

The Effect of Price, Brand Image, and Product Quality of Purchase Decision of Xiaomi Smartphones

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Abstract

The high number of internet users in Indonesia makes the need for smartphones increasingly increasing. That way the competition to meet the needs of smartphones is very high with competition from various brands. This study aims to determine the effect of price, brand image, and product quality on purchasing decisions. The population in this study were consumers who purchased Xiaomi smartphones in Probolinggo City with a sample of 119 respondents using purposive sampling. This study uses a quantitative method with a descriptive approach and is analyzed using multiple linear regression. The results of this research show that price, brand image, and product quality have a significant positive effect on purchasing decisions. Brand image has the most dominant influence on purchasing decisions.

Keywords— price, brand image, product quality, purchase decision.

Abstrak

Tingginya jumlah pengguna internet di Indonesia membuat kebutuhan akan smartphone semakin meningkat. Dengan begitu persaingan untuk memenuhi kebutuhan smartphone sangatlah tinggi dengan persaingan dari berbagai merek. Penelitian ini bertujuan untuk mengetahui pengaruh harga, citra merek dan kualitas produk terhadap keputusan pembelian. Populasi dalam penelitian ini adalah konsumen yang melakukan pembelian smartphone Xiaomi di Kota Probolinggo dengan sampel sebanyak 119 responden dengan menggunakan metode purposive sampling. Penelitian ini menggunakan metode kuantitatif dengan pendekatan deskriptif dan dianalisis menggunakan regresi linier berganda. Hasil penelitian ini adalah harga, citra merek, dan kualitas produk berpengaruh positif signifikan terhadap keputusan pembelian. Citra merek mempunyai pengaruh paling dominan terhadap keputusan pembelian.

Kata kunci: harga, citra merek, kualitas produk, keputusan pembelian

INTRODUCTION

The use of Smartphones in Indonesia from year to year (2018-2022) has increased quite significantly, so it can be predicted that there will be an increase in the use of smartphones in the coming year. With so many models of cell phones with attractive appearances and low prices, such as Samsung,

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Oppo and Vivo, they are competing to create cheap cell phones. Company Smartphones must also be capable of reading what consumers want before producing their products, so the product Smartphones that are produced and produced can be in demand by many consumers and make them decide to buy a product Smartphone from the company. There are several factors that can influence consumers before choosing a product. In general, these four factors are cultural, social, personal, and psychological factors. The relationship between price and purchasing decisions is that price influences consumer decisions in making purchases, the higher the price, the lower the purchasing decision, conversely, if the price is low the purchasing decision changes to be higher (Kotler & Amrstong, 2016). A strong brand can attract consumers to use it as a determining factor in selecting purchasing decisions, while a strong requirement is brand image. Brand image is an interpretation of the accumulated information received by consumers. Those who interpret are consumers and those who are interpreted are information. Interpretation results depend on two things, first, how consumers interpret and secondly what information is interpreted (Bilson, 2003).

Currently, many users are using Xiaomi brand smartphones in Indonesia, based on reference data sources that the author obtained, it is proven that in 2020 Xiaomi distributed 146.4 million units of Xiaomi smartphones, and in 2021 Xiaomi recorded sales of 190 million units. Xiaomi itself is a company from China. The company, which was originally called Dami, was founded in 2010. Among the top ten HP manufacturing companies in the world, Xiaomi is one of the youngest. In the sales process, Xiaomi does not use advertising media at all, but with no advertising on its products, Xiaomi products are still in demand by Indonesian consumers. The Chinese manufacturer relies on online sales and word of mouth from Xiaomi users to introduce its products, supported by high specifications and low prices, making Xiaomi products much sought after by buyers and well-received among Indonesian users. At this time many users use Xiaomi brand smartphones in Indonesia, based on reference data sources that the author obtained, it is evident that in 2020 Xiaomi distributed 146.4 million Xiaomi smartphone units, in 2021 Xiaomi recorded sales of 190 million units. Xiaomi itself is a company from China. The company, originally named Dami, was founded in 2010. Among the top ten HP manufacturing companies in the world, Xiaomi is one of the youngest. In the sales process, Xiaomi does not use advertising media at all, but in the absence of advertisements on its products, Xiaomi products are still in demand by Indonesian consumers. This Chinese manufacturer relies on online sales and word of mouth from Xiaomi users to launch its products. Supported by high-quality specifications and low prices, Xiaomi products are in great demand by buyers and well-received by Indonesian users. But as time goes by there have been some bad news or problems with Chinese products regarding their quality, such as slow system performance, use of RAM which is not made by Xiaomi itself, no way to auto upgrade OS, and fake ROMs, already using 4G LTE function, but unable to use 4G network, etc. This has resulted in a slight drop in Xiaomi's image compared to similar S smartphones and equivalent specifications in China, resulting in lower consumer willingness to make a purchase decision. They consider the quality of Xiaomi products to be poor because Xiaomi products have problems with use and spare parts for Xiaomi products, because many people complain that running applications often hang, and run slowly, and the display on Xiaomi products is often damaged, such as a broken battery, hot. and waste, etc. This makes consumers hesitate to buy Xiaomi products from China. Therefore, the purpose of this study is to determine whether there is an influence price, brand image, and product quality on purchase decision of Xiaomi smartphones in Probolinggo City.

