THE IMPACT OF SOCIAL INFLUENCE, COMPATIBILITY, AND PRICE ON PURCHASE INTENTION OF ANDROID SMARTPHONE

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ABSTRACT

This research was adopted from previous study conducted in Malaysia. This research study was carried out to explore the influence of social influence, compatibility and price on purchase intention of Android Smartphone. This study had examined the impact of social influence, compatibility and price on purchase intention of Android Smartphone. Questionnaire-based survey was used and 100 sets of questionnaires were distributed to respondents and being analyzed by using SPSS. And multiple regression analysis was used to analyze the data.

Descriptive analysis, validity and reliability test, classical assumption test, Pearson correlation analysis, multiple regression analysis and hypothesis test through t and F test, and determination coefficient analysis (R²) were used in quantitative analysis.

Data has complied validity, reliability and classical assumption test was processed, so that those are resulting regression equation as follows:

\[ PI = -0.1668 + 0.539 \, SI + 0.321 \, CO + 0.201 \, PC \]

The result revealed that the examined independent variables was proved significantly have a partially effect on purchase Intention. Then, based on the F test can be recognized that the three of examined independent variables has a simultaneously effect on Purchase Intention. The value of R Square obtained was 0.792, demonstrates that 79.2 percent of Purchase Intention variation can be explained by the independent variables. While, the remaining 20.8 percent purchase intention influenced by another factors not examined in this study.

Keyword: Purchase Intention, Social Influence, Compatibility, Price
INTRODUCTION

Smartphone as a development from a cell phone has dramatically become a part of lifestyle for people around the world. Nielsen media predicts that the smartphone will overtake feature phones (i.e., a traditional mobile phone) by increasing its market share reach to 50% of all mobile users (Jun et al., 2013). People use their Smartphone to communicate with other people, reminding themselves for urgent cases, download songs and games, texting message and it has the ability to provides, obtain, and shares personal and social information (Qun et al., 2012). Smartphone believed can help people with high mobility still can do their job anywhere without worrying bringing a computer or laptop.

Because of its popularity, Android Smartphone sales climbing in every major market in Q4 2013, now accounting for 69.5% of all sales across 12 key markets versus 23.7% for number-two Apple, according to figures out from Kantar Worldpanel, a market research subsidiary of WPP (Lunden, 2014). With improvement in technology and lowering costs, Android Smartphone are highly advanced, multi-faceted and most importantly affordable. Android are quickly becoming a must have technology to complement peoples contemporary lifestyle.

Smartphone demand has increasing nowadays in the worldwide typically in western countries. However, the user rate of Smartphone in Indonesia is still low comparing to other South-East Asian country such as Singapore. As research conducted by US Census Bureau, the Smartphone users in Indonesia was only 14% from overall about 240 million mobile phone users, the 86% rest is future phone. Whereas Smartphone user in Singapore was 53.41% (Qun et al, 2012). From that
we can see, the cell phone in Indonesia still satisfied with their conventional cell phone, and do not want to change to Smartphone.

In the other side, Android is so popular among young people, especially university student, but not so for old people. Go-Gulf research team, as cited by Qun et al (2012) record that 50% Android user are people aged 18-34 years, whereas 21% in 34-44 years old, 16% in 45-54 years old, and 13% in 54+ years old using Smartphone. Its means that younger generation more interested to adopt new technology device or new product faster than older generation.

The only problem is the motivation to purchase Smartphone in Indonesia is very low, and dominated by young people. To increase the demand of Smartphone in Indonesia, the first step is to choose the right target market which is young people, because from previous statement we know that young people are more interest to buy Smartphone than old people.

To predict consumer behavior on Smartphone purchase, most of the marketers using purchase intention. Purchase intention is important for marketers, because it can help them in market segmentation and support their decision making like where the product should be launched (Sewall; Silk & Urban, as cited by Qun et al, 2012). Besides that, future demand can be predicted by using purchase intention (Armstrong, Morwitz, & Kumar, 2000). According to Tariq et al (2013) purchase intention has a substantial importance because the companies want to increase the sale of specific product for the purpose to maximize their profit.

In order to solve this problem, the research has to identify why young adults in Indonesia are not addicted much to Smartphone and need to understand their
purchase intention. Hence, it is essential to know whether social influence, compatibility and price has an impact on purchase intention of Android Smartphone in Universitas Muhammadiyah Surakarta.

**Research Problem**

Based on research background above, this research intended to analyze the impact of social influence, compatibility, and price on purchase intention of Android Smartphone in Universitas Muhammadiyah Surakarta. The research problems is: do the social influence, compatibility, and price have an impact on purchase intention of Android Smartphone.

Based on the research problems above, the purpose of this study is to analyze the impact of social influence, compatibility, and price on purchase intention of Android Smartphone in Universitas Muhammadiyah Surakarta.

