CHAPTER I

INTRODUCTION

The entire research concept would be explained in this section. The study overview, foundation of the study, study issue, study questions, study purpose, as well as study restrictions are all included.

1.1 Background

Operations all over the world have undergone progressive advances and evolution processes throughout the period of globalization, particularly in international economic activities. The development of multinational firms has been impacted by international business, which has made it possible to trade goods and services across national borders. The lowering of barriers in various marketplaces, both locally and globally, is one of the elements that has contributed to this progress in international commerce. Companies now offer their goods abroad due to the growth of international markets. The quantity of foreign brand items expanded in different marketplaces throughout the world as more businesses began to sell their goods overseas.

Over time, there has been a growing need for information. This effect has changed how people shop, causing them to evaluate products more carefully before making a purchase. International commerce has changed not just how goods are traded across borders, but also how knowledge travels around the globe. There are several methods that may be utilized to obtain the necessary

information, including web surfing, reading publications that include the necessary information, and communicating via mobile devices. Smartphones were initially designed with the intention of communicating with voice through signals, but they can now assist their user in a variety of ways. From accessing global information sources to bridging communication gaps with online messaging, electronic mail, snapshots, image, and videos to keeping tabs on studies, finances, and even health, could mostly covered by smartphones (Device Region, 2017). Smartphones have evolved into a device that resembles computers thanks to the technology's steady improvement. Because of this, consumers now consider cellphones to be a necessary tool for carrying out both everyday personalization and professionals tasks.
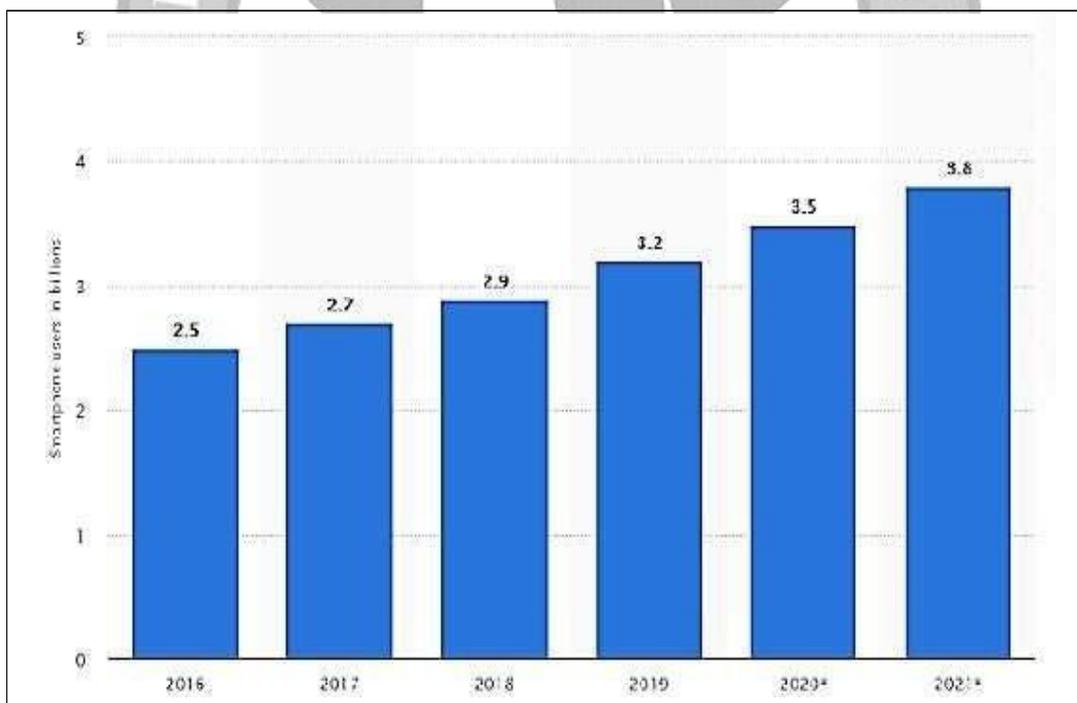

Figure 1.1. The total of user using smartphone in the world since 2016 until 2021
Resource: Statista (2020)

