

CHAPTER I

INTRODUCTION

1.1 Background

In the global era, the development of communication and information technology is growing rapidly, so that almost everyone needs technology. One example of communication and information technology is a smartphone. Along with the development of this technology, the growth of the electronic industry in smartphone products always provides superior products, so consumers can fulfill their needs. However, the number of smartphone shipments to Indonesia in the third quarter of 2018 has decreased.

Based on data from IDC (International Data Corporation) in 2018 smartphone shipments in Indonesia reach 355.2 million units in the third quarter of 2018 (July-September), that means a decline from 2017 to 2018 of 6%.

Table 1.1
Top 5 Smartphone Companies, Worldwide Shipments, Market Share, and Year over Year Growth (Shipments in millions of units)

Company	3Q18 Shipment Volumes	3Q18 Market Share	3Q17 Shipments Volumes	3Q17 Market Share	3Q18/3Q17 Change
Samsung	72.2	20.3%	83.3	22.1%	-13.4%
Huawei	52.0	14.6%	39.1	10.4%	32.9%
Apple	46.9	13.2%	46.7	12.4%	0.5%
Xiaomi	34.3	9.7%	28.3	7.5%	21.2%
OPPO	29.9	8.4%	30.6	8.1%	-2.1%
Others	119.9	33.8%	149.8	39.6%	-19.9%
Total	355.2	100.0%	377.8	100.0%	-6.0%

Source: IDC Quarterly Mobile Phone, November 1, 2018

IDC data also revealed that there were 5 top smartphone companies in 2018 such as Samsung, Huawei, Apple Inc, Xiaomi, and Oppo. Every company competes in selling its products, various advantages are given to its products. Globally, Samsung is still topping the

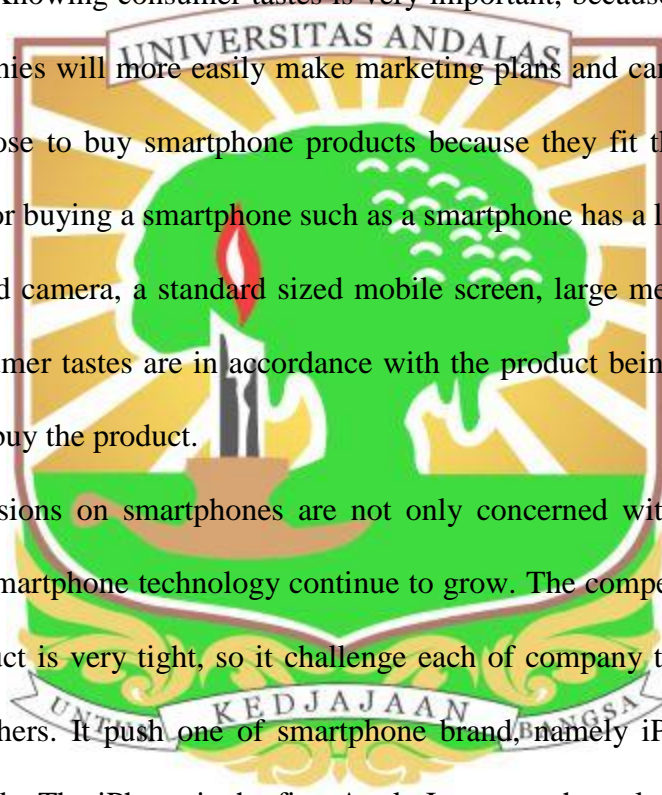
smartphone market in Indonesia even though Samsung's demand declined from 2017 by 13.4%. The second place in the top smartphone company IDC 5 was successfully occupied by Huawei which has increasing for smartphone demand by 32.9%, which shifted Apple Inc in third position. Apple Inc has increase in smartphone market demand of only 0.5%, because the company has just launched its product at highly prices. In the fourth position according to IDC 5, the top smartphone companies were successfully occupied by Xiaomi. Xiaomi's own company an increase in the market demand for smart phones by 21.2% from 2017. The last position in the smart phone company IDC 5 is OPPO which has decreased in 2018 by 2.1%.

