

## THE IMPACT OF SOCIAL INFLUENCE AND PRODUCT QUALITY ATTRIBUTES TO CUSTOMER BUYING DECISION OF IPHONE IN MANADO

by:  
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### ABSTRACT

Smartphone be the most desirable mobile phone in the world. Smartphone is a mobile device which is more than merely make and receive phones call, text message, and voice call. The function of smartphone, which not only can be used for make and receive call, text message, or take a picture, but also can be used like a small computer make people have been switching their mobile phone to smartphone. Many people switched their mobile phone to smartphone in Indonesia, made Indonesia was including in top 5 smartphone users in the world. There are 47 million smartphone users in Indonesia, and it will increase until 103, 7 million users in 2017. There are some factors which impact customer buying decision, some of them are social influence and product quality attributes. The main objective of this study is to determine the impact of social influence and product quality attributes to customer buying decision. Associative method is used by this study with technique analysis is multiple regression analysis. The populations of this study are all iPhone users in Manado and as the sample are 100 iPhone users in Manado. The result of this study infer that social influence and product quality attributes have impact to customer buying decision of iPhone users in Manado simultaneously. While partially, only social influence which has impact to customer buying decision. Social influence is impact customer buying decision significantly. This study suggests to the marketers that need to provide smartphone such as iPhone with good quality and up to date style. Because if the the product have good quality and up to date style customer will trust and interest with the product and et the end will decide to buy the product.

**Keywords:** *social influence, product quality attributes, buying decision,*

### INTRODUCTION

#### Research Background

Smartphone be the most desirable mobile phone in the world. Weinberg (2012) smartphone is a mobile device which is more than merely make and receive phones call, text message, and voice mail. The basic feature of a smartphone is able to access to the internet. It can also access digital media such as picture, music and videos. Smartphone also have the ability to make use of small computer program called application or apps. Easiness which smartphone offer like in access information, sharing data, or even work by using smartphone make people switch their mobile phone to smartphone. Because of this phenomenon, numbers of smartphone users are increasing year to year. In Indonesia especially there are 47 million smartphone users and it make Indonesia include in top 5 smartphone users in the world (Liputan6 2013) and it will increase until 103.7 million users in 2017 (detikcom 2014).

There are some brands of smartphone that popular in Indonesia like iPhone, Samsung Galaxy, Nokia Lumia, Google Nexus, HTC, LG, and Sony Xperia. Each of them has their best features so the companies which produce smartphone always try to make some innovation to their product. Like Sony Xperia they have waterproof and dust-proof Smartphone, Samsung Galaxy they have good Quality in their camera which is their camera reach of features, and for iPhone, it has good performance in their application. Not only in applications, iPhone also have a good designed for the case and it makes iPhone look luxury.

There are some factors actually that have impact to customer buying decision in this case buying smartphone those are Social Influence, Price, Brand, Product Quality Attributes and so on. Better for the company to know what factor that have the most impact from those factors to make the strategy that they will use in marketing their Product. For this research, only focus on two factors from the factors that have impact to customer buying decision, which are Social Influence and Product Quality Attributes.

All brand of smartphone which popular in Indonesia also popular in Manado. This research is only focused on iPhone (iPhone user) because iPhone has many differentiation with other smartphone which are there is no Bluetooth in iPhone, and to transfer data from or to PC not as simple as other brand like Samsung or Sony Xperia in this case iPhone users need to download a software so that we can do transferring data because of this situation some people said that using iPhone is difficult. But in other side even though there is an opinion that using iPhone is difficult but iPhone users in Manado is increasing.

Social influence in Manado which is customer buys iPhone only because of suggestion and the experience from the society. While product quality attribute, product specification and all that contains in the product be the main reason to choose iPhone.

### **Research Objective**

The objectives of this research are to know:

1. The simultaneous impact of social influence and product quality attributes to customer buying decision of iPhone users in Manado.
2. The partial impact of social influence to customer buying decision of iPhone users in Manado.
3. The partial impact of product quality attributes to customer buying decision of iPhone users in Manado.

