

## CHAPTER I

### INTRODUCTION

#### A. Background of Research

Today's technological developments are happening rapidly worldwide, and increasingly savvy consumers continue to keep up with these developments. This makes it difficult for many companies to influence consumer purchasing decisions, especially with competitors who make the difference between products even thinner. Competition in the information and communication technology industry, especially in the mobile phone or smartphone market, is getting tougher.

Advances in information technology have brought great changes in various industrial sectors. Since the 1980s, the adoption of information technology, particularly software and computing systems, has grown rapidly. While many argue that technological advances can create fairer competition by giving smaller firms wider access, the reality is that large firms that are able to develop proprietary technologies gain a greater competitive advantage<sup>1</sup>.

Daniel Miller et al. in their book *The Global Smartphone: Beyond a Youth Technology*.

“The term smartphone is misleading. Firstly, it should no longer be regarded as primarily a type of phone, since traditional phone calls now represent only a small part of usage. Secondly, the smartphone, as encountered in this project, is not a good example of ‘smart’, in the sense of being a device that can learn from its employment. Such autonomous learning is far less important in creating the smartphone we actually encounter than is the way smartphones are transformed by users”<sup>2</sup>.

Smartphones have become a very popular technology device around the world, with billions of units sold each year. Rapid technological developments

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<sup>1</sup> James Bessen, *Industry Concentration and Information Technology*, *Journal of Law and Economics*, vol. 63, 2020.534

<sup>2</sup> Miller, Daniel, and Laila Abed. 2021. *The Global Smartphone Beyond a Youth Technology*. London: UCL Press. Indraprastha Institute of Information Technology, Delhi

have led to shorter smartphone replacement cycles, where the average user replaces their device in less than two years. This trend is influenced not only by the rapid development of technology and the desire of consumers to own the latest models, but also by the limitations of the durability of the devices themselves. Although smartphones are designed with various advanced features, many users replace them early for both technical and non-technical reasons. The main factors that lead to premature replacement include damage to components such as the screen and battery, software limitations due to the absence of system updates, and device designs that are difficult to repair. This causes a large environmental impact, considering that smartphone production requires scarce raw materials and produces significant carbon emissions<sup>3</sup>.

In recent decades, the use of smartphones has increased significantly around the world. Students are the group with the highest level of smartphone ownership, and many of them use these devices for a variety of activities, both study-related and recreational. On the one hand, smartphones provide academic benefits by making it easier to access information, improving communication between students and lecturers, and enabling more flexible learning. However, on the other hand, excessive smartphone use can also lead to distractions, ineffective multitasking, as well as distractions from more important academic activities<sup>4</sup>.

In Indonesia, there is a smartphone market consisting of several Smartphone brands, namely Samsung, Apple, Xiaomi, Oppo, Vivo, and Huawei. An iPhone is a smartphone that uses hardware software and personal software unlike its competitors, who have to use applications developed by Google. The quality of the software and hardware owned by the iPhone makes iPhone products have extraordinary capabilities so that they can maximize the performance of the iPhone, including a clear camera, SIRI (personal assistant), system security

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<sup>3</sup> Mauro Cordella et al., "Durability of Smartphones: A Technical Analysis of Reliability and Repairability Aspects," *Journal of Cleaner Production* 286 (2021): 125388, <https://doi.org/10.1016/j.jclepro.2020.125388>. P.5

<sup>4</sup> Simon Amez and Stijn Baert, "Smartphone Use and Academic Performance: A Literature Review," *International Journal of Educational Research* 103, no. February (2020). P.3

guaranteed by Apple, and a music player combined with an iPod so that it is better than the product<sup>5</sup> another one smartphone. The International Data Corporation pointed out a surprising fact. Throughout 2023, Apple managed to shift Samsung's position as the king of mobile phones in the world, based on total sales and market share. Apple not only recorded positive growth compared to the 'top 3' manufacturers, but also managed to become the 1st place.

Table 1. Top 5 Companies' Market Share Smartphone

No	Company	2023		2022		2023/2022
		(Million Units)	(Market Share)	(Million Units)	(Market Share)	(Growth)
1.	Apple	234.6	20.10%	226.3	18.80%	3.70%
2.	Samsung	226.6	19.40%	262.2	21.70%	-13.60%
3.	Xiomi	145.9	12.50%	153.2	12.70%	-4.70%
4.	OPPO	103.1	8.80%	114.4	9.50%	-9.90%
5.	Transsion	94.9	8.10%	72.6	6.00%	30.80%
	Other	361.8	31.00%	377.2	31.30%	-4.10%

Source: <https://www.cnbc.com/2024/01/17/apple-overtakes-samsung-as-top-seller-of-smartphones.html>

This table presents data from IDC on global smartphone shipments in 2023, comparing shipments, market share, and annual growth of the five largest smartphone companies with their performance in 2022.

