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Brand Image and Product Price; Its Impact for Samsung Smartphone Purchasing Decision

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Abstract

This study tried to investigate the reason concerning the purchase decision of smartphone. The variables that is used are brand image and product price of Samsung smartphone. The descriptive quantitative research methods with a non purposive sampling was implemented by involving two independent variables Brand Image, and Product Price and one dependent variable Purchase Decision, The result showed that customer not just only influenced by the product but also the price as well. The researcher suggests to add another factor for increasing the value of R square

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Keywords: Brand image; Product price; Purchase decision; Samsung smartphone.

1. Introduction

1.1. Background

Samsung which founded by Lee Byung-chul in 1938 is a worldwide telecommunication manufacturer in South Korea. As the ICT technology growing up, Samsung that was a trading company exporting various products developed into a multinational company. Samsung was separated into four groups in 1987 and it has increasingly

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globalized since 1990. Since then its activities that is in electronics especially in mobile phones and gadgets become the main business of Samsung (Samsung, 2015)

Samsung has a powerful influence on South Korea's economic development, politics, media and culture and has been a major driving force behind the "Miracle on the Han River". It is clearly stated by Kyong Ran Seo (Kyong Ran Seo, October 2015) that Korea’s GDP per capita went from US\$65 in 1955 to US\$28,180 in 2014, an indication of the country’s steady and rapid growth. In fact, average annual GDP growth was 9.6 percent from 1960 to 1980 and 8.0 percent from 1980 to 2000. In 2004, Korea joined the trillion dollar club of world economies. In 2014, it was the world's 14th largest economy. According to Weismann (Weissmann, 2012) Its affiliate companies produce around a fifth of South Korea's total GDP.

According to Samsung's founder, the meaning of the Korean hanja word Samsung is "tri-star" or "three stars". The word "three" represents something "big, numerous and powerful" (Samsung, 2015)

In Indonesia, according to Waring (Waring, 2015) the market share of smartphones are as mentioned in table 1.1:

Table 1.1 Market share of smartphones in Indonesia

	Q4 2014	Q1 2015
Samsung	26.40%	32.90%
Evercross	13.40%	13.10%
Smartfren	15.40%	12.90%
Advan	7.70%	7.10%
Oppo	8.80%	6.10%
Others	28.30%	27.90%

Source: <http://www.mobileworldlive.com/asia/asia-news/indonesias-smartphone-market-jumps>

Referring to the table 1.1 it can be seen that the smartphones marketshare of Samsung increased rapidly in the early 2015. Based on this phenomena, it is interesting to investigate the reason from the purchaser for purchasing the Samsung smartphones.

1.2. *Problem Formulation*

The research tries to analyze concerning the purchase decision of a smartphone. The problem can be formulized as “What is the impact of the brand image and product price towards the purchase decision of Samsung smartphones?”

2. Literature Review and Research Methodology

2.1 *Brand Image*

Brand Image, according to Keller (Keller, 2012) can be described and understood as follows:

“Once a sufficient level of brand awareness is created, marketers can put more emphasis on crafting a brand image”

From the statement mentioned above, we may understand that the brand image is something more valuable than the product. It means that the brand can be used as a difference between one product with another similar product, especially by using the brand image.

For measuring the brand image, according to Aaker (Aaker, 2011) the items that can be used are product attributes, consumer benefits and brand personality that can be described as follows:

- Product Attributes: which are matters relating to the brand itself.
- Consumer Benefits: what is the usefulness of the products of the brand;

- Brand Personality: an association imagine about a brand if the brand personality is a human.

2.2 Product Price

According to Samuelson (Samuelson, 2009), the price is a factor that is determined by the interaction between demand and supply in the factors of production. Price is also the amount of money that is used as a tool of exchange to obtain a product or service.

According to Armstrong et al (Amstrong, 2012) pricing decisions are depend on a series of environmental forces and competition that are very complicated. The company not only set a single price, but setting in the form of a structure pricing structure that includes different items in each product line. The items that can be used for measuring the price are Fair Price, Fix Price, Reliable Price and Relative Price

2.3 Purchase Decision

According to Armstrong et al (Amstrong, 2012) the purchase decision-making process is the stage where the consumer actually purchases the product. For measuring the purchase decision, Armstrong et al (Amstrong, 2012) mentioned that the purchase decision process consists of five stages: introduction needs, information search, evaluation of alternatives, purchase decision, and behavior after purchase.