This study will provide the contribution of better concept for the firms to understand better on the factor that affecting purchase intention of Android Smartphone among young people. Android Smartphone firms may gain information about the factor that cause consumer to request a Smartphone and understand the features of Smartphone that requested by consumer such as design, colors, application and also price setting. This research also can be a reference to develop knowledge in field of marketing specially purchase intention. Besides that, this research can be stimulant to find other factors affecting purchase intention.


**Literature Review**

Purchase intention can be defined as an advance plan to purchase certain good or service in future, this plan may not always lead to implementation, because it affected by ability to perform (Warshaw & Davis, cited by Qun et al, 2012). Purchase intention can measure the possibility of a consumer to buy a product, and the higher the purchase intention is, the higher a consumers’ willingness is to buy a product (Schiffman and Kanuk, 2000).

One factor that greatly affect the consumer attitudes is social influence. As mentioned before, that social and personal factors have long been thought to influence consumers in making decisions on purchase intentions. According to Park in Qun et. al. (2011) the adoption of consumers’ Smartphone as a technological device may be influenced by not only its technological characteristic, but also consumers’ characteristic for example social influence. Social influence can be easily identified in a reference group. Reference group include community, family, work associates, friends, classmates, celebrity, etc. According to Bearden and Etzel in Qun et al (2011), reference group is a person or group that significantly influence an individuals’ behavior.

Compatibility is one determinant of Roger's Diffusion of Innovation (DOI) theory. Roger in Hoffman (2007) explain that relative advantage, compatibility, complexity, trialability and observability are attributes of innovation. An innovation is an idea, practice, or object perceived as new by an individual or other unit of adoption (Roger in Hoffman, 2007 p 37).
Price has been identified as an important element affecting adoption of innovative product such as Smartphone. Cleland and Bruno in Suherman (2011) agree that price and another aspect such as product and non-product aspect are considered by consumer for a purchasing product. Wickliffe and Pysarchik as cited by Tariq et al (2013) proposed that elaborate product attributes as those important features which has intensive influence on the behavior of the consumers i.e. brand and price. According to Augusty Ferdinand as cited by Sulistyari (2012), price is an important variable in marketing, where price can influence consumer in making decision to purchase a product.

**Research Methodology**

This research is a descriptive research. Descriptive research was used to gives researchers an opportunity to use quantitative data in order to find data and characteristics about the population or phenomenon that is being studied. Advantage of descriptive research is the unique data collection form of case studies.

Questionnaire was used in the research. The reason of using questionnaires is because it can be distributed face-to-face interviews, as handouts, or electronically (i.e., by email or through Web-based questionnaires such as Google Form). It is fast, inexpensive, efficient, and effective method compared to others (Qun et al, 2012).

Total population of students in Universitas Muhammadiyah Surakarta is 27,568 population, and using margin of error (e) 0.1. By using Slovin’s formula, total sample obtained is 100 persons. Convenience sampling technique was chosen in this research. Convenience sample is nonprobability sampling procedure that
involves selecting element that are readily accessible to the researchers (Adler and Clark, 2007: p 122).

Descriptive analysis was used to explore the data collected from respondents, summarize and describe the data collected (Coaks in Qun et al, 2012). It was useful due to it enable researchers to have an overview of the demographic statistics. Data collected from respondents is examined by using SPSS. SPSS is used to analyze the validity, reliability, classical assumption test, Pearson correlation analysis, multiple regression analysis and goodness of fit test.

RESULT AND DISCUSSION

Based on descriptive analysis, there is a total respondent of 100 participated in the survey questionnaire. The result of gender analysis consist of 72 male and 28 female. Percentage of male is 72%, and female is 28%. The respondent majority came from law faculty, which are 47 respondents or 47% of total respondents. And followed by Economic Faculty with 25 respondents, or 25% from total respondents. The third highest are came from doctor faculty which constitute 17% or 17 respondents. There are only 11 respondents (11%) came from psychology faculty.

Question stated in questionnaire contain 20 question. Which is 5 question about purchase intention, 5 question about social influence, 5 question about compatibility and 5 question for price. Based on validity test result, Corrected Item-Total Correlation value is more than r-table (Corrected Item-Total Correlation value > 0.1966). So can be concluded that each questionnaire is valid
According to Hair et al (2007), the alpha values which less than 0.70 is considered to have poor reliability. Therefore, if the Alpha value more than 0.7; the instrument is reliable. However, the instruments is not reliable if the alpha value less than 0.7.

Based on reliability test result, Purchase Intention, Social Influence, Compatibility and Price have excellent reliability with Cronbach’s Alpha of 0.961, 0.903, 0.944, and 0.930.

Normality test used to know whether dependent variable and independent variable in regression model are normally distributed. Normal distribution of data is one of the requirement to perform parametric test. Based on P-Plot figure, the points are close to the diagonal line, this indicate that the data are normally distributed, and based on Kolmogorov-Smirnov Test, Asymp. Sig. (2-tailed) obtained is 0.755 which is greater than significances value (0.755 > 0.05). This indicate that the data is normally distributed.