LITERATURE REVIEW

Purchasing decisions are a behavior that is elicited by consumers after the results of a process from finding problems, searching for information, finding alternative choices to ending in a decision to make a purchase (Tjiptono, 2016). The purchase decision itself can be influenced by the presence of marketing stimulus and also the psychological factors of the consumer itself. That way, purchasing decisions can be made by consumers if the consumers themselves are influenced by these factors. Consumer purchasing decisions are part of consumer behavior, namely the study of how individuals, groups, and organizations select, buy, use, and how goods, services, ideas, or experiences satisfy their needs and wants. Purchasing decisions cannot be separated from the nature of a consumer (consumer behavior) so each consumer has different habits in making purchases.

According to Kotler & Armstrong (2016) price is an exchange rate for a product or service that must be paid by consumers who use or buy the product or service. Price is also one of the components of the marketing mix which can change at any time or is flexible to existing conditions. Price itself is a benchmark for a product sold by producers to consumers based on various factors such as the target market and also economy class. In line with previous research conducted by Ashari *et al.* (2020) where in this research it was explained that price as an independent variable can influence consumers' purchasing decisions. This is reinforced by research conducted by Arief & Lestari (2021) where in this research, it was proven that price has a significant positive effect on purchasing decisions.

Brand image according to Kotler & Keller (2016) is the consumer's perception of a brand as a reflection of the associations that exist in consumers' minds. Brand image is an association that appears in the minds of consumers when remembering a particular brand. The association can simply appear in the form of certain thoughts and images associated with a brand. Brand image is consumers' assessment of the brand in a market. This creation can be created based on personal experience or hearing about its reputation from other people or the media. Ubaidillah & Suyono (2023) concluded that brand image influences purchasing decisions. This means that brand image can influence purchasing decisions. A good brand image will result in high purchasing decisions. In line with research conducted by Widiastuti *et al.* (2020) who also proved in their research that brand image can have a positive influence on purchasing decisions.

According to Prawirosentono (2006) the quality or quality of a product is the physical state, function, and characteristics of a product in question that can satisfy the tastes and needs of consumers satisfactorily according to the value of money that has been issued. The research results of Fera & Pramudhita (2021) state that product quality is something that needs to receive primary attention from the company or producer, considering that the quality of a product is closely related to consumer satisfaction, which is the goal of the marketing activities carried out by the company. In line with research conducted by Rijadi (2019), product quality has a significant positive effect on purchasing decisions. Based on the explanation above, it was found that the hypotheses proposed in this study include:

