

# CHAPTER I

## INTRODUCTION

### 1.1 Background of the Study

According to Akbar (2020), due to the changing times that are increasingly developing caused by globalization, this has caused many changes in the way of life of each individual. We really feel these changes in the modern era like now. Technological developments have become a factor in changing the way we live in society, for example in the past we needed calendars to determine the day, month and date, wall clocks, watches, or watches to determine the time, analog cameras to capture moments, cell phones to communicate with fellow users, use maps to determine directions and much more. With the changing times caused by globalization, we only need to use smartphones because there are various features that can help us easily, such as capturing photos, communicating, determining the day, date, month, year, and hour, using maps using only a smartphone. Because only using a smartphone can make it easier for us to do activities, this encourages public demand for smartphone products so that there are many types, types and brands of smartphones. This can be seen from the many manufacturers of communication equipment products such as mobile phones that offer various types of new products with different innovations from previous products, where the products produced provide many conveniences for consumers in communicating.

The brand image of a product is important for a brand in order to get the attention of buyers. Brands are important for companies because a brand is a name, term, sign, symbol, or design, so that a brand is able to identify a product or service offered to consumers. According to Fitrianna (2020), brand image is a differential effect to determine whether the brand name has been responded to by customers towards products and marketing. A brand has a positive brand image when consumers react more favorably to a generic or unbranded version of the same product.

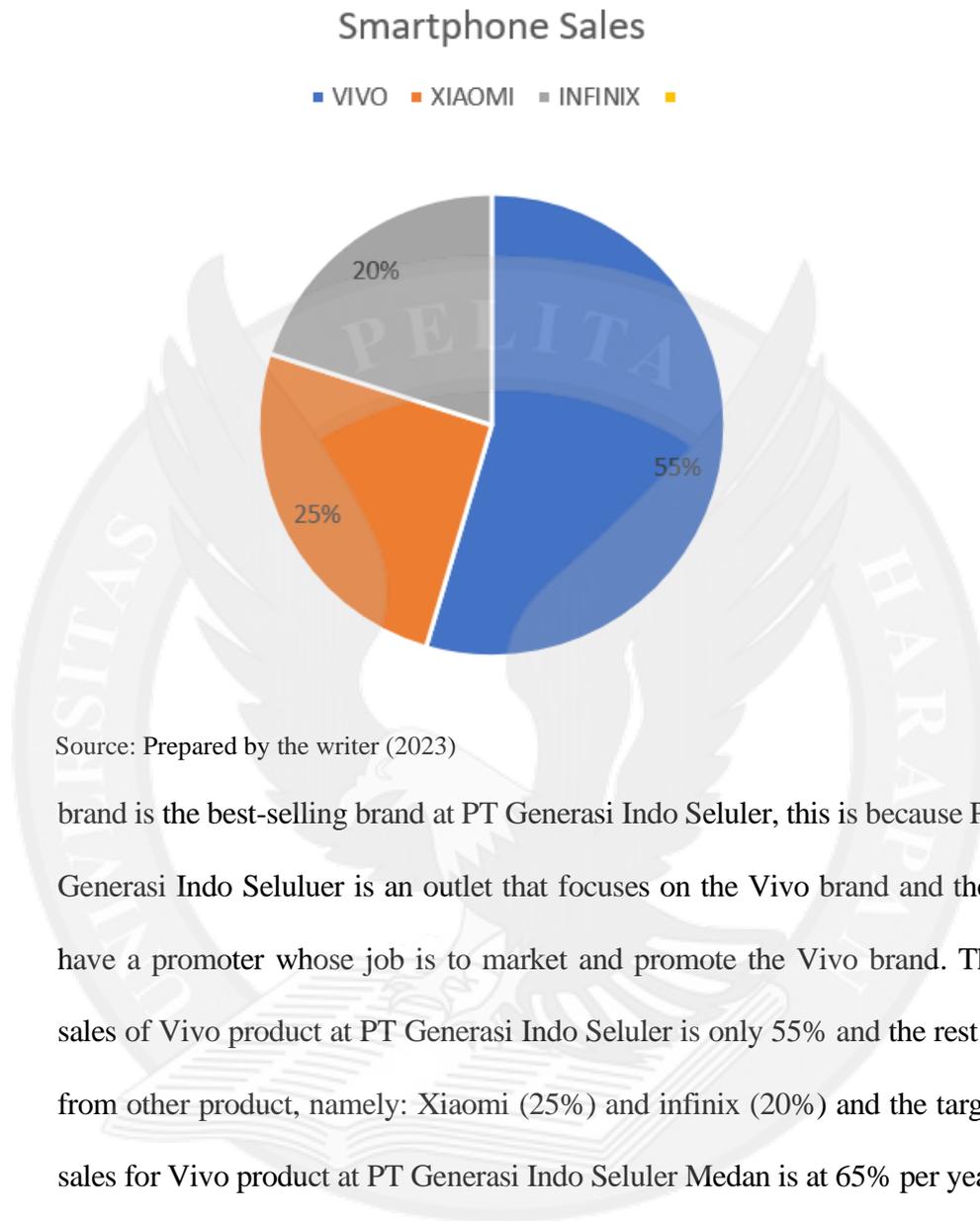
According to Atifah & Rahmidani (2022), additional attributes have an influence on a product because with the many smartphone products offered to consumers, having special attributes is a way for companies to increase the level of competition that is getting higher. Intense business competition can reduce consumer attractiveness if consumers cannot differentiate their products because the products offered are similar to other products. In order to have a uniqueness that is even superior to competing company products, the attributes offered to consumers must have their own uniqueness so that they can become an attraction and consumer buying interest. According to Fadhil, 2023, Vivo Products has produced goods that catch customer eyes by fusing the newest features with chic aesthetics. Vivo devices offer excellent innovation capabilities, such as the utilization of cutting-edge camera and battery technologies, and they have competitive technological specs. Along with that, Vivo offers a variety of color options to draw in customers with different tastes.