Linearity test perform to know whether data of variable social influence, compatibility and price are linearly correlated to purchase intention. Linearity tested using F test (ANOVA). From Linearity test knows that all Sig. value of linearity of all variable is less than 0.005, this indicate that relationship between independent variable and dependent variables is linearly related.

Multicollinearity test perform to know if there are any significant correlation between each independent variable. Based on multicollinearity test result found that all variables have Tolerance value more than 0.1 and all variables VIF value less than 10. This shows that there is no multicollinearity occurs.
Heteroscedasticity test is used to identify the inequality of variance in regression model. Result shows that all Sig. value in each variable is greater than 0.05. This indicate that there is no heteroscedasticity problem occurred.

Based on Pearson Correlation Analysis result, all the three independent variable establish significant relationship with purchase intention as their Sig. values are less than 0.05. Social influence, compatibility and price has a high relationship toward purchase intention, as their correlation value fall between ±0.71 to ±0.90.

According to the output of multiple regression analysis, shows that all independent variable which is social influence, compatibility and price is significant influence the dependent variable which is purchase intention. This is because all Sig. value of independent variables is less than 0.05. The estimated regression is as follow:

$$PI = 0.539 \cdot SI + 0.321 \cdot CO + 0.201 \cdot PC$$

R Square obtained is 0.792. This indicate that independent variables can explain 79.2% of the variation in dependent variable. And there is left 20.8% purchase intention influenced by another factors not examined in this study.

Based on F-test analysis on chapter IV, F value obtained is 122.172, and significance value is 0.00. Then, F table obtained is 2.70, and F value is greater than F table (Fvalue > F table). And by comparing Sig. value, shows that Sig. value is 0.00 which is less than 0.05. This indicate that independent variable (social influence, compatibility, and price) simultaneously can influence dependent
variable (purchase intention of Android Smartphone) of student in Universitas Muhammadiyah Surakarta.

Based on result of t-test analysis, found that each independent variable have Sig. value less than 0.05. And each variable has t-value more than t-table which is 1.661. So, can be conclude that each independent variable (social influence, compatibility, and price) significant influence dependent variable (purchase intention) of Android Smartphone of student in Universitas Muhammadiyah Surakarta.

CONCLUSION AND RECOMMENDATION

Conclusion

$H_1$ indicates that social influence has significant positive influence toward purchase intention. Result show Sig. value is 0.00 and B-value is 0.539. Which expressed that $H_1$ is supported. Few pas studies also support this hypothesis. The purchase of products such as cellular phones, which are used publicly, is strongly influenced by the consumer’s reference groups (Bearden and Etzel, 2011).

$H_2$ indicates that compatibility has significant positive influence purchase intention of Android Smartphone. Sig value obtained is 0.01, and B-value is 0.321, which expressed that $H_2$ is supported. Roger in Hoffman (2007) explain that the compatibility of an innovation, as perceived by members of a social system, is positively related to its rate of adoption. Jung et al. (2013) adds that consumer perception of the smartphone as a device that is compatible with an individual’s
lifestyle and the social benefits of using a smartphone predict intention to accept mobile advertising among smartphone users.

$H_3$ indicates that price has significant positive influence on purchase intention of Android Smartphone. Result shows $Sig.$ value is 0.037 and B-value is 0.201, which expressed that $H_3$ is supported. This also support few studies that proposed by some researcher. According to Stanton (1981) consumer rely heavily on price as an indicator of a product quality, especially when they must make purchase decision with incomplete information. Burton et.al., Sinha and Batra, Garretson et.al. in Sulistyari (2012) support that consumers use price in giving judgments about the quality of the product. Because consumers’ quality perception can, of course, also be influenced by store reputation, advertising, and other variable (Stanton, 1981). Chow also explain that price concern is one of the determinants tested to find out the effects on demand of Smartphone (Lay-Yee et. al., 2013). Osman et. al. (2012) has revealed that various factors that are pertinent in the context of smartphone purchasing decision such as design, performance, connectivity, price, and influences from market and social trend.

**Recommendation**

There are few recommendation for the researchers in future. First, it is recommended to done the research in whole country if time is allowed, because it is more accurate to predict. And it also can predict the people in difference demographic, and they will have difference thinking about the consumption of Android Smartphone. Then, the researcher recommended to use interview when conducting the survey. The interview will reduce the limitation by using
questionnaire, where people can directly understand the question that asked by the researchers. This will reduce the misunderstanding of the people when interpreting question in the questionnaire.

There is also few recommendation for Android Smartphone producer such as Samsung, HTC, Sony, Motorola, etc. This study expected to be a reference that social influence, compatibility and price could affect purchase intention of Android Smartphone. Company can take advantage of the reference group to promote their products, by spreading positive information about the product through reference group. Furthermore, as compatibility is the important thing for smartphone, the company should up to date, and always innovating in term of smartphone technology, the company that can meet consumer satisfaction in innovation will be able to win the competition. Lastly, pricing decision should be precise, because price could influence costumer in quality, and not acceptable price range can make the costumer leaves the product.
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