H1: Price significantly affects purchase decision

H2: Brand Image significantly affect purchase decision

H3: Product quality significantly affects purchase decision

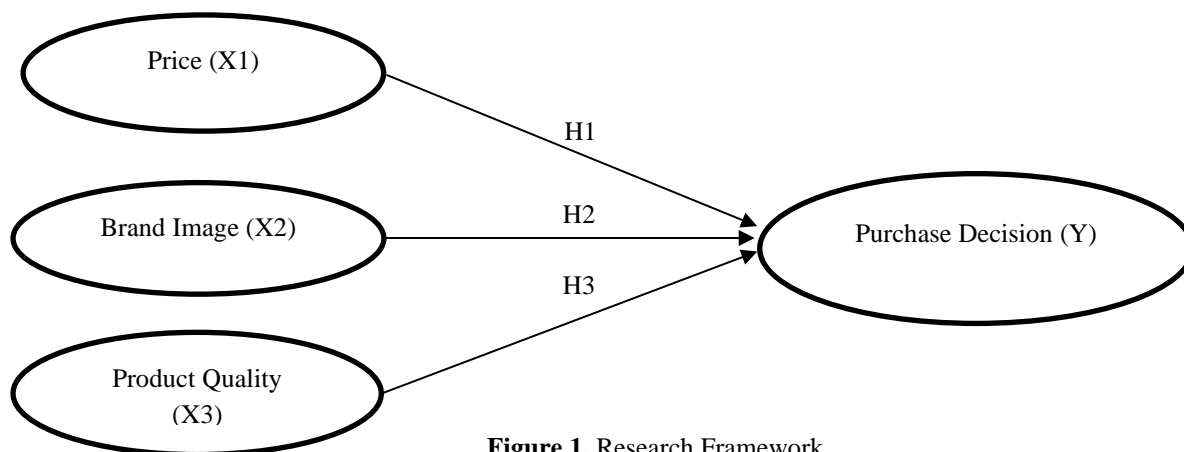


Figure 1. Research Framework

RESEARCH METHODS

This type of research uses quantitative methods. This research was conducted at the Gedank Cell Soetomo Store on Jl. Dr. Sutomo No. 29, Mangunharjo, Kec. Mayangan, Probolinggo City, East Java. The population in this study is the people of Probolinggo who have purchased Xiaomi Smartphones at the Gedank Cell Soetomo store totalling 119 respondents. Data collection method using questionnaire and method measurement variable use likert scale. The analysis tool used is path analysis using SPSS software.

RESULTS AND DISCUSSION

The results of the characteristics of the respondents showed that the majority was in range of age 21-23years (43.7%) and dominated by university student. The demographic detail can be seen in the following table:

Table 1. Respondent Demography

Item	Variant	Respondents	Percentage
Age	15 – 17 Years	3	2.5%
	18 – 20 Years	29	24.4%
	21 – 23 Years	52	43.7%
	24 – 26 Years	26	21%
	>27 Years	3	8.4%
Work	High School Student	11	9.2%
	University Student	72	62.5%
	Private sector worker	13	10.9%
	Government employees	12	10.1%
	Self-employed	11	9.2%

Source: primary data processed (2023)

Table 2. Validity Test

Variable	Item	R count	R table	Information
Price (X1)	X1.1	0.588	0.180	Valid
	X1.2	0.687	0.180	Valid
	X1.3	0.376	0.180	Valid
Brand Image (X2)	X2.1	0.447	0.180	Valid
	X2.2	0.597	0.180	Valid
	X2.3	0.423	0.180	Valid

Variable	Item	R count	R table	Information
Product Quality (X3)	X2.4	0.551	0.180	Valid
	X3.1	0.396	0.180	Valid
	X3.2	0.563	0.180	Valid
	X3.3	0.509	0.180	Valid
	X3.4	0.412	0.180	Valid
	X3.5	0.338	0.180	Valid
	X3.6	0.327	0.180	Valid
Purchase Decision (Y)	X3.7	0.344	0.180	Valid
	Y1.1	0.616	0.180	Valid
	Y2.2	0.758	0.180	Valid
	Y3.3	0.797	0.180	Valid

Source: primary data processed (2023)

Based on table 2, it can be seen that the calculated r value of each indicator is greater than r table (0.180). So it can be concluded that all statement items on the questionnaire are declared valid.

Table 3. Reliability Test

Variable	Cronbach's Alpha	Result
Price	0.629	Reliable
Brand Image	0.633	Reliable
Product quality	0.620	Reliable
Purchase decision	0.798	Reliable

Source: primary data processed (2023)

Based on the table 3, the reliability test results in the table above show that all variables used in this study have a cronbach's alpha value of more than 0.5. Thus, it can be concluded that all variables used in this study are declared reliable. The normality test is used to find out whether the data used in this study is normally distributed or not. The data used can be declared normal if the Kolmogorov-Smirnov significance value shows a significance value > 0.05 . The following is the normality test data in this study

Table 4. Normality Test

Number of Respondents	Value. Sig	Information
119	0.200	Normal

Source: primary data processed (2023)

From the results of the normality test performed, it can be seen that the *Asymp. The resulting sig* is greater than 0.05 which indicates that the data used in this study is normally distributed. The multicollinearity test aims to test whether the regression model finds a correlation between the independent variables or not.

Table 5. Multicollinearity Test

Variable	Tolerance	VIF	Conclusion
Price	0.988	1.012	Non-Multicollinearity
Brand Image	0.992	1.008	Non-Multicollinearity
Product quality	0.994	1.006	Non-Multicollinearity

Source: primary data processed (2023)

From table 5, we can find out the results of the multicollinearity test which shows no symptoms of multicollinearity. This is indicated by the *tolerance value* of more than 0.1 and the VIF value below 10. In testing data analysis, researchers conducted multiple linear regression tests with the results in the table 6 as follows:

Table 5. Result of Regression Coefficient

Variables	Regression Coefficient	Sig. t
Price	0.163	0.001
Brand Image	0.411	0.000
Product quality	0.312	0.002
Constant	0.623	0.002

Source: *primary data processed (2023)*

From the results of multiple linear regression analysis in table 7 it can be found the regression equation, namely:

$$Y = 0.623 + 0.163X_1 + 0.411X_2 + 0.312X_3 \quad (1)$$

Table 6. Hypotheses Result

Variable	T-Count	T-Stat	Sig.	Note
Price → Purchase Decision	2,059	1,980	0.001	Significant
Brand Image → Purchase Decision	4,030	1,980	0.000	Significant
Product Quality → Purchase Decision	2,392	1,980	0.002	Significant