## **THEORITICAL FRAMEWORK**

### **Customer Buying Decision**

Kotler and Armstrong (2005:160) buyer decision process consist of five stage those are need recognition, information search, evaluation of alternatives, purchase decision, and post purchase behavior. Manning & Reece (2001) consumer is an individual, group of individuals, or organization who purchase a product for personal or end use. Burnett (1993) there are three Psychological Characteristic of Buying Decision:

1. Motivation
2. Learning
3. Attitudes

### **Social Influence**

Aaronson (2004) social influence is the effect that people have upon the beliefs or behaviors of others. The three aspect of social influence are:

1. Social influence in which individuals change their attitudes or behavior in order to adhere to existing social norms.
2. A form of social influence involving direct request from one person to another.
3. A form of social influence in which one person obeys direct orders from another to perform some action(s)

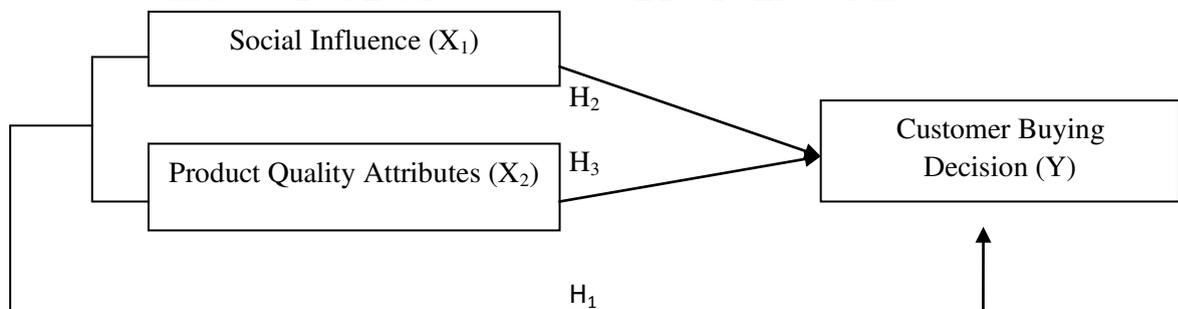
### **Product Quality Attributes**

Meier et al (2008) quality attributes are the cross-cutting concerns that affect run-time performance, system design, and user experience. Quality attributes are important for the overall usability, performance, reliability, and security of software applications. The quality of the application is measured by the extent to which it possesses a desired combination of these quality attributes. Parasurama et al (1988) Product Attributes has based on products quality's view where in operation management , multiple dimension of quality has been determine which it resulted in the fitness usage of the product`which means does the product do as it supposed to do and does the features meets customer's need, reliability of the product which means to what level the product is off from insufficiency.

## Previous Research

Lay-Yee et al (2013) factor affecting smartphone buying decision among Malaysian Generation Y. From this research found that there is a significant relationship between all variables which are brand concern, convenience concern, dependency concern, price concern, product feature concern, and social influence concern to smartphone buying decision on Malaysian generation Y. Nagarkoti (2009) factor influencing consumer behavior of smartphone users. From this research found that the most of participants buy their smartphone because of their need despite of the price of smartphone is expensive the other factor also that affect people to buy smartphone is their enthusiasm in newer technology. Jakpar et al (2012) examining the product quality attributes that influence customer satisfaction most when the price was discounted: a case study in Kuching Sarawak. From this research found that there are three quality attributes that make customer satisfied with the discounted product which are perceived quality, performance, and reliability. From the three attributes that make customer satisfy with the discounted product perceived quality is the attributes were statistically significant. Because perceived value positively related to the level of customer satisfaction toward discounted product. Ackaradejruangsri (2012) the effect of product quality attributes on Thai consumer's buying decision. From this research found that there are attributes from the product quality attributes which the most influential attributes on Thai consumer buying decision. The three attributes in product quality attributes is reliability, function, and durability.

## Conceptual Framework



**Figure 1. Conceptual Framework**

*Source: Theoretical Review, 2014*

## Hypothesis

The hypotheses of this research are:

H<sub>1</sub>: Social influence and product quality attributes impact customer buying decision simultaneously

H<sub>2</sub>: Social Influence impact customer buying decision partially

H<sub>3</sub>: Product Quality Attributes impact customer buying decision partially

## RESEARCH METHOD

### Type of Research

This research used a type of causal research in which this research investigated the impact of social influence and product quality attributes to customer buying decision,

### Place and Time of Research

This research located in Manado, North Sulawesi province. This research occurs about two month which is from June to July 2014.