Some of the best products launched by the company in 2018 like Samsung launched the Galaxy Note 9 series. Samsung offers major changes to the Galaxy S Pen which is can be used as a remote to access some features of the Galaxy Note9 such as cameras from a certain distance armed with Bluetooth connections. After that, Apple Inc introducing the latest products namely iPhone XS, XS Max and XR. Apple also introduced the latest A1 Bionic chipset and iOS version 12 and sold at high prices. Not to be outdone Huawei took the opportunity to introduce their latest chipset, the Kirin 980 which uses a 7nm manufacturing process, and this chipset was also introduced as the first in the world. Still in the same period Xiaomi was a "dark horse" which had passed various challenges of growth in the past, which managed to occupy the fourth position. Xiaomi provides devices with a more competitive price ratio, thus giving consumers better value for money. By implementing this strategy, Xiaomi succeeded in gaining market share and a significant share of mind. Whereas in the third quarter of 2018 it was not a good period for Oppo. The reason is that the vendor's market share that use the 'cellphone camera' tagline has declined. However, Oppo still introduces the Find X series with a new design in the smartphone industry. Find X brings a pop up camera design to offer a more spacious screen. Find X presents

a burst camera design to offer a wider screen. While the front and rear cameras are placed on the body that can be raised through an automatic mechanical process when the user presses the camera menu. With these circumstances each company competes each other for marketing their products with the advantages that exist. It depends on the consumer choosing which product they want.

One of the factor that considered by companies in marketing a knowing the needs and tastes of consumers. Knowing consumer tastes is very important, because by knowing the tastes of consumers, companies will more easily make marketing plans and can be sold to consumers. Most consumers choose to buy smartphone products because they fit their needs. Usually the consumer's appetite for buying a smartphone such as a smartphone has a large-capacity and long-lasting battery, a good camera, a standard sized mobile screen, large memory and an operating system used. If consumer tastes are in accordance with the product being marketed, consumers make the decision to buy the product.

Purchase decisions on smartphones are not only concerned with consumer tastes, but consumer needs for smartphone technology continue to grow. The competition each company in marketing their product is very tight, so it challenge each of company to create a new product and different with others. It push one of smartphone brand, namely iPhone which present to fulfill consumers needs. The iPhone is the first Apple Inc smartphone launched in 2007. iPhone tries to enter the market with various types, can be seen from the aspect of price and product quality. The iPhone has distinctive brand image, because it uses a different operating system. The iPhone brand image globally is the number one product because the brand. iPhone quality is a combination that makes the image of iPhone users easy to recognize and operate iPhone products because the iPhone is designed for ease of mobility and distinctive physical form. The



iPhone is designed with a different operating system than other smartphones, and only products from Apple that operate the iOS system. The iPhone is trying to maintain the positive image that consumers have in the world. Besides having an international brand image, iPhone also provides high quality. The company continues to improve the sophistication and specifications of innovation from the iPhone to be able to compete with other smartphone products. The development of the iPhone is marked by changes in features and the iPhone has specifications for each product launched. It makes the quality of the iPhone increase every time when the Apple Inc release a new product from the iPhone, and make consumers interesting in the iPhone.

The achievement of iPhone sales can not be separated from the factors that underlie consumer decision making in terms of purchases. The iPhone will not achieve this without a good response from consumers in terms of purchases. The level of consumer involvement can be influenced by several factors, such as brand image. According to Keller (2013: 342), the important aspect of the brand is image. Brand Image is a free expression, especially by people outside marketing. According to Randall (2017: 7), brand image is what is in the minds of consumers. This is a total of all information they receive about the brand, from experience, word of mouth, advertising, and service. Its depend on selective perceptions.

The other factors that can influence product purchasing decisions are product quality. The quality provided by a product becomes one of the supporters when consumers will make purchases on a product. In ISO 8402 and SNI (Standard National Indonesia), the definition of quality is the overall characteristics of a product or service whose ability to satisfy needs. In other words, quality is the expectation of consumers of a product. As an example of the quality of the iPhone product which has advantages such as the “Find iPhone” which distinguish this product from other products, when someone's iPhone is lost, and the network is still active, this