Based on Statista (2020), number of users in smartphone in the world has up in the range of 4 years. From 2017 until 2020, all the world the smartphones have been used by 2,500 million users until 3,500 million users. And it was predicted during 2021, the total of smartphone users will increase to 3,800 million (Figure 1.1)
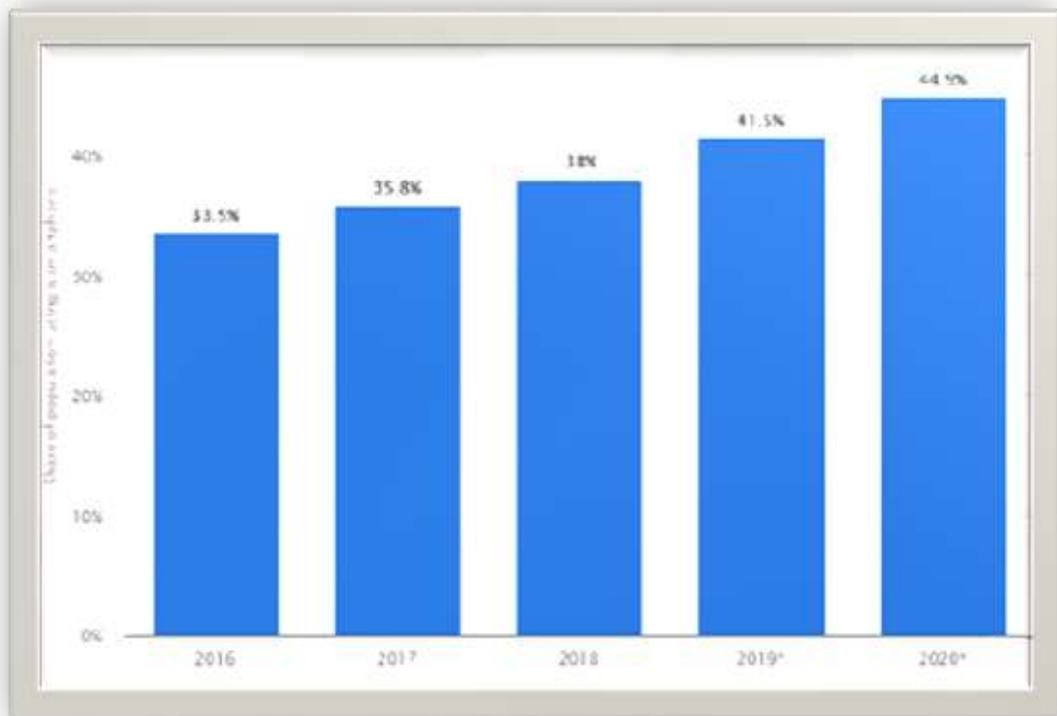

Figure 1.2. Global smartphone penetration rate as share population (2016-2020)
Source: Statista (2020)

Based on chart Statista (2020), at year 2019 world's smartphones penetration rate will be estimated to passing 40 percent in 1st times. Among 3.2 billions smartphones user in the world as well as globals resident around 7.7 billions, the penetration of world's smartphone reaching 41.5 percents (Figure 1.2).
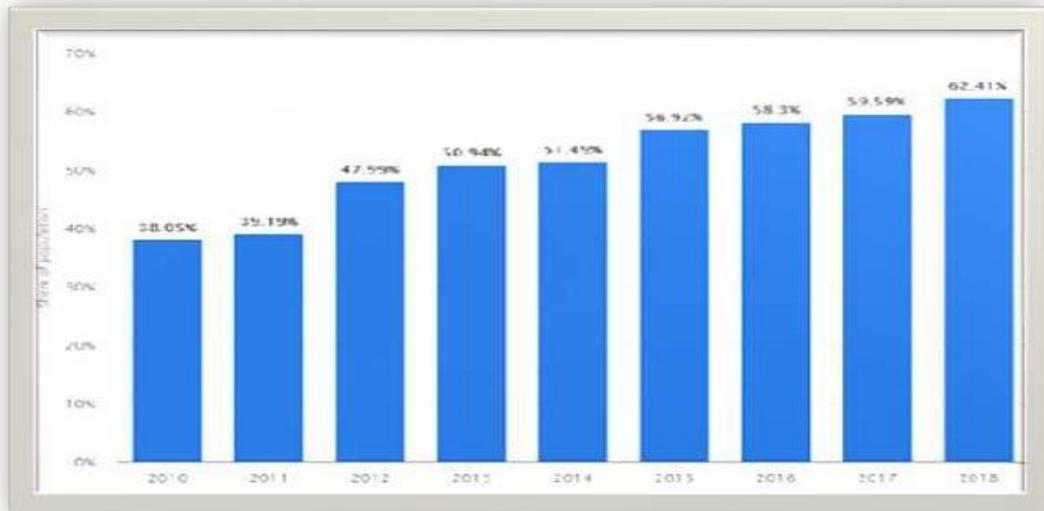
Figure 1.3. The number of Indonesian people who owned smartphone (2010-2018)
Source: Statista (2020)

