

# The Influence of Product Features, Brand Name, Price, and Social Influence towards Purchase Intention of iPhone in Indonesia

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**Abstract-** The industry of mobile phone always showed drastic and tremendous development in the telecommunication market. New models of smartphone are launched to the market from time to time. Smartphone users increased and sales of various brands of smartphones also increased. iPhone is the second largest market share worldwide. But in contrast to the world market share, in Indonesia iPhone is not included in 5 smartphone brands with the biggest sales in Indonesia. To dominate the gadget market, companies need to know what factors influence purchase intention. This study was conducted on an electronic company that is Apple. This research find out how significant the influence of product feature, brand name, product price, and social influence towards purchase intention of iPhone in Indonesia

The type of this research is causal with quantitative research methods. Likert scale used to measure each item in the questionnaire as main data collection tool. The analysis technique used is structural equation model (SEM) with partial least square type (PLS). This study used a sample of 115 people with nonprobability sampling method. The study reveals that only Product Features and Social Influence were factors which significantly influence the purchase intention of the iPhone. The influence on purchase intention is 49% and the remaining 51% are influenced by other variables.

**Index Terms-** iPhone, Product Features, Brand Name, Price, Social Influence, Purchase Intention.

## I. INTRODUCTION

The development of advanced technology demands the service providers in the field of technology to competing in making innovations in purpose to attract people to choose their products. Competition in the mobile phone industry is very tight and encourage smartphone manufacturers to continue to competing for market share. The competition is of course based on significant increasment in active smartphone users around the world. A survey conducted by TechnAsia <sup>[1]</sup> shows that the number of active users of smartphones worldwide continues to rise significantly each year. As well as the growing number of smartphone users worldwide, the number of active smartphone users in Indonesia is also increasing.

In the Worldwide smartphone market share samsung is the most widely used smartphone brand in the world up to the first quarter of 2017, while apple is ranked second best-selling

smartphone, after which there Huawei, oppo, and Vivo in the next sequence and continued with other brands are combined into one comparison<sup>[2]</sup>. But in Indonesia Based on a survey conducted by IDC Asia / Pacific Quarterly Mobile Phone Tracker <sup>[3]</sup> the top 5 best selling smartphone vendors in Indonesia in 2015 are Samsung, ASUS, Smartfren, Advan, and Lenovo. Different with the worldwide smartphone market share, in Indonesia iPhone is not included in the category of top 5 best-selling smartphones in Indonesia.

An intention to purchase a product often intepreted as the consumer behavior. This happens when the consumer gets stimulation from external factors which ultimately leads to the emergence to purchase a product based on personal characteristics of each individual in determining a thing<sup>[4]</sup>.

The phenomenon of purchase intention has been growing. According to Rahima *et al.* (2015), who conducted research on Factors Influencing Purchasing Intention of Smartphone among University Students, the results show that the product features, brand name, and social influence have significantly and positively related to purchase intention<sup>[5]</sup>.

The comparison made by Statista<sup>[6]</sup> about the price gap between iOS and Android, it shows that price might become one of the factors that may be influencing the purchase intention of iPhone in Indonesia. Compared to devices using the iOS operating system, devices using the Android operating system have a much cheaper price range.

Based on the description above the author will conduct research on the Influence of Product Features, Brand Name, Price, and Social Influence towards Customer's Purchase Intention of iPhone in Indonesia.

## II. LITERATURE REVIEW

### A. Purchase Intention

Purchase intention is closely related to consumer behavior. This happens when the consumer gets stimulation from external factors which ultimately leads to the emergence of purchases based on personal characteristics of each individual in determining a thing <sup>[4]</sup>. Purchase intention usually linked to consumers' behavior, perceptions and attitudes where purchasing behavior is a key point for consumers to access and asses a particular product<sup>[7]</sup>.

### B. Product Features

A feature is an attribute of a product that created to comply the satisfaction level of consumers' needs and wants through possessing of the product, usage, and utilization for a product<sup>[8]</sup>. Features are a competitive instrument for distinguish the company's product from competitors'. One of the most

effective ways to compete against the competitors is by being the first producer to introduce a valuable new features to the consumers [4].