PT Generasi Indo Seluler is located at Jalan Kapten Muslim Komplek, Tata Plaza Blok B No. 42, Millenium Plaza Ground Floor No. 009/010, Medan Halvetia, Medan City, North Sumatra, 20123, Indonesia. This company is owned by Mr. Martian as the owner of PT Generasi Indo Seluler. This company is a smartphone distribution business, but this research only focuses on the ViVO brand smartphone, which has been operating since 2020.

Millennium Plaza is a mall that focuses on selling electronic goods, especially smartphones. The majority of outlets in Millennium Plaza sell smartphones, giving rise to very tight competition, therefore every seller must have a good sales strategy, and many outlet use the services of promoters to help sell their product. Millennium Plaza offers a wide variety of smartphone brands such as iPhone, Samsung, Vivo, Xiaomi, Infinix and others and each brand has its own brand promoter, this promoter is the one who is responsible for driving the sales of each brand.

The following bellow is the data that the writer collects from PT Generasi Indo Seluler smartphone sales in the time frame 2022 to 2023 (until now)

**Figure 1.1 Smartphone Sales Graphic**

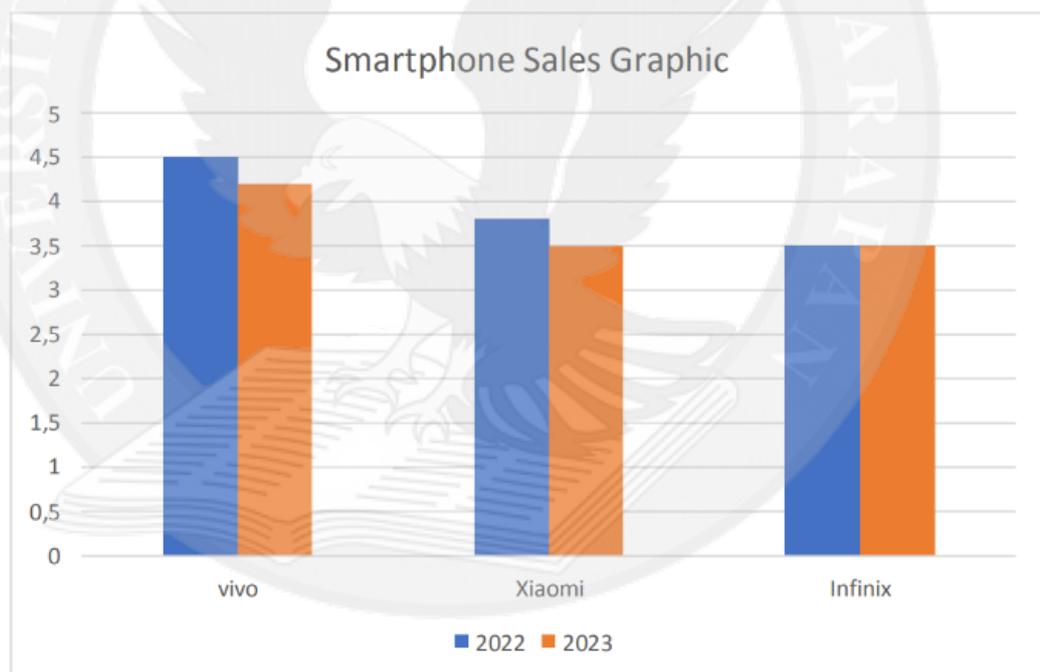


Source: Prepared by the writer (2023)

brand is the best-selling brand at PT Generasi Indo Seluler, this is because PT Generasi Indo Seluler is an outlet that focuses on the Vivo brand and they have a promoter whose job is to market and promote the Vivo brand. The sales of Vivo product at PT Generasi Indo Seluler is only 55% and the rest is from other product, namely: Xiaomi (25%) and infinix (20%) and the target sales for Vivo product at PT Generasi Indo Seluler Medan is at 65% per year. PT Generasi Indo Seluler has 20 promoters who specifically focus on increasing Vivo smartphone sales.

The way the Vivo promoter works at PT Generasi Indo Seluler, which causes the Vivo brand to sell more than other brands, is that when a customer comes with an intention or just asking questions, the promoter will

serve them by attracting their attention to the Vivo brand, even though the customer's initial intention is to come to buy another brand such as Samsung or iPhone, the promoter will try more to offer the Vivo brand so that the customers who come eventually become interested in the Vivo brand, but if the customer really wants another brand, the Vivo promoter will also serve them well. This is what causes the Vivo brand to have the most sales compared to other brands.



**Figure 1. 2 Smartphone Sales Chart**

Source: Prepared by the writer (2023)

The graph shows a decrease in sales for each brand when compared to last year, this is due to chaalmostn the way of shopping, one of which is

