

CHAPTER I

BACKGROUND

1.1 Background

In the current era of globalization, geographic boundaries between countries are not an obstacle in the communication process. As we know, the important factor in humans as social beings is communication. At this time, people really need to communicate with other people. One communication tool that is often used is a smartphone. Smartphones themselves are almost used by all people in the world. With the advancement of technology, it will make it easier for you to communicate with other people in other countries.

SMARTPHONE USERS IN BILLIONS

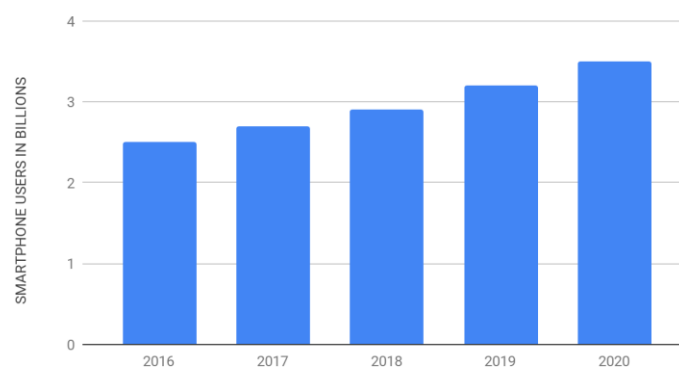


Figure 1. 1 Smartphone users in the world

source: (Statista, 2020)

Smartphones users in the world is also increasing every year. We can see that based on the diagram above, the number of smartphone users

worldwide surpasses three billion people and is expected to continue to grow in the next few years (statista, 2020). Competition for smartphone vendors in the world cannot be avoided due to the increasing demand for smartphones every year. Therefore, smartphone companies are competing to provide increased quality of products through advanced features.

One company that is engaged in planning, developing, and selling smartphones today is Apple Inc., which is headquartered in Silicon Valley, Cupertino, California. Apple Inc. was founded on April 1, 1976 and integrated into Apple Computer Inc. on January 3, 1977. On January 9, 2007, the word "Computer" was removed to focus its products after the launch of the "iPhone". The iPhone itself enters the market with a different concept, it can be seen from the aspect of price and quality it has. The quality of iPhone products is the best because the iPhone uses components from Samsung and recently embraced Dr. Dre's company, which is number 1 in the music industry, and for assembly, it is assembled in China through the FoxConn company (Akbar et al., 2016). In 2015, Apple received an award in terms of design quality, namely 2015 IF Design Gold Award. Also besides Apple also received an award as the best smartphone in the Mobile World Congress (MWC) Barcelona, Spain for iPhone 6.

Market Share Smartphone Worldwide

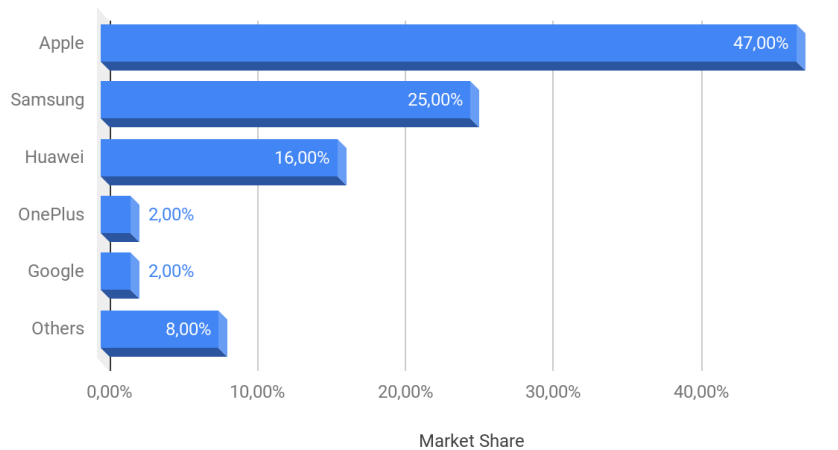


Figure 1. 2 Smartphone Market Share Worldwide

source: statista (2020)

Based on the data above shows that the Apple brand controlled the world's premium smartphone market share by 47% in the first quarter of 2019. Followed by Samsung in second place with 25% and Huawei with 16%. This is in line with the concept offered by Apple, namely the level of quality that Apple has is different from its competitors, namely Samsung.

Indonesia itself is one of the countries with the most smartphone users with 83.91 million (Statista, 2020). The demand for smartphones in Indonesia and globally, which continues to increase, makes producers continue to compete to innovate in smartphone products (Statista, 2020). This certainly makes competition between smartphones in Indonesia very tight.