**C. Brand Name**

Brand is a name, term, symbol, sign or design, or a combination of all, that can identifies a product or from a company and distinguishes it from a competitor [9]. Brand names can help consumers identify which products that might benefit them. Brand also shows the quality and consistency of a product, so whenever buyers repurchase the same brand they will get the same features, benefits, and quality every time they buy [9].

**D. Price**

Price is the amount of money charged for the product or service, or the amount of value exchanged by the customer for the benefit of owning or using the product or service [9]. Purchase intention may be changed under the effect of price or perceived quality and value [7].

**E. Social Influence**

Social relationships are closely related to consumer decisions to adopt a technology. Social influences come from a variety of people such as neighbors, relatives, family members and friends, as well as from inspirational figures in the media, such as sports celebrities or movie stars [10]. Social influences defined as changes in individual thoughts and feelings, also the attitudes or behaviors in doing something resulting from interactions with other individuals or groups [11].

**F. Research Framework**

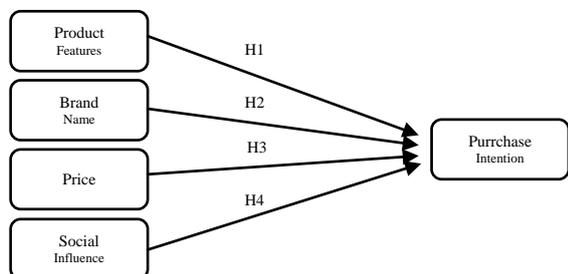


Fig.1. Research Framework

**G. Research Hypotheses**

- H1: Product features significantly influence the customer’s purchase intention of iPhone in Indonesia.
- H2: Brand name significantly influence the customer’s purchase intention of iPhone in Indonesia.
- H3: Product price significantly influence the customer’s purchase intention of iPhone in Indonesia.
- H4: Social influence significantly influence the customer’s purchase intention of iPhone in Indonesia.

**III. RESEARCH METHODOLOGY**

**A. Research Characteristics**

This research uses quantitative research approach. The type of research used in this research is causal.

**B. Measurement Scale**

Scale used in this study is likert scale with the aim to provide information in the form of value on the answer. For each option

the answer is scored, the respondent should describe, support the statement (positive) or not support the statement (negative).

**C. Research Stage**

This research applied several stages of research as shown in figure 2 below:

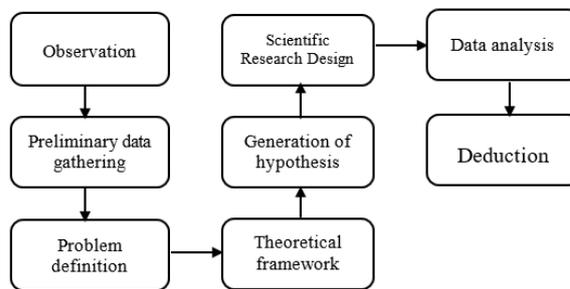


Fig.2. Research Stage

**D. Population and Sample**

The population in this study is the user of Indonesian people. Sampling technique used in this research is convenience sampling. Samples taken in this study were 115 respondents.

**E. Data Testing Technique**

The data testing technique used is the validity and reliability test which is one important aspect that must be considered in arranging the questionnaire. To facilitate the calculation of validity and reliability in order to obtain accurate data and minimize errors, data processing is done with the help of Statistical Programs of Science Software (SPSS) for Windows.

**IV. RESEARCH RESULTS AND DISCUSSION**

**A. Descriptive Analysis Result**

**1) Product Features**

Based on the percentage of the overall score of respondents' answers, obtained an average value of 81.08%. If illustrated in the continuum line it looks as follows:

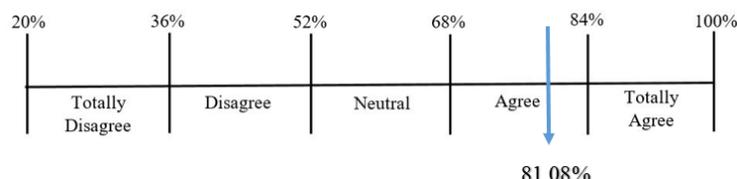


Fig.3Continuum Line of Product Features

Based on the figure above, it is known that the percentage of respondents scores on the product features are included in the agree category, is at intervals (68%-84%). Thus, it can be concluded that the product features classified as agree.