Thus adding about cellphones user in the world happened also into Indonesian, based on Statista (2020) between year 2010 until year 2018, the percentages people in Indonesia thats using smartphone has go up from number 38.05% until 62.41% in the range about 8 years (Figure 1.3).
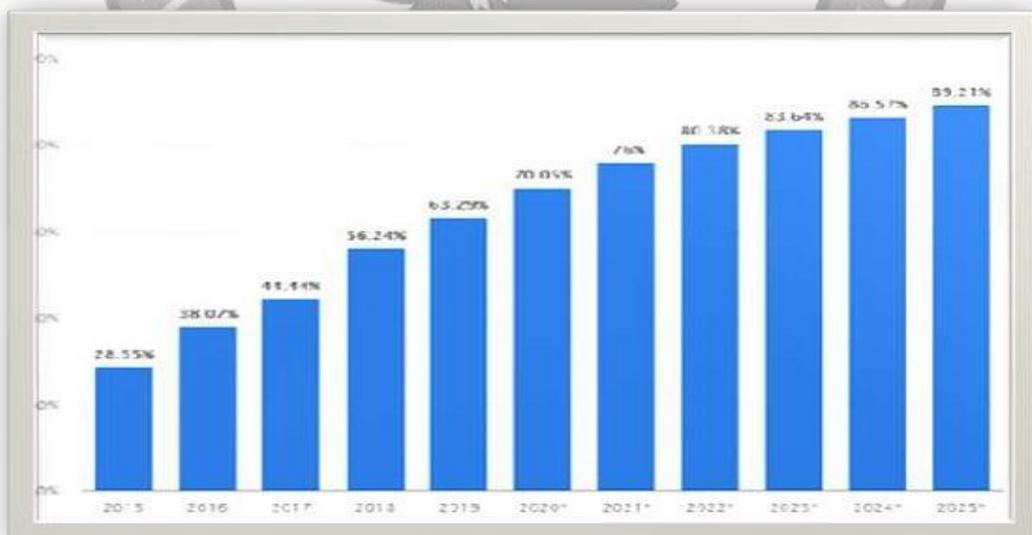

Figure 1.4. The penetration rate of smartphone in country of Indonesia since 2015 until 2025

Statista (2020) tells smartphones penetrations rating at country of Indonesia have increase around 28.55% at 2015 up until 63.29% in 2019, so its predicted those in year of 2025, smartphone penetrations rates at country of Indonesia would top by 89.21% (Figure 1.4). Those are many of smartphones brands sell at Indonesia , also ones of the brands named Samsung.

Group of Samsung was an enterprise founded at South of Korea that's have a many numbers of subsidiary. Samsung were a big company in the South Korea that's can produces one-fifth of South Korea all amount of export in constructions, defense, heavy duties, also electronic products. Samsung has numbers of subsidiaries includes entertainment, advertising, and insurance (Lifewire, 2020).