due to the existence of e-commerce which makes it easier for buyers to choose and buy via smartphone only, another factor that causes sales to decrease is because when Almost everyone has a smartphone and is also smart, so quite a few customers come to offer offers that are below the selling price, making it difficult for PT Generasi Indo Seluler to increase smartphone sales, and competition at Millennium Plaza is getting tighter so that every outlet competes. and looking for ways to attract incoming visitors.

The phenomenon faced by PT Generasi Indo Seluler, Medan for Brand image on Vivo product at PT Generasi Indo Seluler Medan is vivo has lack of brand image association strength and uniqueness, both vivo brand image association strength is on their design similar to iPhone and uniqueness is on their camera quality is almost similar to iPhone camera quality. The brand image of Vivo that stick to customer mind may occur many customer came to PT Generasi Indo Seluler Medan and find other product rather than Vivo product because of the lack of information of Vivo and high in competition in the market, despite the store has clearly state the main product that they sales.

Product attributes of Vivo product consist of price, product design, product quality and product feature, the reason the sales is only 55% is on vivo product and the rest 45% is from other product is because of the product attribute on Vivo product, customer likes to compare their product not only to other Vivo variance but also to other brand such as Xiaomi and Infinix. When comparing Vivo to Xiaomi and Infinix, Xiaomi has the strength on

their product design, features and their quality specifically on their battery strength. For infinix their strength is on their high product features and prices but lack on their product quality. For Vivo product, their strength is on the camera and design that has similarity design with iPhone, and the deficiency for Vivo is from the price, the higher the price the higher the quality, This causes many customers not to get the opportunity to try using Vivo products with the best performance because of the price, from the product design is similar to iPhone that occur many people dislike vivo because is similar to iPhone and stated as product copy with lower quality, for product quality, many customer complain about the quality because lack of consistency that occur many Vivo user experienced a malfunction on their smartphone because some new users felt that the battery ran out quickly or got hot quickly, and lagging, for their feature is similar to other android smartphone that's why the attribute of Vivo not strong enough foe customer as theirs first choice. Customers usually choose their smartphone based on their daily use and the promotor tries their best to persuade the customer to buy Vivo product.