Apple emerged as the market leader in 2023, shipping 234.6 million units with a market share of 20.1% and a growth rate of 3.7%. This allowed Apple to overtake Samsung and claim the top position. Samsung faced a significant decline, with shipments dropping by 13.6% to 226.6 million units, reducing its market share to 19.4%. This decline resulted in Samsung losing its position as

<sup>5</sup> CNBC, Apple Successfully Defeats Samsung, International Data Corporation, 2023. <<https://www.cnbc.com/2024/01/17/apple-overtakes-samsung-as-top-seller-of-smartphones.html>> viewed on Februari 2025

the market leader. Xiaomi, OPPO, and Transsion followed next. Xiaomi experienced a moderate decline of 4.7%, while OPPO saw a sharper drop of 9.9%. In contrast, Transsion stood out with remarkable growth of 30.8%, demonstrating its ability to increase shipments despite the overall market contraction. The global smartphone market as a whole shrank by 3.2% compared to the previous year. This decline may be attributed to challenging global economic conditions or weakened consumer purchasing power.

While the global market experienced a downturn, Apple and Transsion performed exceptionally well. Apple maintained its strong consumer appeal, and Transsion successfully expanded its market presence. This data highlights the importance of strategic innovation and adaptability in a competitive and declining market. Consumer purchasing decisions are influenced by several factors, with product quality and price playing an important role. These two elements greatly influence how consumers decide to buy a product<sup>6</sup>.

Apple released the iPhone 16 in September 2024 in more than 20 countries, but until early 2025, this device is still not officially available in Indonesia. This delay is due to several key factors related to government regulations and Apple's investment policy in Indonesia.

Minister of Industry (Menteri perindustrian) Agus Gumiwang Kartasasmita said that the iPhone 16 is illegal in Indonesia. The reason is that Apple products have not obtained Domestic Component Level (TKDN) certification<sup>7</sup>.

"We at the Ministry of Industry have not been able to open a distribution permit for the iPhone 16, because previously as I have said, because there are still commitments that have not been conveyed, realized by Apple, and if there is an iPhone 16 that has been sold in Indonesia, then it is certain that it is an illegal cellphone. He also asked the public to report directly to the Ministry of Industry"<sup>8</sup>.

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<sup>6</sup> Philip Kotler dan Kevin Lane Keller, *Marketing Management*, 2016. Jakarta : Erlangga, 2009. P.30

<sup>7</sup> Redaksi, "Why iPhone 16 Hasn't Been Officially Released in Indonesia," *Fokusnews*, last modified 2025, accessed January 29, 2025, <https://en.fokus.co.id/2024/12/why-iphone-16-hasnt-been-officially.html>.

<sup>8</sup> M.Reza Sulaiman, "Kronologi Sengketa Apple vs Indonesia: Nasib iPhone 16 Di Ujung

The delayed release of the iPhone 16 series in Indonesia is a complex issue tied to compliance with local regulations and investment commitments. However, with Apple's recent efforts to address these challenges, there is renewed optimism that Indonesian consumers won't have to wait much longer.

Product quality refers to the product's ability to meet consumers' needs and expectations. The quality aspect can be seen from various elements such as durability, function, reliability, and product design and features. High-quality products typically increase consumer satisfaction, making them more likely to make repeat purchases or recommend products to others. Quality products are also often seen as a long-term investment because they provide greater benefits over a longer period. Therefore, quality is one of the important factors that affect consumers' decisions in choosing a product<sup>9</sup>.

Herlambang and Komara stated: *"that the ability of a product to meet the wishes or needs of customers, which includes durability, reliability, ease of use, and other valuable attributes, can be categorized as product quality"*<sup>10</sup>

Price is the amount consumers have to pay to get a product. Price influences purchasing decisions through two dimensions: purchasing power and value perception. Purchasing power relates to the consumer's ability to purchase products within their budget, while value perception involves assessing the benefits obtained compared to the costs incurred. If consumers feel that the quality of the product is in line with or exceeds the price paid, they are more likely to be interested in buying<sup>11</sup>.

Price is a crucial aspect in a product because it affects profits for consumers.

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Tanduk?," *Suara.Com*, last modified 2024, accessed January 29, 2025, <https://www.suara.com/tekno/2024/11/01/164449/kronologi-sengketa-apple-vs-indonesia-nasib-iphone-16-di-ujung-tanduk>.

<sup>9</sup> Gary Armstrong philip kotler, *Principles Of Marketing 17 Edition*, 2018. Pearson Education Limited 2018. P.244

<sup>10</sup> Jessie Aurelia and I Gusti Bagus Yosia Wriyakusuma, 2022. Pengaruh Kualitas Produk, Gaya Hidup, Dan Citra Merek Terhadap Keputusan Pembelian Iphone Di Kota Surabaya. P.418

<sup>11</sup> Atanu Adhikari, "Effect of Adjacent Product Price on Customer's Willingness to Pay of Focal Brand: A Bayesian Approach," *Theoretical Economics Letters* 7 (2017): 7.