### Population and Sample

The population in this research is Manado's citizen who using iPhone. The sample of this research are 100 Manado's citizen who using iPhone. This research will use simple random sampling as the sampling technique.

### Data Collection Method

This research only uses Primary Data in data collection method. Primary data refers to information obtained first-hand by the researcher on the variables of interest for the specific purpose of the study. Individual provide information when interviewed, administrated questionnaires, or observed. Group depth interviews, or focus groups, are the other rich source of primary data (Sekaran and Bougi 2009:180). Questionnaire was used by this research in data collection method.

### Data Analysis Method

#### Validity and Reliability Test

Validity is the ability of a measure to measure what it is supposed to measure. If it does not measure what it is designated to measure the will be problem (Zikmund 2003: 302). The reliability of a measure is established by testing for both consistency and stability. Consistency indicates how well the items measuring a concept hang together as a set. Cronbach's alpha is a reliability coefficient that indicates how well the items in a set are positively correlated to one another (Sekaran and Bougi 2009: 324).

#### Multiple Regression Analysis Method

Multiple regression analysis is similar to the simple regression analysis but the different only multiple regression use more than one independent variable to explain variance in the dependent variable. (Sekaran and Bougi 2009: 350). Multiple regression was using because there are two independent variable for this research. The two independent variables those are Social Influence ( $X_1$ ) and Product Quality Attributes ( $X_2$ ). The Equation of Multiple regression for this research as follow:

$$Y = a + \beta_1 X_1 + \beta_2 X_2 + e$$

Description:

- Y = Decision making process (dependent variable)  
 a = Constant  
 $\beta_1, \beta_2$  = The regression coefficient of each variables  
 $X_1$  = Social Influence  
 $X_2$  = Product Quality Attributes  
 e = Error

## RESULT AND DISCUSSION

### Validity and Reliability

By comparing the data on corrected item-total correlation column with r-table the result infer that all the data on corrected item-total correlation column are valid because the result of all the data are above 0.1966. Which the result of  $X_1$  is 0.578,  $X_2$  0.399, and Y is 0.552. While for reliability the result is all the data are reliable because the cronbach's alpha is more than 0.6.

**Table 1. Validity Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
$X_1$	7,7972	,767	,578	,497
$X_2$	6,8465	,966	,399	,712
Y	7,4337	,653	,552	,533

Source: SPSS data processed, 2014

**Table 2. Reliability Statistics**

Cronbach's Alpha	N of Items
,687	3

Source: SPSS data processed, 2014

### Classical Assumption Test

**Table 3. Multicollinearity**

Model		Collinearity Statistics	
		Tolerance	VIF
1	X <sub>1</sub>	,866	1,154
	X <sub>2</sub>	,866	1,154

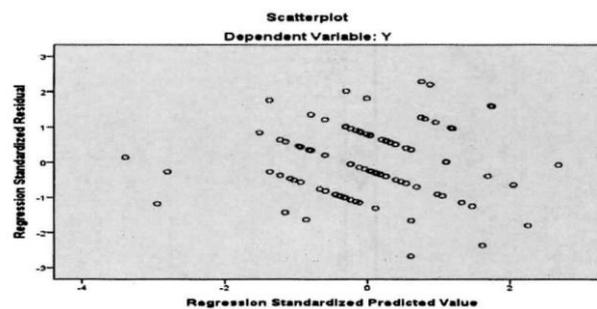
a. Dependent Variable Customer Buying Decision

Source: SPSS data processed, 2014

The Multicollinearity can be seen at the Collinearity statistics, in the tolerance and variance inflated factors (VIF) table. If the tolerance value more than 0, 10 and the VIF less than 10, it indicates there is no multicollinearity. The tolerance of Social influence (X<sub>1</sub>) is 0.866, and Product Quality attributes (X<sub>2</sub>) is 0.866. And the VIF of social influence is 1,154 and Product quality attribute is 1.154 which means the value of tolerance for this research is more than 0.10 and the VIF is less than 10. The result shows that there is no multicollinearity.

### Heteroscedasticity

In Heteroscedasticity test if all the dots spread randomly above and below 0 on Y axis it means there is no heteroscedasticity.

