision making process including: (1) identification of needs, (2) information seeking, (3) evaluation of alternatives, (4) purchasing decisions, (5) post-purchase behavior
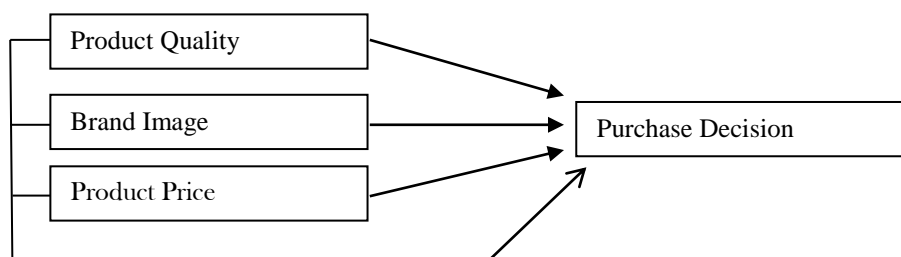
Research Framework

Based on the literature review above, the research framework in this study is as follows.

H1: Product quality has a significant effect on purchasing decisions

H2: Brand image has a significant effect on purchasing decisions

H3: Prices have a significant effect on purchasing decisions

H4: Product quality, brand image and price together have a significant effect on purchasing decisions

Source: Data processed, (2019)

Figure 2
Research Framework

METHODOLOGY

This research is a quantitative descriptive study using a survey approach. The survey was chosen because the purpose of this study is to measure individual perceptions of the Xiaomi smartphone products they use. This study uses primary data as a source of data. The data used are primary data because quantitative data are taken directly from respondents. To obtain primary data the researchers distributed questionnaires using a Likert Scale instrument with answers in the form of interval scores 1-5. The population in this study is Xiaomi smartphone users. The sample used was 100 xiaomi smartphone users spread across the Special Region of Yogyakarta. In taking a sample using purposive sampling technique (Sugiyono, 2009) explains that purposive sampling is a sampling technique with certain considerations. These considerations include the characteristics of respondents themselves. The analytical method used in this study is multiple linear regression analysis. Multiple linear regression analysis is a linear relationship between two or more independent variables. According to (Priyatno, 2008) This analysis is useful to determine the direction of the relationship between the independent variable with the dependent variable whether each independent variable is positively or negatively related and to predict the value of the dependent variable if the value of the independent variable has increased or decreased.

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RESULT

According to Ghozali (in Andrianto & Idris, 2013) stated that the validity test is a test used to determine whether a questionnaire can be said to be valid or not. Validity test is done by calculating the correlation between the answer score with the total score. A questionnaire is said to be valid if the correlation value (r-count) is greater than r-table. To find the r-table, it can be done by using the formula df = N –2, ie the number of respondents minus 2. So 100-2 = 98 and found the value of 0.1654 as r-table.

Table 1
Output Reliability Test

Variable	Cronboach Alfa Count	Cronboach Alfa Standart	Conclusion
Product Quality	0,764	0,60	Reliable
Brand Image	0,740	0,60	Reliable
Product Price	0,790	0,60	Reliable
Purchase Decision	0,797	0,60	Reliable

Source: Data processed, 2019

Results of the validity test that has been done, it can be seen that all questions on the variable items of product quality, brand image, product prices and purchasing decisions have an r-count greater than the r-table. This shows that the research instrument is feasible or valid to be used to obtain data. Based on the results of the reliability test shows that all statements in this questionnaire are reliable because they have a Cronbach's alpha value of more than 0.60. This shows that each statement item used will be able to obtain consistent data which means that if the statement is submitted again will get a response that is relatively the same as the previous answer. Based on the results of the Kolmogorov-Smirnov test it can be seen that the Asymp Sig (2-tailed) value is greater than 0.05. So it can be said that the data used in this study are normally distributed. In addition, the results of the Probability Plot test values also indicate that the plot points are near or following a diagonal line so that the model constructed in this study has fulfilled the normally distributed normality test

Table 3.

Output Normality Test

Nilai Asymp. Sig. (2-tailed)
0,398
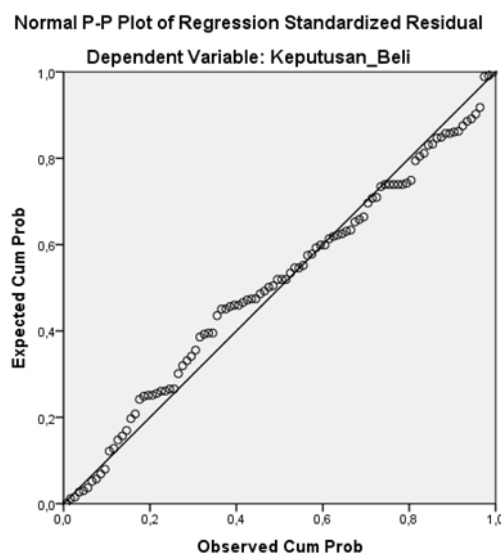
Source: Data processed, 2019