For customer purchase decision, customer chose based on their problem recognition, find the product that can overcome their problem, that's the reason the sales is not 100% on Vivo product because Vivo product cannot fulfil all of the customer needs, the available of Vivo product information is also effect the customer purchase decision, the validity of alternative have strong influence in customer purchase decision, although PT

Generasi Indo Seluler Medan their main focus is on Vivo product, but they also sales other product than Vivo because they need to meet their customer wants and increase company sales, that's also the disadvantages of sales other product than Vivo, the sales of Vivo is being press with other brand. The purchase decision if fully based by the customer choice and the promotor will try their best to make the customer to buy Vivo product but the final decision is from the customer. That's is the reason the wrier raised the title "The Influence of Brand Image and Product Attribute on Customer Purchase Decision for Vivo Product at PT Generasi Indo Seluler Medan",

**Table 1. 1 Types of smartphones most sales**

Brand	Sales	Types	Price
Vivo	Highest	Vivo Y02 Features: <ul style="list-style-type: none"> <li>• RAM: 2GB/3GB</li> <li>• Storage: 32 GB</li> <li>• Battery: 5000 mAh</li> <li>• Charger: 10W</li> <li>• Camera: 5MP</li> </ul>	Rp:1.290.000 - 1.499.000
	Lowest	Vivo V29 Features: <ul style="list-style-type: none"> <li>• Ram: 8GB/12GB</li> <li>• Memory: 256GB/512GB</li> <li>• Batery: 4600mAh</li> <li>• Fast Charging 80W</li> <li>• 5G</li> <li>• Camera: 50MP</li> </ul>	Rp: 6.000.000 - 7.000.000
Xiaomi	Highest	Xiaomi 12 Pro Features:	Rp: 6.999.999 - 12.999.000

		<ul style="list-style-type: none"> <li>• Storage: 128GB-256GB</li> <li>• RAM: 8GB-12GB</li> <li>• 5G</li> <li>• Main Camera: 50MP</li> <li>• Selfie Camera: 32MP</li> <li>• Charge Type: 120W, 50W and 10W</li> <li>• Battery: 4600 mAh</li> </ul>	
	Lowest	Xiaomi 13 Pro Features: <ul style="list-style-type: none"> <li>• Storage: 128GB-512GB</li> <li>• RAM: 8GB -12GB</li> <li>• 5G</li> <li>• Main Camera: 50MP</li> <li>• Selfie Camera: 32MP</li> <li>• Charge Type: 120W, 50W and 10W</li> <li>• Battery: 4500 mAh</li> </ul>	Rp: 2.500.000 - 14.500.000
Infinix	Highest	Infinix Zero 5G <ul style="list-style-type: none"> <li>• Storage: 64GB/128GB</li> <li>• RAM: 4GB/6GB</li> <li>• Main Camera: 50 MP</li> <li>• Selfie Camera: 8MP</li> <li>• Battery: 5000 mAh</li> </ul>	
	Lowest	Infinix Note 12 VIP <ul style="list-style-type: none"> <li>• Storage: 256 GB</li> <li>• RAM: 8GB</li> <li>• Main Camera: 108 MP</li> <li>• Selfie Camera: 16 MP</li> <li>• Battery: 4500mAh</li> </ul>	Rp: 3.900.000

Source: Prepared by the writer (2023)

According to Akbar (2020), having a good brand image can give users or potential users a perception of the products offered so that these

products can last a long time, and are shaped through experience, and are relatively consistent in nature. Therefore, brand image is one of the important elements that encourage consumers or potential consumers to buy the products offered. The better the brand image of the product, the more consumers will be interested in buying, because products with a good brand image are able to provide a sense of security and trust so that consumers buy the products offered.

Product attributes that are able to meet market demands and have advantages that are able to meet the needs of consumer use are the main focus that companies must pay attention to when developing products because the attributes possessed by a product have a very large role as a differentiator between similar products to those offered by the company competitors.