Schifman et al (Schiffman, 2010) mentioned that purchase decision is an act committed by a consumer to make a decision in the form of product selection, the selection of the brand, the condition (discount), and the amount of the purchase. For measuring the purchase decision, it can be done by measuring the items such as Cognitive, Affective and Conative items of the purchase decision.

2.4 Research Framework

The framework of the research by using brand image and product price as the attributes to understand the effect of those variables to purchase decision are as follows:

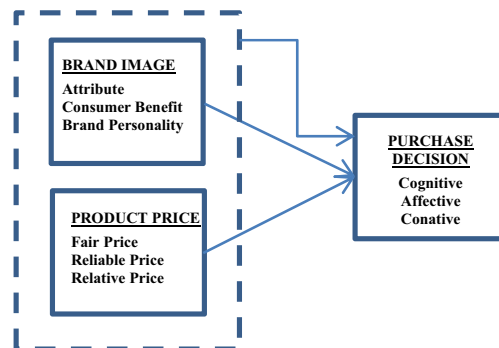


Figure 1. Research Framework

The framework of the research as shown in figure 1 explain the effect of the independent variables towards the dependent variable either from partial effect and simultaneous effect respectively

2.5 Research Methodology

2.5.1 Research design

The research is using a descriptive quantitative research method. According to Zikmund (Zikmund, 2010) the descriptive analysis is the elementary transformation data that describes the basic characteristic such as distribution and variability. A purposive sampling is used as the sampling method. The sampling technique is a non probability sampling. The research are using two independent variables that is Brand Image (X1), and Product Price (X2) and one dependent variable Purchase Decision (Y).

2.5.2 Data collection Process

The data were gathered by using questioner come from 100 respondents. Most of the respondents are located in south part of Bandung

2.5.3 Data Analysis

The SPSS 20 and a multi linear regression were used for analysing the data

2.4 Operational Variable

The dependent variable is Brand Loyalty (Y). The Operation Variable items for those independent and dependent variables are mention in table 2.1

Table 2.1 Operational Variable

Variable	Variable Concept	Dimension	Indicator	Scale
Brand Image (X1)	A set of beliefs of consumers from a certain brands	Attributes	A Non-product related attributes	Ordinal
		Consumer Benefits	1.Functional benefits	Ordinal
			2.Experimental benefits	Ordinal
			3.Symbolic benefits	Ordinal
		Brand Personality	1.The fame level of the brand	Ordinal
			2.The uniqueness level	Ordinal
Product Price (X2)	Price is the amount of money as a tool of exchange to obtain a product or service	Fair Price	Worthy price	Ordinal
			2.Acceptable price	Ordinal
			3.Suitability price	Ordinal
			4.Price Acceptance	Ordinal
		Fix Price	1.Clarity price	Ordinal
			2.Suitability price	Ordinal
			3.Truth of the price	Ordinal
			4.Honest price	Ordinal
		Reliable Price	1.Good price	Ordinal
			2.Comparable price	Ordinal
			3.Reliability of price	Ordinal
			4.Price can be trusted	Ordinal
		Relative Price	1.Price comparison	Ordinal
			2.Competitive price	Ordinal
			3.Relativeness price	Ordinal
			4.Price growth	Ordinal
		Cognitive	1.The level of knowledge about the product	Ordinal

Purchase Decision (Y)	Some of the steps being taken by the consumer before making decision of purchase of a product		2.The level of understanding of product features	Ordinal
		Affective	1.The level of consumer preferences towards product	Ordinal
			2.The level of consumer interest towards the product	Ordinal
		Conative	1.The level of desire to buy a product	Ordinal
			2.The level of propensity to buy a product	Ordinal
			3.The level of propensity to buy the product in the near future	Ordinal

3. Results and Discussion

3.1 Characteristics of Respondents

The data collected from the one hundred respondents were classified in to several group as follows:

