

CHAPTER I

INTRODUCTION

1.1 Background of Study

In the current competitive business situation, companies need to utilize their resources optimally, one of them in creating products that can affect consumer perceptions on purchasing, for example, companies can make price adjustments and improve their brand image.¹

Kotler said the product is everything that can be offered in the market, to satisfy needs and desires of consumers. Products consist of goods, services, experiences, events, people, places, ownership, organization, and ideas. So the product is not only in the form of something tangible, but rather all intended for the satisfaction of the needs and desires of consumers.²

Consumers tend to make the brand image as a reference before purchasing the product. Therefore, the company must be able to create an attractive product image as well as describe the benefits of products in accordance with the wants and needs of consumers so that consumers have a positive image of the brand.³ In addition to a good brand image, the company must also adjust product prices in order to compete in the market, so it can be the main attraction for consumers before deciding to buy their products. However, if we refer to Islamic transactions, business transactions must be made at a fair price as a reflection of the Islamic Shari'a's commitment to the comprehensive justice. In general, a fair price means a price that does

¹ Praba Sulistyawati, "Analisis Pengaruh Citra Merek dan Kualitas Produk Terhadap Pembelian Laptop Merek Acer di Kota Semarang", In *Thesis*, Faculty of Economics and Business, 30 March 2011, p. 1

² Buchari Alma, *Manajemen Pemasaran dan pemasaran jasa edisi revisi*, (Bandung:Alfabeta, 2016), p. 139

³ Dessy Fristiana, "Pengaruh Citra Merek dan Harga Terhadap Keputusan Pembelian Pada Ramai Swalayan Peterongan Semarang", in *Jurnal Ilmu Administrasi Bisnis*, Vol. 1, No. 2, 2012 p. 3

not cause exploitation or oppression to the detriment of one part and benefit the other.⁴ Therefore it is required for every company to make a fair pricing.

In marketing, which is like a placeholder for producers, and traders, it is necessary to set strategy, how to win the battle in the marketing.⁵

Companies must continue to look for potential new customers and do not let customers leave the company and become customers of other companies. According to Isamani as quoted by Danny Alexander, without a strong and positive brand image, it is very difficult for companies to attract new customers and retain existing ones.⁶

Today's phenomenon can be seen from the current market competition especially in the Smartphone products, Diversity of product that exist today encourage consumers to identify every benefits before determining a brand that they think is good and meet the criteria of an ideal product. This competition will continue along with the emergence of various brands of Smartphone.

Nowadays many consumers have different perception before buying a product, according to Kotler as quoted by Dhio Panji the more affordable price of a product, the consumer will be more interested and make purchasing decisions on the product concerned.⁷ In fact some of the consumers buy a product because the price of the product is affordable by without or paying any attention to the specifications of the product. Those who choose to buy

⁴ Veithzal Rivai, et al, *Islamic Marketing Management*, (Jakarta: Bumi Aksara, 2017) p. 430

⁵ Buchari Alma, *Op cit.*, p.200

⁶ Danny Alexander Bastian, "Analisa Pengaruh Citra Merek (*Brand Image*) dan Kepercayaan Merek Terhadap Loyalitas Merek (*Brand Loyalty*) ADES PT. Ades Alifindo Putra Setia", in *Jurnal Manajemen Pemasaran Petra* Vol. 2, No. 1, 2014, p. 1

⁷ Dhio Panji Pratama, "Pengaruh *Therat Emotions*, Kepercayaan Merek dan Harga Terhadap Keputusan Pembelian Produk Susu Anlene Actifit", in *Jurnal Ilmu Administrasi Bisnis*, Vol. 3, No. 1, 2014 p. 3

an item because the attractiveness of the product brand itself, instead of thinking about the price, effectiveness and efficiency of the product, seem excessive. Excessive consumption is a hallmark of people who do not know God. In Islam this people is called by the term *israf* or *tabzir* (Wasting resources without any good use).⁸

In this study, researching area in the Islamic Economics Students on Campus UNIDA Magelang, because as a student of Islamic Economy, they have to understand basic consuming a goods in Islam, and as a good consumer, the student must be more observant, rational and conscientious towards products that will be consumed in long term including in the purchase of Smartphone.

From the explanation described above, the researcher will focus the research on the topic, with the title is “**The effect of Price and Brand Image of Smartphone Toward Purchasing Decision of Muslim Consumers**”

1.2 Problem Formulation

From the explanation described above, so it can be taken the Problem formulation as follows:

1. Does the price and brand image effect purchase decision of Muslim consumers?
2. How much the effect of price and brand image toward purchase decision for Student of UNIDA Magelang?

1.3 Purpose of Study

The research conducted by the author in this case is about The effect of Price and Brand Image of Smartphone Toward Purchasing Decision of Muslim Consumers, and the purpose of this research as follows:

1. To find out The effect of Price and Brand Image of Smartphone

⁸ Veithzal Rivai, et al, *Op cit.*, p. 236

Toward Purchasing Decision of Muslim Consumers.

2. To find out How much the effect of price and brand image toward purchase decision for Student of UNIDA Magelang.

1.4 Significance of Study

1.4.1 Theoretical significance

The results of this study are expected to provide useful material for the development of science research in the field of Islamic Economy as regards The effect of Price and Brand Image of Smartphone Toward Purchasing Decision of Muslim Consumers.

1.4.2 Practical significance

The result of this study are expected to provide information about the effect of Price and Brand Image of Smartphone toward Purchasing Decision of Muslim Consumers.