Samsung first established on the town in Taegu within 1938 from a guy by the name of Lee Byung-Chul. When Samsung first started out, it was a supermarket that traded as well as exported goods created within and outside the town, including fruits and veggies, seafood, as well as vermicelli. Samsung became quite successful and finally grew towards Seoul by 1947. However, as theKorean Conflict broke out, the firm made the decision to depart the nation. The early chairman of Samsung began a sugar distillery in Busan during the midst of the conflict, and later that he extended Samsung into the construction as well as clothing businesses, where by the moment are two of the most lucrative sectors of the economy. Following that, between the years 1960 and 1980, Samsung penetrated the electrical and electronic sector and established four priority areas, namely Samsung Corning, Samsung Electrical Mechanics, Semiconductor, as

well as Telecommunications (Lifewire, 2020).

Within 2001, Samsung begun manufacturing its initial touches display model. From the end of the 2000s through the 2010s, Samsung starting acquiring several businesses that specialized in the creation of electrical gadgets. Samsung debuted its first cell phone, the Galaxy S2, within 2011. The Galaxy S3 followed the following period, as well as together they quickly rose to the top of the global cellphone rankings. In next term, Samsung make much additions acquisition on company that develops newer tech as such smart TV, Organic Light Emitting Diode screens, printing solutions, payment solution, artificial intelligence, cloud solution, and home automation (Lifewire, 2020). In the future, Samsung products became a leading in smartphones market all over the world. Since year 2017 to 2020, Samsung has managed to improve the market share in 2020, with 0.46% comparing to 2019 (Figure 1.1). Although only slightly increase of growth in 2020 but it indicated that the uptrend of Samsung share in worldwide.

Smartphone Brands	Dec 2017	Dec 2018	Dec 2019	Dec 2020
	(in percentage)			
Samsung	33.62	31.66	30.99	31.36
Apple	18.88	19.99	21.97	24.79
Huawei	3.68	4.98	7.54	9.96
Xiaomi	N/A	4.76	8.46	7.74
Oppo	N/A	3.44	4.86	4.24
Mobicel	N/A	N/A	3.31	3.18

Table 1.1 Mobile Phone Market Share by Vendor in the World
Source: Statcounter (2020)

In Indonesia, samsung phone holding the contender as market leader in smartphones industry. During 2020, Indonesia has around 24.22% market share for smartphones industry (Table 1.2.) Even though during 2020 Samsung phone known as a market leader in Indonesia's smartphone industry, there is a decreasing of Samsung market share in Indonesia's smartphones industry since 2017 until 2020 period, the market share of Samsung decreases from 29.54% in 2017 to 24.22% in 2020 or has down over 5% in course of four years, where market share of smartphones company like Vivo, Oppo, Realme, Huawei and Xiaomi were rapidly increase. During 2017 until 2020, Oppo manage to add in Indonesian market shares by number of 13.55%, where Xiaomi manage to add by 14.67% (Table.1.2).

Smartphone Brands	Dec 2017	Dec 2018	Dec 2019	Dec 2020
	(in percent)			
Samsung	29.54	29.32	25.98	24.22
Oppo	6.60	11.52	16.90	20.15
Xiaomi	6.57	15.29	21.39	21.24
Nokia	8.19	2.57	1.30	N/A
Apple	4.09	3.84	5.85	6.38
Mobicel	N/A	N/A	6.22	10.60
Unknown	20.47	15.29	10.17	4.35

Table 1.2. Market Shares of smartphone by vendors in Indonesian
Source: Statcounter (2020)

Markets shares is a sale that related at another brand cellphone manufacture at industries as well as in its use to expressing competitiveness place at markets

(Etale et al., 2016). Based on Morwitz (2012) the definition of purchasing intentions was the indicators when measures at the anticipated item demands and so it help to assessing the action need improvement for the future sales. It is very essential to screens the consumer purchase intention to measure in projected goodsdemands, in addition to assessing the action need to improve the upcoming selling.