3.1.1 Gender.

It is found that the smallest respondents are female with 44 % Then the predominant number of respondents in this study are male with 60 %

3.1.2 Age

Most of the respondent ages (45%) are between 20 to 24 years. The respondent that less than or equal to 19 years old are 34 % while the respondent that have more than 25 years old are 21 %

3.1.3 Education

Most of the respondents are in bachelor degree (51%). The Post graduate respondents are 9 % while the rest are come from high school (40%)

3.2 The Results

3.2.1 The Validity and Reliability Test Results

In this study, the validity and reliability test are done by using SPSS ver.20. The results of reliability and validity of test can be seen in Table 3.1 and table 3.2 .:

Table 3.1 validity test result

Variable	Pearson Correlation	R Table	Remarks
Brand Image	> 0.361	0.361	Valid
Product Price	> 0.361	0.361	Valid
Purchase Decision	> 0.361	0.361	Valid

Referring to the table 3.1, it can be shown that because of all Pearson correlation values are greater than 0.361 we may conclude that all of the question variables are valid. It means that we can use it as a tool for gathering the data

Table 3.2 Reliability test result

Variable	Cronbach Alpha Result	Remarks
Brand Image	0.826	Reliable
Product Price	0.883	Reliable
Purchase Decision	0.796	Reliable

Referring to the table 3.2, it can be shown that because of all Cronbach Alpha Result values are greater than 0.6 we may conclude that all of the question variables are reliable. It means that we can use it as a tool for gathering the data

3.2.2. *Multiple Regression Analysis*

To investigate the effect of the independent variables towards the dependent variable, the multiple regression analysis by using SPSS 20 was implemented. The results are mentioned in table 3.3

Table 3.3 Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig
	B	Std Error	Beta		
(Constant)	.933	.453		2.060	.042
Brand Image	.655	.130	.429	5.036	.000
Product Price	.680	.158	.365	4.293	.000

Dependent Variable: Purchase Decision

Based on the table 3.3 above, the multiple linear regression equation are as follows:

$$Y = a + b_1X_1 + b_2 X_2$$

$$Y = 0.933 + 0.655 X_1 + 0.680 X_2$$

The equation of the multiple linear regression can be explained as follows:

- The Constant value of 0.933 means that it indicates the consumer will purchase the Samsung smartphone even there is no changes in neither brand image nor product price were taken by the Samsung producer. The value still 0.933.
- The variable regression coefficient value of 0.655 combined with X_1 means that if the brand image has increased 1 unit then purchase decision value will increase to 0.655 unit, by assuming that the other independent variable values are fixed.
- The variable regression coefficient value of 0.680 combined with X_2 means that if the product price has increased 1 unit then purchase decision value will increase to 0.680 units, by assuming that the other independent variable values are fixed.

From the equation we may understand that both variables influencing the purchase decision almost with the same figure even though product price value is higher than brand image.

The simultaneous influence of brand image and product price towards the purchase decision can be described as follows:

Table 3.4 Determination coefficient

Model	R	R Square	Adjusted R Square	Std Error of the estimate	Change Statistics		
					R Square Change	F Change	df1
1	.688	.474	.463	.38286	.474	43.678	2

Predictors:(Constant), Brand Image, Product Price

Dependent Variable: Purchase Decision

Referring to the table 3.4 it can be understood that the simultaneous influence of brand image and product price towards purchase decision is equal to 0.474 or 47.4 %. This figure explains that brand image and product price can explain the impact to purchase decision by 47.4 %. While the remaining that is equal to 52.8 % is explained by other variables that are not included in this research

4. Conclusions and Recommendations

4.1 Conclusion

The conclusion that can be taken from this research are as follows:

- The purchase decision of the Samsung customer still positive while there is no action from management concerning the brand image and product price
- Brand Image and Product Price influencing the purchase decision with almost the same figure. It means both of them influencing the purchase decision.

4.2 Suggestions

Based on the results of this research there are several suggestions for the company and the other researcher as follows:

- The company (Samsung) has to get the information concerning the expectation of the customer concerning the brand image and product price
- The company (Samsung) has to take care of the brand image and product price because even though both of them influencing with the same figure but there are still 52,8 % that is still uncovered by this research

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