Source: *Data processed (2023)*

Based on table 6 which shows the results of the t test, it can be concluded that each calculated t-value of all independent variables has a value greater than the t-table. That way each independent variable has a positive influence on purchasing decisions. The significance value of each variable shows a value below 0.05 which shows that each independent variable has a significant effect on purchasing decisions. the results of the t-test show that the price variable obtained a t value of 2.059 and a t-table of 1.980, based on these data where t-count > t-table, hypothesis H1 is accepted and H0 is rejected. So it can be concluded that the price variable has a significant positive effect on the purchase decision variable. The brand image variable has a significant positive effect on the purchase decision variable. The results of the t-test show that the product quality variable obtained a t-value of 2.392 and a t-table of 1.980, based on these data where t-count > t-table, hypothesis H1 is accepted and H0 is rejected. So it can be concluded that the product quality variable has a significant positive effect on the purchase decision variable.

Table 7. Dominant Test

Variable	Standardized Coefficient Beta
Price	0.155
Brand Image	0.497
Product Quality	0.329

Source: *primary data processed (2023)*

Based on the data in table 7, it can be seen that brand image has a more dominant influence on purchasing decisions. Based on the results of the multiple regression analysis used in this research, it is stated that the price variable has a significant influence on the decision to purchase a Xiaomi

smartphone. It can be interpreted that the price variable in this research is able to influence more or less the decision to purchase a Xiaomi smartphone. This is in line with research conducted by Ashari et al. (2020) which states that price has a significant influence on purchasing decisions. This was also expressed in research conducted by Arief & Lestari (2021) where the results of the research stated that price can influence a person's ability to make purchasing decisions. This shows that the decision to purchase a Xiaomi smartphone can be made based on a price that suits the target market. By optimizing prices, you will be able to increase the sales percentage of Xiaomi smartphones which will also increase purchasing decisions.

The brand image also partially influences purchasing decisions. It can be interpreted that the brand image variable can influence the level of a consumer's purchasing decision without any additional influence from other independent variables. In line with research by Ubaidillah & Suyono (2023) this research found that brand image can influence someone in making purchasing decisions. The image a product has can create a mindset in the minds of consumers. This is reinforced by research conducted by Widiastuti et al., (2020) where in their research it was proven that brand image has a significant positive effect on purchasing decisions. This shows that paying more attention to how to shape the brand image in the minds of consumers regarding Xiaomi smartphones, will have an impact on increasing consumer purchases. Improving the brand image of a product will also have an impact on increasing Xiaomi's purchasing decisions.

Product quality also partially influences purchasing decisions. It can be interpreted that product quality variables can have an impact on consumers in determining which smartphone to purchase. The product quality of each product has its own advantages and has a market for each of its advantages. In this case, product quality influences consumer purchasing decisions in purchasing a product. In line with research conducted by Fera & Pramuditha (2021), the research shows that product quality has a positive effect on purchasing decisions for a product. This was also proven in research conducted by Rijadi (2019) where in this research it was seen that product quality had a significant positive effect on consumer purchasing decisions. This shows that when Xiaomi smartphones pay more attention to how to highlight the quality of their products, it will have an impact on increasing sales of their products. By improving the product quality of Xiaomi smartphones, purchasing decisions will also improve. Based on the dominant test carried out to find out which independent variable has the most dominant influence on purchasing decisions, it was found that brand image is the variable that has the most dominant impact on purchasing decisions. This shows that a consumer purchases a Xiaomi smartphone at the Gedank Cell Store because of the brand image that is embedded in the consumer's mind. Prices and product quality can continue to be reviewed and re-optimized to influence consumers to purchase Xiaomi smartphones. The brand image of Xiaomi smartphones is very influential on purchasing decisions so it really needs to be maintained.

CONCLUSION

Based on the results of the research that has been conducted and has been described previously, several conclusions can be drawn from the overall research results. Price has a significant influence on purchasing decisions in the case study of purchasing a Xiaomi smartphone. This means that by paying close attention to the price of each product and its target market, the Gedank Cell shop can maximize its sales increase. Brand image has a significant influence on purchasing decisions in the case study of purchasing a Xiaomi smartphone. By increasing knowledge about the Xiaomi Smartphone brand among consumers, it can increase a consumer's purchasing decisions. If managed well and seriously, this can

be a means of improving purchasing decisions. Product quality has a significant influence on purchasing decisions in the case study of purchasing a Xiaomi smartphone. By improving the product quality on Xiaomi smartphones, you can attract consumers' attention even better, which will increase purchasing decisions as well.

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