**2) Brand Name**

Based on the percentage of the overall score of respondents' answers, obtained an average value of 84.47%. If illustrated in the continuum line it looks as follows:

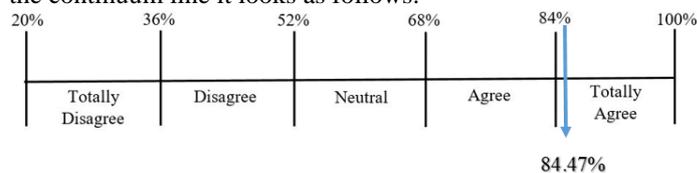


Fig.4 Continuum Line of Brand Name

Based on the figure above, it is known that the percentage of respondents score on brand name are included in the totally agree category, is at intervals (84% - 100%). Thus, it can be concluded that brand name classified as totally agree.

3) Price

Based on the percentage of the overall score of respondents' answers, obtained an average value of 73%. If illustrated in the continuum line it looks as follows:

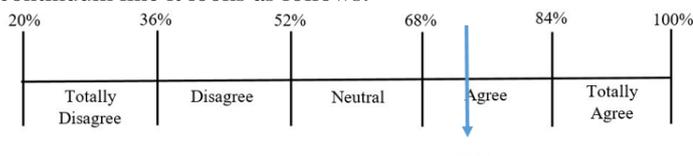


Fig.5 Continuum Line of Price

Based on the figure above, it is known that the percentage of respondents score on price are included in the agree category, is at intervals (68%-84%). Thus, it can be concluded that price classified as agree.

4) Social Influence

Based on the percentage of the overall score of respondents' answers, obtained an average value of 67.3%. If illustrated in the continuum line it looks as follows:

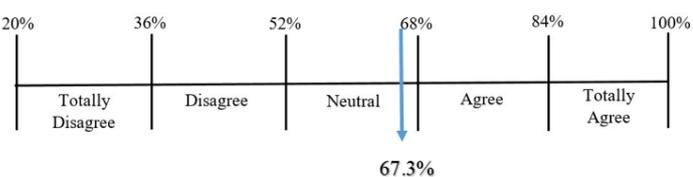


Fig.6 Continuum Line of Social Influence

Based on the figure above, it is known that the percentage of respondents score on social influence are included in the neutral category, is at intervals (52%-68%). Thus, it can be concluded that social influence classified as neutral.

5) Purchase Intention

Based on the percentage of the overall score of respondents' answers, obtained an average value of 74.45%. If illustrated in the continuum line it looks as follows:

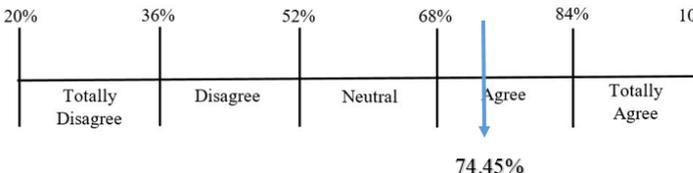


Fig.7 Continuum Line of Purchase Intention

Based on the figure above, it is known that the percentage of respondents score on purchase intention are included in the agree category, is at intervals (68%-84%). Thus, it can be concluded that purchase intention classified as agree.

B. Analysis of Structural Equation Model

1) Outer Model

The Outer Model is used to determine the validity and reliability of connecting reflective indicators with latent variables tested using three methods of measurement: convergent validity, discriminant validity and composite reliability conducted on all data from 115 respondents.

a) Convergent Validity

Convergent validity test in this research based on the criteria of factor loading value and Average Variance Extracted (AVE), where value for factor loading > 0.5, and AVE > 0.5. The result of loading factor in convergent validity can be seen in Table 1.