Numerous factors, including this reputation about their nation of their heritage, brand recognition, the caliber of the good, as well as societal impacts, have an impact on purchase intentions. The phrase "nation of creationunderstanding" has a broad definition, essentially describing how customers view the nation. Consumers believe that a certain nation produces goods better than others. Consumers have a propensity to believe which international labels have been, in certain ways, greater trustworthy (Ratriyana, 2018). Additionally, Yu et al. (2017) note that once customers are comfortable about a particular label, its goods experiences along with associated data may lead to a greater degree of visuals clarifying, which ought to impact as well as contribute to their decisions tobuy. Buyers' buying intents are contingent upon the item's excellence, which unquestionably has a big influence upon them (Alam, 2020). According to Sthapit et al. (2018), societal impact often directly affects a person's decision to buy an item or service. Therefore, the purpose for the research project aims to investigate how factors like national reputation, quality excellence, the product, name recognition, as well as social stigma affect consumers' intentions to buy Samsung cellphones. The study models used in this work were revised versions of those used in Yunus and Rashid (2016) as well as Rahim et al. (2016).

1.2 Research Problem

In contrast to what was previously said, Samsung's share of the market in the nation of Indonesia has decreased over the past 4 years while being steady globally. Even while Samsung continued to lead the Indonesian cellphone industry, it had essentially been losing share of the market over the past four seasons as Oppo as well as Xiaomi gained ground. Consequently, the questions for the research are:

- Does country image have a positive influence against the Customer Purchase Intention of Samsung at Indonesia?

- Does Brand Familiarity have a positive influence towards the Customer Purchase Intention of Samsung at Indonesia?

- Does Product Quality have a positive affect towards the Customer Purchase Intention of Samsung at Indonesia?

- Does Social Influence have a positive affect towards the Customer Purchase Intention of Samsung at Indonesias?

1.3 Research Objective

Referring to the research questions on the previous page, the research purposes are as follows:

- The identification of the influence on Country Image against Customer Purchase Intention for Samsung product in Indonesia

- To identify the effect of Brand Familiarity against Customer Purchase Intention for Samsung product in Indonesia

- To identify the effect of Product Quality against Customer Purchase Intention for Samsung product in Indonesia

- To identify the effect of Social Influence against Customer Purchase Intentionfor Samsung product in Indonesia

1.4 Research Benefits

- Theoretical Benefits

As one of the information materials or study materials in increasing knowledge in the field of business management, especially regarding the effect of countryimage, brand familiarity, product quality, and social against purchase intention.

- Practical Benefits

  1. Contribute to the studies of business management in the sale of mobile phones and the effect of country image, brand familiarity, product quality, and social influence against purchase intentions especially mobile phones sales.

  2. For subsequent researchers, as a reference, especially other parties who will conduct further research on the sale of mobile phones.

1.5 Research Scope

The area of research/study has limited to certain conditions are as follows:

- This study examined about Country Image, Product Quality, Brand Familiarity, Social Influence, and Customer Purchase Intention.

- The people who took part in the current research are those who have used or are presently using Samsung mobile phones within the Jabodetabek territory.

These individuals are known as the Y generations or as Millenials, and were presented between the years of 1981 plus 1999 (Bolton et al., 2013).

● The model of smartphone that's used in this study is Samsung.

The circumstances of the recommendations from earlier studies by Rahim et al. (2016) as well as Yunus & Rashid (2016) undertaken in different nations with participants are utilized throughout the research project described above.

1.6 Research Outline

Outline of this study are:

● **CHAPTER I – INTRODUCTION**

Contains the study/reseach of background, problem, objectives, scope, and also the systemic outlines of all the chapter.

● **CHAPTER II – THEORETICAL BACKGROUND**

Contains the theoretical background that used for this study, review of literature, and the link between the variables. In this chapter also include concept of the framework of research hypotheses.

● **CHAPTER III – RESEARCH METHODOLOGY**

Explain the method that using to analyze, and measuring relationship among all variables includes the research of design, methods of data collections in quantitative research approaches.

● **CHAPTER IV – RESULTS AND DISCUSSION**

Consisted of pre-test results and the results of actual research of the

links between the variables. The pre- test results and the actual results use statistic examination perform with the collection of data. The resultsof the discussions will be providing answers to research question and led to conclusions of this study/research.

- **CHAPTER V – CONCLUSION AND RECOMMENDATION** Conclude overall research and it going to providing some of the insightfrom the researcher, managerial implication, limitation of this study, andthe recommendation that could be applies in nextfuture researchers.