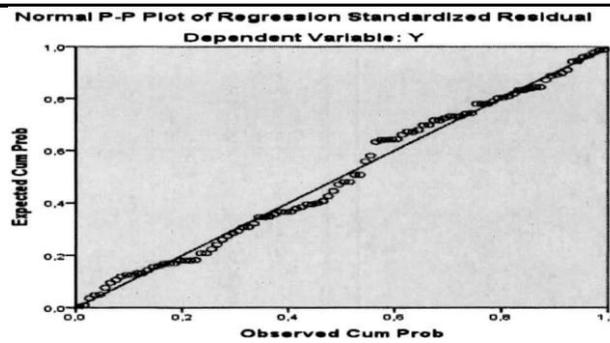
**Figure 2. Heteroscedasticity Test Output**

Source: SPSS data processed, 2014

Figure 2 shows that all the dots are spread randomly above and below 0 on Y axis so there is no pattern formed. Hence, it can be concluded that there is no heterodescedascity

### Normality

Normality test, the data have normal distribution if the data spread around the diagonal line, then fulfills the normality.



**Figure 3. Normality Test Output**  
 Source: SPSS data processed, 2014

Figure 3 show that the data have a normal distribution because all the dots spread closely to the line or the diagonal line.

**Multiple Regression Analysis**

**Table 4. Multiple Regression Result**

		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
	(Constant)	,842	,479		1,759	,082
1	X <sub>1</sub>	,589	,104	,502	5,650	,000
	X <sub>2</sub>	,204	,115	,158	1,778	,079

Dependent Variablre: Y

Source: SPSS data processed, 2014

The Equation on table 3 can be written as in regression equation

$$Y = 0,842 + 0,589 X_1 + 0,204 X_2$$

The interpretation of multiple regression equation as follows:

1. Constant value of 0,842 means when the independent variable those are social influence (X<sub>1</sub>) and product quality attributes (X<sub>2</sub>) are constant or equal to zero the customer buying decision (Y) is 0,842.
2. Variable Social influence (X<sub>1</sub>) has an impact on Customer Buying Decision (Y) as much as 0.589, when other variables are constant. It means that one unit increasing in Social Influence (X<sub>1</sub>), will cause Y to predicted to increase by 0.589.
3. Variable Product Quality Attributes (X<sub>2</sub>) has an impact on Customer Buying Decision (Y) as much as 0.204, when other variables are constant. If there is one unit increase in Product Quality Attributes (X<sub>2</sub>), Y is predicted to be increased by 0.204.

**Coefficiant of Multiple Regression (R) Coefficient Determination (R<sup>2</sup>)**

**Table 5. Table R and R<sup>2</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	,579 <sup>a</sup>	,335	,322	,49419	1,708

a. Predictors: (Constant), X<sub>2</sub>, X<sub>1</sub>

b. Dependent variable: Y

Source: SPSS data processed, 2014

The result on R column is 0.579 means that there is a relationship between all of the variables with Customer Buying Decision where influence of independent variables on the dependent variable is the change in 57, 9%, while the remaining 42, 1% is influenced by other factors are not included into this research.

### Hypothesis Testing

**Table 6. F-test Result**

Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	11,957	2	5,979	24,480	,000 <sup>b</sup>
	Residual	23,690	97	,244		
	Total	35,647	99			

a. Dependent Variable: Y

b. Predictors: (Constant), X2, X1

Source: SPSS data processed, 2014

To see whether there is simultaneous impact of social influence ( $X_1$ ) and product quality attributes ( $X_2$ ) to customer buying decision (Y) need to see the value of F-count and F-table. If the value of F-count > F-table it means  $H_0$  is rejected and  $H_1$  is accepted. While if F-count < F-table it means  $H_0$  is accepted and  $H_1$  is rejected. Table 5. Shows the value of F-count. To get the F-table need to use F-table with propability 0,05. The value of F-count is 24,480 and F-table is 3,09. The result shows that F-count= 24,480 > F-table= 3,09. It means  $H_1$  is accepted and  $H_0$  is rejected. Hence the independent variable social ind=fluence ( $X_1$ ) and product quality attributes ( $X_2$ ) simultaneously have significant impact to customer buying decision (Y).

**Table 7. T-test Result**

Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	,842	,479		1,759	,082
1	X <sub>1</sub>	,589	,104	,502	,000
	X <sub>2</sub>	,204	,115	,158	1,778

a. Dependent Variable: Y

Source: SPSS data processed, 2014

The value of T-table based on the table with propability 0,05 is 1,985.