Table 1 Loading Factor Result

Latent variable	Indicator	Loading factor	Conclusion
Product Features (PF)	PF1-PF	0,6563	Valid
	PF2-PF	0,7429	Valid
	PF3-PF	0,6330	Valid
	PF4-PF	0,7451	Valid
	PF5-PF	0,7560	Valid
Brand Name (BN)	BN1-BN	0,6893	Valid
	BN2-BN	0,7618	Valid
	BN3-BN	0,8313	Valid
	BN4-BN	0,8004	Valid
Price (P)	P2-P	0,7680	Valid
	P3-P	0,8766	Valid
	P4-P	0,8064	Valid
Social Influence (SI)	SI1-SI	0,7201	Valid
	SI2-SI	0,7963	Valid
	SI3-SI	0,7287	Valid
	SI4-SI	0,8630	Valid
Purchase Intention (PI)	PI1-PI	0,7916	Valid
	PI2-PI	0,7565	Valid
	PI3-PI	0,7914	Valid
	PI4-PI	0,8290	Valid

Source: SmartPLS 2.0 Result Processed by the Author

Based on Table 1 the test results show that the value of all items has a loading factor value greater than 0.5. So it can be concluded that all indicators of the variable constructs are valid.

The next test in convergent validity is calculating the AVE value of each latent variable. AVE results on convergent validity can be seen in Table 2.

Table 2 AVE Result

Latent Variable	Loading Factor	Conclusion
Product Features (PF)	0,5020	Valid
Brand Name (BN)	0,5968	Valid
Price (P)	0,6696	Valid
Social Influence (SI)	0,6071	Valid
Purchase Intention (PI)	0,6281	Valid

Source: SmartPLS 2.0 Result Processed by the Author

According to Table 2, the value of AVE in each latent variable is greater than 0.5, which means it can be declared as valid and meets the criteria of convergent validity.

b) Discriminant Validity

Alongside convergent validity, it is also requiring discriminant validity. The criteria on discriminant validity is its latent variable cross loading correlation value should be bigger compare to correlation with another latent variable. The cross loading factor result of each indicators are shown on the table 3 below:

Table 3 Cross Loading Result

	PF	BN	P	SI	PI	Conclusion
PF1	0,6563	0,4361	0,3102	0,0407	0,4322	Valid
PF2	0,7429	0,4983	0,5105	0,3792	0,4484	Valid
PF3	0,6330	0,4880	0,2689	0,2171	0,3574	Valid
PF4	0,7451	0,5065	0,3713	0,1094	0,3990	Valid
PF5	0,7560	0,5490	0,4339	0,1384	0,4956	Valid
BN1	0,4295	0,6893	0,3543	0,2354	0,3418	Valid
BN2	0,4965	0,7618	0,3630	0,2550	0,3833	Valid
BN3	0,6700	0,8313	0,4694	0,3661	0,5555	Valid
BN4	0,5247	0,8004	0,5595	0,4732	0,4698	Valid
P2	0,4049	0,4230	0,7680	0,1385	0,3311	Valid
P3	0,5427	0,5078	0,8766	0,3117	0,4718	Valid
P4	0,3676	0,4725	0,8064	0,3653	0,3938	Valid
SI1	0,1324	0,2459	0,1820	0,7201	0,2815	Valid
SI2	0,2568	0,3913	0,4278	0,7963	0,4451	Valid
SI3	0,2718	0,4221	0,2220	0,7287	0,3564	Valid
SI4	0,0646	0,2726	0,1554	0,8630	0,2985	Valid
PI1	0,4120	0,4577	0,4597	0,3758	0,7916	Valid
PI2	0,4169	0,3179	0,3175	0,2451	0,7565	Valid
PI3	0,4816	0,4551	0,3435	0,3984	0,7914	Valid
PI4	0,5873	0,5677	0,4330	0,4091	0,8290	Valid

Source: SmartPLS 2.0 Result Processed by the Author

Table 3 shows that the all indicators have a higher loading factor on their construct compare to the loading factor on the other construct. So it is concluded that the all unrelated constructs are not related and meet discriminant validity criteria.

c) Composite Validity

Reliability is performed by the composite reliability method seen from Cronbach's Alpha (CA) and Composite Reliability (CR) values with CA > 0.7 and CR > 0.7. the result shows in table 4.

Table 4 Composite Reliability Result

Variable	Cronbach's Alpha (CA)	Composite Reliability (CR)	Conclusion
Product Features	0,7509	0,8337	Valid
Brand Name	0,7783	0,8549	Valid
Price	0,7544	0,8584	Valid
Social Influence	0,7859	0,8601	Valid
Purchase Intention	0,8044	0,8710	Valid

Source: SmartPLS 2.0 Result Processed by the Author

From the table 4 above it can be seen that all of the indicators above are included as a reliable result since there is no indicator that has a CA and CR value smaller than 0.70. The author take a conclusion form this result that the composite reliability testing are fulfilled.