Factors that have a major influence on the buyer's decision to buy a product are the product image and the attributes offered. Brand image which is an image that is embedded in the minds of potential consumers, the brand image of the ViVO brand can be influenced by several factors such as external and internal factors, external factors are influenced by how distributors market ViVO products such as service, product explanation, distributor environment which can influence the decision of potential consumers. and a greeting factor that can influence consumer decisions is to offer new features or attributes that can provide convenience for its users and also provide uniqueness such as new

innovations so that it can give a new impression that other smartphone brands don't have so as to increase interest in potential users.

According to Dewi I. R (2023), in 2023 the data shows that two Smartphone manufacturers from China, Xiaomi and Vivo, experienced a significant decline in sales year on year. Vivo experienced the biggest decline, reaching 17 percent compared to the same quarter last year. Meanwhile, Xiaomi experienced a decline of 12 percent compared to the previous period. Meanwhile, Samsung experienced an increase in sales. This can be seen from the fact that Samsung was able to lead the market with a market share of 22 percent. This happened thanks to the strong performance of the Galaxy A series globally. Then followed by Apple which is in second place. The current global HP market appears to be going through its rapid growth phase, with increasingly longer consumer replacement cycles. Not to mention the convergence in device innovation, as well as the emergence of an updated smartphone market specifically to meet the demand of the low to mid-price segment with higher volumes.

Based on the discussion above regarding brand image and smartphone product attributes and how these two influence buyer decisions, the authors conducted research on "The Influence of Brand Image and Attribute on Customer Purchase Decision for ViVO products at PT Generasi Seluler, Medan"

## 1.2 Problem Limitation

The author decides that this final paper will only cover the following to limit the focus of this study and facilitate the collection of data on brand image (X1) and product attributes (X2) as the independent variables and customer purchase decision (Y) as the dependent variable. In addition, the writer would also limit the object of research, which is PT Generasi Indo Seluler is located at Jalan Kapten Muslim Komplek, Tata Plaza Blok B No. 42, Millenium Palza Ground Floor Mo. 009/010, Medan Halvetia, Medan City, North Sumatra, 20123, Indonesia.

The indicators to explain customer purchase decision (Y) in the context of marketing as conveyed by Aurellia (2022), there are 5 indicators that indicate good marketing, namely: communication, creativity and problem solving, attention to detail, interpersonal skills, adaptability. (X1), there are two brand image indicators according to Thabroni (2022), namely brand association strength and brand association uniqueness. Product attribute (X2), according to Intan (2020), there are four indicators that include in product attribute component namely: product price, product features, product design and product quality.

## 1.3 Problem Formulation

Based on the title and background of the study above, the research questions of this research are as follows:

- a. Does brand image partially have influence on Customer Purchase Decision for ViVO products at PT Generasi Seluler, Medan?

- b. Does product attribute partial have influence on Customer Purchase Decision for ViVO products at PT Generasi Seluler, Medan?
- c. Do brand image and product attribute simultaneously have influence on Customer Purchase Decision for ViVO products at PT Generasi Seluler, Medan?

#### **1.4 Objective of the Research**

Based on the problem formulation, the objectives of the research are as follows:

- a. To analyze weather brand image partially have influence on Customer Purchase Decision for ViVO products at PT Generasi Seluler, Medan
- b. To examine weather product attribute partially have influence Customers Purchase Decision for ViVO products at PT Generasi Seluler, Medan
- c. To investigate weather brand image and product attribute simultaneously have influence on Customer Purchase Decision for ViVO products at PT Generasi Seluler, Medan

## **1.5 Benefit of the Research**

The benefit of this research will be divided into two which are:

### **1.5.1 Theoretical Benefit**

The purpose of this research is to add an improved knowledge of how brand image and product attribute will affect client buying decisions is the intended result of this research. They are intended to add to existing theories, particularly those that relate to brand image, product attributes, and how these factors affect consumer purchasing behavior.

### **1.5.2 Practical Benefit**

The following are the practical benefits:

a. For the writer

This study could provide the writer with additional information while also being expected to expand the writer's knowledge base.

b. For PT Generasi Indo Seluler, Medan.

This research is anticipated to be able to help the research object company better understand customer purchasing decision and also to offer helpful information to smartphone retailers to boost sales.

c. For other researcher

This research is supposed to bring new references and information about brand image and product attribute and how they influence customer purchase decisions.