The partial impacts of each independent variable are explained as follows:

a. Social Influence and Customer Buying Decision

The value of T-count of  $X_1$  is 5,650 and T-table is 1,985. It means T-count > T-table. Therefore,  $H_0$  is rejected and  $H_2$  is accepted or social influence impact customer buying decision partially.

b. Product Quality Attributes and Customer Buying Decision

The value of T-count of  $X_2$  is 1,778 and T-table is 1,985. It means T-count < T-table. Therefore,  $H_0$  is accepted and  $H_3$  is rejected or product quality attributes is not impact customer buying decision partially.

### Discussion

Based on the theory Social Influence and Product Quality Attributes influence Customer Buying Decision Positively. The result shows that the sign of regression coefficient are positive for  $X_1$  and  $X_2$ . These Positive sign of the coefficient confirm that the the result support the theory. This result supported by other

research conducted by Lay-Yee et al (2013) in which the aim of this study is to identify about the factors that impact customer buying decision especially in purchase smartphone. In the result of this research, there are some factors that impact smartphone buying decision and Social Influence include in the Factors that impact smartphone buying decision. Based on the answer of the respondent in this research shows that Social Influence impact significantly to smartphone buying decision. This result also supported by other research conducted by Ackaradejruangsri (2012) the aim of this research is to identify the effect of Product Quality Attributes on consumers buying decision. And even though the Product Quality Attributes Have big impact on Thai consumer buying decision but not all the attributes have big impact only several attributes that have big impact. In tis research only reliability and durability are the Product Quality Attributes that have big impact on consumer buying decision especially in buying automobile phone.

The habit of Manado people which like to interact with other be one of the factors that make social influence have the significant impact to customer buying decision especially to iPhone users in Manado. Because interact with other could easy to influence each other either direct or indirect to purchase something in this case smartphone especial iPhone. The impact of it obvious from the answers of respondents which is agree with statement feel more confidence to interact with other if use smartphone which have same type or brand especialy iPhone. Other respondent also agree with the statement about purchase the iPhone because of suggestion. Existance in social environment which will make the society feel not comfortable if not follow the trend or the new habit that exist in the social environment make the society "roughly" forced to follow the trend. Because when people could follow the trend or the new habit of the society the people will feel satsify and more comfort to socialize with other.

Another factor that makes social influence have significant impact to customer buying decision is family factor. Most of respondent aged 40 above agree if purchase iPhone just because suggestion or recommendation from family or because indirect impact which is because many people in the family are using iPhone. Most of the respondent aged 40 above when asked about the product quality attributes where about the performance, durability, and reliability of iPhone the respondents just answer if not too know about that. Different with respondent aged 40 above, the respondent aged under 30, known about the product quality attributes that contains on iPhone such as iPhone can detect the supporting device is original or not, compare with other smartphone iPhone do not easy to be attacked by virus, case of iPhone made by good quality materials so make iPhone still working well even though collided, iPhone have design and size which simple, iPhone have a good quality. And it can be seen from the respondent answers in which the respondent aged under 30 agree with the statement in product quality attributes variable

All of the respondent came with different background. There are some respondent as Civil cervant, some respondent as entrepreneur, some respondent as student, some respondent as employeee but most of the respondent as student. Because this research using simple random sampling method , which is in this method all of the iPhone users have the same chance to be respondent so all of the respondent found at the difference place. All of the respondent found at mall, college, office, restaurant, and some place in manado. This research was conducted about two months.

## CONCLUSION AND RECOMENDATION

### Conlusion

There are four constructive findings that can be concluded from overall result in this research, which are listed as follow:

1. Social Influence and Product Quality Attributes impact Customer Buying Decision simultaneously.
2. Only Social Influence is impact Customer Buying Decision partially.
3. Social Influence impact Customer Buying Decision significantly.
4. Product Quality Attributes insignificantly impact Customer Buying Decision.

## Recomendation

The result and conclusion of the research, the recommendation given are as follow:

1. Social Influence and product quality attributes have positive and significant influence on customer buying decision so, marketers need to provide smartphone such as iPhone on good Quality and up to date style.
2. The result of this research could be used as a reference fro those who want to conduct research on costumer buying decision especially related to the social influence and product quality attributes as independent variables

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