Figure 3

Normality Test Graphic

The F test is used to answer the question whether the independent variables together have a significant effect on the dependent variable. while the statistical test t is used to answer the question whether the independent variables individually have a significant effect on the dependent variable. Based on the

output shows it can be seen that the variable X1 (product quality) has a regression coefficient of 0.237 is positive. Variable X1 has a calculated value of 3.111 with a t-table value of 1.66055 and a significance value of 0.002 where it is smaller than 0.05, meaning that the quality of the product has a positive and significant effect on purchasing decisions. Variable X2 (brand image) has a regression coefficient of 0.279 is positive. Variable X2 has a calculated value of 3.153 with a t-table value of 1.66055 and a significance value of 0.02 which is less than 0.05, meaning that the brand image has a positive and significant influence on purchasing decisions. For variable X3 (price) it has a regression coefficient of 0.536 which is positive. Variable X1 has a t-test value of 6.980 with a t-table value of 1.66055 and a significance value of 0.000 which is less than 0.05, meaning that the price has a positive and significant influence on purchasing decisions

Table 6.

Output F Test

Value F Test	63,981
Value F table	2,70
Value	0,000

Table 7.

Output T Test

Variable	Coefisien Regretion (B)	t-count	Significanty
Product Quality	0,237	3,111	0,002
Brand Image	0,279	3,153	0,002
Product Price	0,536	6,980	0,000

Source: Data processed, 2019

Product Quality on Purchasing Decisions

The results showed that the product quality variable had a regression coefficient of 0.237 with a t-test value of 3.111 and a t-table value of 1.66055 and a significance value of 0.002. So it can be interpreted that product quality has a positive and significant effect on purchasing decisions. The better the quality of the product, the higher the consumer's decision to buy a Xiaomi smartphone. According to Angipora (in Andrianto & Idris, 2013) Product quality is the consumer's assessment of a product to be purchased, where the aspect of product evaluation is in the form of how far the product can meet the needs of consumers. The better the quality of a smartphone product, the greater the desire of consumers to buy a smartphone. The findings in this study support the research conducted by (Hermansyur & Aditi, 2017) which shows that perceived quality has a significant effect on purchasing decisions.

Brand Image of Purchasing Decisions

The results showed that the brand image variable had a regression coefficient of 0.279 with a t-test value of 3.153 and a t-table value of 1.66055 and a significance value of 0.002. So it can be interpreted that the brand image has a positive and significant effect on purchasing decisions. The better the brand image of the Xiaomi smartphone, the higher the consumer's decision to buy an Xiaomi smartphone. According to Kotler (in Riyono & Budiharja, 2016) brand image is the perception and belief of consumers related to a brand that is in the minds or memories of consumers. Brand image has an important role related to purchasing decisions. The better the brand image of a product, the product will be more easily remembered by consumers and this will directly improve consumer purchasing decisions for a product. The findings in this study support the research conducted by (Fatmawati & Soliha, 2017) which shows that brand image has a positive effect on the purchasing decision process. The better the brand image, the better the purchasing decision process.

Prices for Purchasing Decisions

The results showed that the price variable had a regression coefficient of 0.536 with a t-test value of 6.980 and a t-table value of 1.66055 and a significance value of 0.000. So it can be interpreted that the price has a positive and significant effect on purchasing decisions. The better the price set by a company when compared with quality and equivalent products, the higher the consumer's decision to make a purchase. In this case the price fixing carried out by the Xiaomi company is quite good when compared to the quality and also equality with its competitors and this is acceptable to the public. If the price is raised it will cause a decrease in consumer purchasing decisions on Xiaomi smartphones. The findings in this study support the research conducted by Wibawa, et al (2016) which shows that prices have a positive and significant effect on the purchasing decision process.

CONCLUSION

This study aims to determine the effect of product quality, brand image and price on purchasing decisions on Xiaomi smartphone products. From the results of the research discussion, the researcher can conclude the results of his research as follows: (a) The product quality variable (X1) has a significant influence on the purchasing decision of Xiaomi (Y) smartphones, especially students in Yogyakarta. The better the quality of the product they have, the higher purchasing decisions for Xiaomi smartphones; (b) The brand image variable (X1) has a significant influence on purchasing decisions for Xiaomi (Y) smartphones, especially students in Yogyakarta. The better the brand image of a product, the product will be more easily remembered by consumers and this will directly

improve consumer purchasing decisions for a product; (c) Price variable (X1) has a significant influence on purchasing decisions for Xiaomi (Y) smartphones, especially students in Yogyakarta. The better the price set by a company when compared with quality and equivalent products, the higher the consumer's decision to make a purchase; (d) Variables of product quality (X1), brand image (X2) and price (X3) simultaneously have a significant influence on purchasing decisions of Xiaomi (Y) smartphones, especially students in Yogyakarta.).

The following are recommendations for companies, researchers and academics, based on the findings of this study, as follows: (a) For Xiaomi to maintain and improve the quality of its products so that it can grow satisfaction and trust in its users and continue to make positive innovations in its products; (b) For further research, it is necessary to conduct research with more respondents in order to obtain more significant results; (c) The researcher then needs to use a new variable related to the purchase decision so that it can be a differentiator from existing research.

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