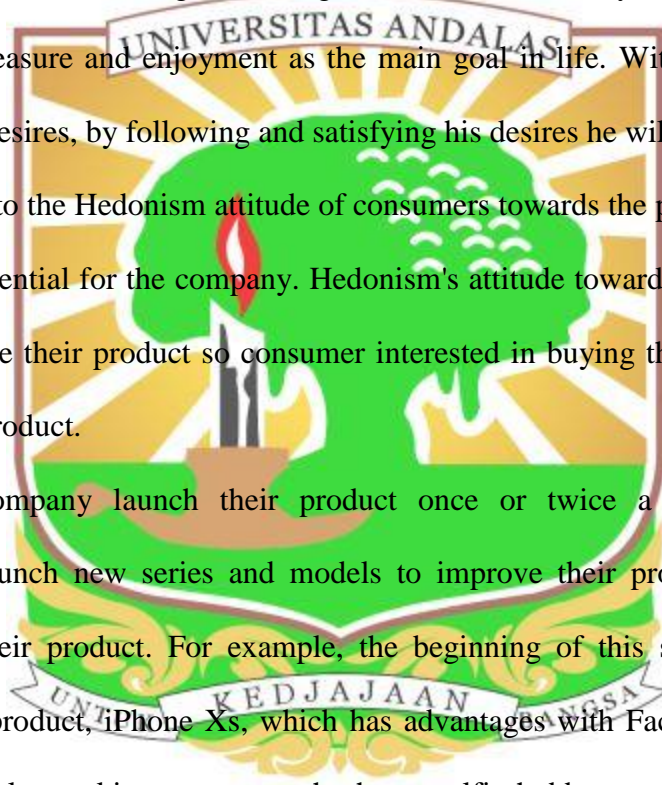
iPhone can be traced, so there is a possibility to return. In addition, each original iPhone product has a different IMEI number, and is registered on the Apple Inc website.

Beside brand image factors and the quality of products that are in accordance with what consumers expect, there will be a purchasing decision, where consumers will make decisions from the existing products. The marketing goal is to fulfill and satisfy the needs and desires of consumers. To achieve success, marketers must look at various factors that influence buyers such as the hedonism attitude. According to the Big Indonesian Dictionary, hedonism is a view that considers material pleasure and enjoyment as the main goal in life. With this attitude brings a person to follow his desires, by following and satisfying his desires he will get his happiness.

If it is related to the Hedonism attitude of consumers towards the purchase of a product, it will provide great potential for the company. Hedonism's attitude towards consumers, will bring a company to improve their product so consumer interested in buying them, because consumer never satisfy with a product.

Apple Inc company launch their product once or twice a year with an unique characteristic, like launch new series and models to improve their product quality to attract consumers to buy their product. For example, the beginning of this season, Apple has just launched its newest product, iPhone Xs, which has advantages with Face ID, has an attractive camera and good results, making someone who has a selfie hobby, or a photo, is interested in having an iPhone X, due to the high quality given better.

The Hedonism attitude towards someone will make and seek pleasure and satisfaction if he has an iPhone. For example, he has an iPhone with the iPhone seven series, but now the iPhone X is launching with advantages such as a good camera than old series. He has a selfie hobby and very interested with those good camera that offered. A person who has a hedonism



attitude will try to buy an iPhone X whether his old smartphone still in good condition, he will try to buy those new smartphone without considered the prices for example. So, when the iPhone is bought, he will satisfy and happy.

It can be concluded that someone who has a Hedonism attitude, tends to never satisfied with the purchase of a product. He always feels cheerful when he can get a good brand product, so he will try everything to get that product eventhough he cant afford to buy the product.

Based on the background of the problems described above, the researcher is interested in conducting research with the title: **“The Influence of Product Quality, Brand Image and Hedonism on Purchase Decision of iPhone (Case Study: Students in Universitas Andalas)”**.

1.2 Problem Statement

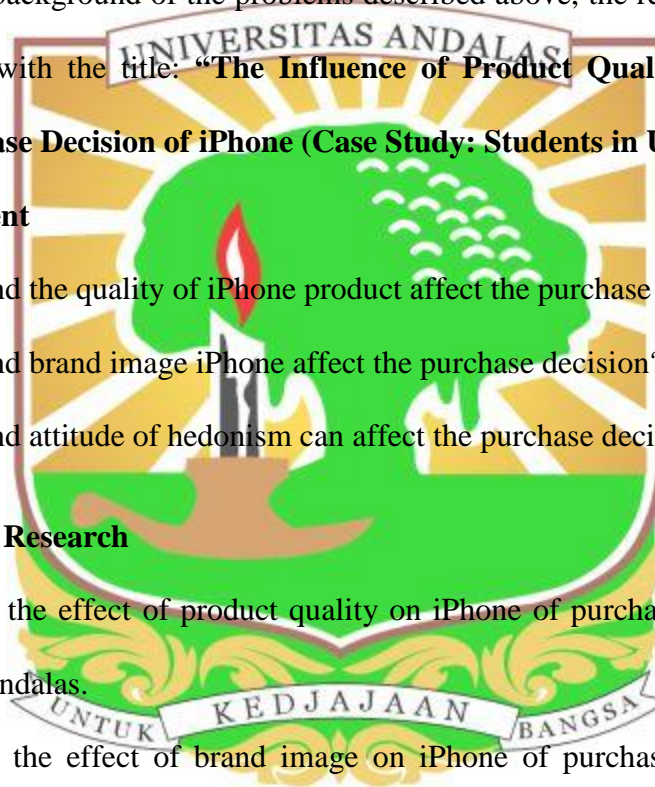
1. To what extend the quality of iPhone product affect the purchase decision?
2. To what extend brand image iPhone affect the purchase decision?
3. To what extend attitude of hedonism can affect the purchase decision?