Figure 1. 3 Indonesia's smartphone market share August 2019 - August 2020

Source: (Statcounter, 2020)

The competition for smartphone brands is quite fierce, in 2019 and 2020. Samsung still dominates the smartphone market despite a decline. On the other hand, Xiaomi and Oppo from China can increase its market share and become well-known brands.

Apple's market share is still too far from its competitors, namely Samsung, the market share owned by Samsung in the third quarter of 2020 was 24.71% while Apple was only 6.68% with a difference of 18.03%, while the data obtained shows that Apple controls the world market share. in the first quarter of 2019. The low market share of Apple in Indonesia is caused by the level of existing purchases that are not too good for Apple products. According to Mazlan et al., 2016) the desire of consumers to buy goods is strongly influenced by purchase intention. And purchase intention is important in marketing because we can know the intention of the product

being marketed (Bimantari, 2019). In addition, when customers make decisions, they look for more information before making a purchase (Esmailpour & Tabrizi, 2016) than the information obtained will form a tendency towards an item, which is usually measured in purchase intention (Mazlan et al., 2016). Therefore, it is important to look at the factors that influence purchase intention, including brand attitude, country of origin, and perceived quality of iPhone brand smartphones that are identical to their home country, the United States, considering that America is a developed country according to (Utomo & Sanaji, 2018).), said that consumers perceive products originating from developed industrial countries to be evaluated as superior by consumers compared to products originating from low industrial or developing countries. This model follows research models from (Hoang et al., 2018), (Saleem et al., 2015), and (Lee et al., 2019).

1.2 Research Problem and Research Question

Based on the background described above, we can see that Apple's market share in Indonesia is very low because the level of purchases of Apple products is not too good compared to the world even though Apple's market share in the world is the highest. Therefore, this study will analyze the role of the factors that influence the purchase intention of the iPhone brand smartphone in Indonesia.

Therefore the research question are :

1. Does the country of origin have an influence on the brand attitude of Apple smartphones?
2. Does brand attitude have an influence on the perceived quality of Apple smartphones?
3. Does the country of origin have an influence on the perceived quality of Apple smartphones?
4. Does perceived quality have an influence on the purchase intention of Apple smartphones?

1.3 Objective of the research

This section will explain the objectives of the research in order to be more specific in finding answers to the problems studied, as follows:

1. To determine the effect of country of origin on the brand attitude of Apple smartphones.
2. To determine the effect of country of origin on the perceived quality of Apple smartphones.
3. This is to determine the effect of brand attitude on Apple's smartphone perceived quality.
4. To find out the effect of perceived quality on the purchase intention of Apple smartphones.

1.4 Benefits of Research

All things that are researched are expected to be useful for companies, universities, and the parties related to this research.

1. Theoretical Benefits

This research is useful for providing scientific information about the effect of country of origin, brand attitude, on perceived quality in influencing the purchase intention of Apple smartphones. This research is expected to become a reference for the development of studies on purchase intention that can be used by all parties.

2. Practical Benefits

a. for Academics

This research is expected to be useful in adding empirical evidence on the factors that affect purchase intention.

b. For Researchers

Researchers hope to increase their knowledge and experience of doing research during their studies at Pelita Harapan University.

1.5 Research Systematics

To make it easier to provide a clear and detailed picture, this research is organized based on the systematics presented in five chapters in the following order:

CHAPTER 1 BACKGROUND

This chapter contains the background of the problem, the objectives of the research, research questions, problem restrictions and also the benefits of research and writing systematics.

CHAPTER 2 LITERATURE REVIEW

This chapter contains a review of the relevant literature that supports this research which includes theories related to purchase intention, country of origin, brand attitude and perceived quality. So that a strong theoretical basis can be obtained so that it can be used in solving problems and also proving the research hypothesis.

CHAPTER III RESEARCH METHODS

This chapter describes the research methods that will be used to conduct this research, sources and methods for collecting data, research instruments, data collection techniques, and data analysis.

CHAPTER IV RESULTS AND RESEARCH DISCUSSION

This chapter describes data analysis and answers to research problems through data that has been collected through

questionnaires, where the data is analyzed from variables to variable indicators.

CHAPTER V CONCLUSIONS AND SUGGESTIONS

In this chapter contains the conclusions obtained by researchers and research can also be used for further research according to the needs of the problem under study, information related to similarities in terms of objects and research subjects. In addition, this chapter also discusses suggestions for future researchers who want to research on topics similar to this research topic.