In addition, price is the main factor in the purchase decision, so it needs to be carefully considered in its determination. The price itself is a sum of money that must be spent by consumers to obtain products or services. In the business world, price plays an important role in marketing strategy, because the price level set can affect consumer interest. Therefore, before buying an item or using services, consumers tend to consider the price offered carefully<sup>12</sup>.

According to Schiffman and Kanuk, A purchase decision is a process that involves choosing between two or more alternatives. In this process, consumers consider the characteristics and advantages of the product before making a final decision<sup>13</sup>.

The compatibility between price and product quality is one of the crucial indicators in consumers' purchasing decisions. This indicator relates to the consumer's view of the extent to which the price paid corresponds to the quality provided by the product. When it comes to iPhone smartphones, consumers generally expect that the price they pay reflects a high level of quality, including performance, durability, and advanced features found in the device.

The interaction between product quality and price is crucial in influencing purchasing decisions. Consumers usually seek a balance between the value they get and the costs incurred. High-quality products at reasonable prices tend to be more attractive because consumers feel they are getting benefits matching the price. For high-value products or those requiring more careful consideration, such as smartphones or electronics, quality is often a priority even though they are more expensive. However, price is often the dominant factor for everyday or simpler products, although quality remains a consideration.

Research on the influence of price and product quality on smartphone purchase decisions has been conducted extensively, but no one has focused on

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<sup>12</sup> Monica Wolff, Willem J F A Tumbuan, and Debry Ch A Lintong, "Pengaruh Gaya Hidup, Harga Dan Citra Merek Terhadap Keputusan Pembelian Produk Smartphone Merek Iphone Pada Kaum Perempuan Milenial Di Kecamatan Tahuna," *Ekonomi Bisnis Manajemen dan Akuntansi (EBMA)* 10, no. 1 (2021): 1671–1681, <https://ejournal.unsrat.ac.id/index.php/emba/article/viewFile/39411/36142>.

<sup>13</sup> Nazifa Fitri, "Pengaruh Harga, Gaya Hidup Dan Kualitas Produk Terhadap Keputusan Pembelian Kopi Janji Jiwa Di Bekasi [1]" : *Jurnal Riset Manajemen* Vol. 2 No. 1 Maret (2024).



students University of Darussalam Gontor. These female students' social and religious backgrounds can influence how they choose premium products such as iPhones.

Previous research has also tended to separate price and quality, even though consumers usually consider these two factors simultaneously. In addition, the influence of iPhone branding as a symbol of social status is rarely discussed. The symbol are AirPlay FaceTime, Apple iMessage video calling service, Apple short messaging service, Live Text, a feature that allows users to detect text in images, Visual Search, Name Drop. Although it is important for female students who follow trends. This research offers novelty with a focus on University of Darussalam Gontor student, combines price and quality analysis, and explores the role of iPhone branding.

Although the iPhone is recognized as a high-quality product, there are still many students of University of Darussalam Gontor who feel hesitant to buy it, because they believe that the price offered does not always reflect the quality they expect. This study aims to examine the influence of price and product quality on the decision to buy an iPhone smartphone among female students.

iPhone users at Universitas Darussalam Gontor are spread across various study programs with a total of 109 students. Of the total users, the Pharmacy study program has the highest number, namely 26 students (18.35%), followed by Islamic Education with 18 students (13.76%), and Management with 13 students (9.17%).

In addition, the English Education and International Relations programs also have a significant number of users, with 11 students each (10.09% and 7.34%). Meanwhile, the Nutrition Science and Arabic Language Teaching programs each recorded 7 students (6.42%), while Informatics Engineering had 6 students (5.53%).

Some study programs have fewer users, such as Aqidah and Islamic Philosophy (3 students, 2.75%), Islamic Economics (2 students, 1.83%), and Agrotechnology (2 students, 1.83%). There are also several study programs that have no iPhone users at all, such as Communication Science, Comparative

Mazhab, and Religious Studies.

Overall, this data shows that iPhone usage is quite varied across study programs, with dominance from the fields of health, education, and management.

## **B. Problem Formulation**

Based on the research background explanation above, the problem that arises in this study can be identified as follows:

1. Does price has a significant affect in purchasing iPhone smartphone?
2. Does product quality has a significant affect in purchasing iPhone smartphone?
3. Does price and quality have a significant affect in purchasing iPhone smartphone?

## **C. Research Objectives**

In general, this research aims to achieve the following:

1. Determine the influence of Price on the Purchase decision of the iPhone Smartphone.
2. Determine the influence of product quality on the purchase decision of the iPhone Smartphone.
3. Determine the effect of product price and quality on the purchase decision of an iPhone Smartphone.

## **D. Benefit of Research**

The results of this study are expected to provide the following benefits:

1. Benefits for academic

This research is expected to expand knowledge and academic insights about Price, Product Quality, Decision in Purchasing iPhone Smartphone Product.

2. Practical Benefits

In practical terms, the benefit for authors is a suggestion for authors to



improve their ability to write scientific papers, which can be used for scientific publications that can improve the reputation of researchers and contribute to the field of study. Meanwhile, this research is hoped to help companies increase customer retention, brand reputation, and sales value.