2) Inner Model

After testing outer model, next Inner Model testing is done in PLS. Inner model test is done to evaluate the relation between construct, significance value and R<sup>2</sup> of research model. The structural model test (inner model) is performed using the R<sup>2</sup> value of the endogenous latent construct and t-value on each exogenous latent variable to the endogenous latent construct of the bootstrapping test. The testing is done by evaluating the path value indicating whether the effect is significant or not that can be seen from the t-value and path coefficient value

a) T-Value Testing

In this research, author using a two-tailed test with an error rate of 5%. From statistical Table data known t Table for alpha = 0.05 is 1.96. Based on the research processed model, the result of t-value is summarized in Table 5.

Table 4.5 Path Coefficient and T-Value

Hypothesis	Path Diagram	Path Coefficient	T-Value	T-Table	Conclusion
H1	PF → PI	0,3919	3,6404	1,96	Ho rejected
H2	BN → PI	0,1175	0,8951	1,96	Ho accepted
H3	P → PI	0,1228	1,3264	1,96	Ho accepted
H4	SI → PI	0,2676	3,1075	1,96	Ho rejected

Source: SmartPLS 2.0 Result Processed by the Author

As shown in the table 5 Product Features has become the most influencing variable towards Purcase Intention, followed by Social Influence. Meanwhile, the Brand Name and Price have the t-value smaller than 1.96. Futhermore, all the variables have a possitive path coefficient value.

b) R-square Test (R<sup>2</sup>)

In addition to its path value, it is also seen from the percentage of the variance described by the R<sup>2</sup> for the latent variable dependent that is modeled gets the influence of the latent independent variable. The R<sup>2</sup> result of Purchase Intention is shown on table 6 below.

Table 6 R- Square Result

Dependent Variable	R-Square Value	Conclusion
Purchase Intention	0,4900	Moderate

Source: SmartPLS 2.0 Result Processed by the Author

According to table 6 above the  $R^2$  result of Purchase Intention is 0.4900 which means that Purchase Intention is 49% influenced by Product Features, Brand Name, Price, and Social Influence. The rest of 51% influenced by other variable outside of the research. Moreover, the result is indicate that the this research model is fallunder “Moderate” classification.

Based on Table 5, the result can be summarized:

- 1) Product Features  
Product features significantly influence the customer’s purchase intention of iPhone in Indonesia. The result in this study is in line with the research that have been done by Rahima et al. (2015)<sup>[11]</sup>.
- 2) Brand Name  
Brand name is not significantly influence the customer’s purchase intention of iPhone in Indonesia. The result in this study is in line with the research that have been done by Kaushal and Kumar (2016)<sup>[12]</sup>.
- 3) Price  
Price is not significantly influence the customer’s purchase intention of iPhone in Indonesia. The result in this study is in line with the research that have been done by Kaushal and Kumar (2016)<sup>[12]</sup>.
- 4) Social Influence  
Social Influence significantly influence the customer’s purchase intention of iPhone in Indonesia. The result in this study is in line with the research that have been done by Kaushal and Kumar (2016)<sup>[12]</sup>.

## V. CONCLUSION

Based on the result of data proesing analisys the researcher can drawing conclusion that can answer the research questions, where the conclusion is as follows:

- 1) The consumer’s assessment of factors based on proposed model in the context of Product features, brand name, price, and social influence towards the purchase intention of iPhone are: Product Features 81.08% (Agree), Brand Name 84.47% (Totally Agree), Price 73% (Agree), and Social Influence 67.3% (Neutral).
- 2) The consumer assessment of purchase Intension of iPhone is 74.45% which include in the category Agree.
- 3) Based on the result variable affecting purchase intention of iPhone in Indonesia are Product Features (3.6404) and Social Influence (3.1075).
- 4) Based on R-Square result value for Purchase Intention is 0,4900, which means that the variables used in this study affects 49% Purchase Intention and include in moderate category. So, it is can be concluded that this model can be used to predict purchase intention of iPhone in Indonesia.

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