1.3 Objectives of the Research

1. To determine the effect of product quality on iPhone of purchase decisions at students Universitas Andalas.
2. To determine the effect of brand image on iPhone of purchase decisions at students Universitas Andalas.
3. To determine the effect of the attitude of hedonism on purchase decision of iPhone at students Universitas Andalas.

1.4 Contribution of the Research

1. Contributions to researchers



This research is a tool to practice the theories that have been acquired during the course so that the author can add practical knowledge about the problems faced by the company. This research is used to see how much the product quality, brand image of iPhone products and hedonism attitudes can influence consumers in buying iPhone products.

2. Contributions to the Company

This research is expected to be a material consideration and input for the company in establishing policies and strategies in the field of marketing for business development and hopes to be beneficial for the company to improve the quality of its products.

3. For other parties

This research can be used to apply the knowledge possessed in assessing a problem in the field in accordance with the knowledge learned and increase knowledge, especially regarding marketing activities.

4. For Academics

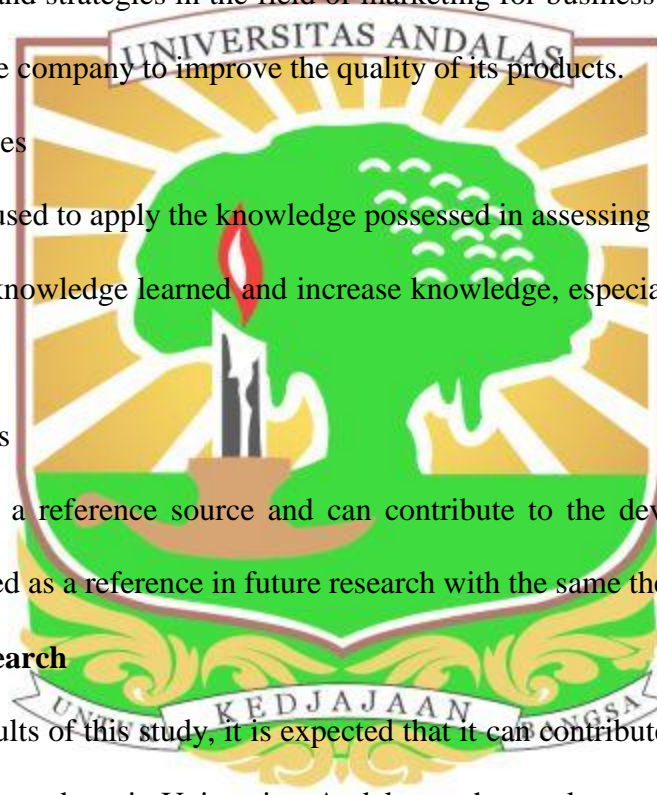
This research can be a reference source and can contribute to the development of marketing studies and can be used as a reference in future research with the same theme.

1.5 Scope of the Research

To obtain the results of this study, it is expected that it can contribute to those who are using the iPhone products at students in Universitas Andalas, so that we know what the quality product, brand image and hedonism attitude makes them choose to buy and use iPhone products.

1.6 Outline of Research

To make it easier and make the following content moderate, researchers divide into five chapters, namely:



CHAPTER 1 INTRODUCTION

This chapter contains of background from research, problem statements, research objectives, research contributions, research scope and research outline.

CHAPTER II: LITERATURE REVIEW

In the literature review chapter, it contains a description of the theoretical variables that cover theories that support and underline the variables used in the research and framework

CHAPTER III: RESEARCH METHODOLOGY

This chapter will explain the methodology that researchers use to discuss research design, data collection methods, population and samples, operational variables, data processing, data analysis methods and data analysis.

CHAPTER IV: DATA ANALYSIS AND DISCUSSION

Is a discussion that includes the characteristics of respondents, the description of the respondent's answers, and the results of data analysis and discussion.

CHAPTER V: CONCLUSIONS, LIMITATIONS, IMPLICATIONS, AND RESEARCH RECOMMENDATIONS

This is the final chapter of the study, this explains the conclusions, limitations, implications and suggestions of research.

