

The Influence of Price and Product Quality on Consumer Purchase Decisions of Xiaomi Smartphones Through The Role of Consumer Trust

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Abstract : As technology develops, smartphone product brands continue to emerge, one of which is the Xiaomi product brand. Xiaomi smartphones are in great demand by the people of Indonesia because the prices of Xiaomi smartphones are affordable or cheap and have product quality that is no less competitive with smartphone brands that are already popular with the public, especially in Indonesia. Purchasing decisions are essential for consumers, so the sales strategy must be implemented appropriately through the price and product quality components through Xiaomi smartphone consumer trust. However, some things do not show the success and strength of Xiaomi's smartphone products, trying to measure consumer trust as an intervention. Determining this strategy can increase the purchase decision of Xiaomi smartphone consumers, which will be higher than other smartphone products. The power of consumer purchasing decisions is expected to be used by smartphone companies on Xiaomi smartphone products as a tool to win competition in the smartphone market in Indonesia.

Keywords: Price, Product Quality, Consumer Trust, Purchase Decision

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I. Introduction

Xiaomi smartphones are in great demand by Indonesian people because the prices are affordable or cheap and have features that are no less competitive than other smartphones that are already popular in Indonesian society. Xiaomi smartphones use the Android operating system, which is already widely used on other smartphones. Low prices and good quality can influence smartphone consumers to increase their purchasing decisions.

In June 2021, for the first time, the number of sales of Xiaomi mobile phones was recorded as the highest in the world, surpassing sales of Samsung and Apple smartphones. According to a report from Counterpoint Research Monthly Market Pulse Service, Xiaomi Smartphone sales rose 26 percent month to month (MoM), namely in June 2021, then made Xiaomi Smartphones control 17% of the world smartphone market share in June 2021. Meanwhile, the brand Samsung and Apple smartphones have a market share of 15.7% and 14.3%, respectively. However, when viewed from global sales as of the second quarter of 2021, the Xiaomi smartphone brand is in second place after Samsung.

The empirical phenomenon in this study is the emergence of a new smartphone in Indonesia originating from China, which is none other than the Xiaomi smartphone, capable of beating smartphones that have been popular in Indonesia for a long time, none other than Samsung and Apple smartphones. Many Indonesian people think Xiaomi smartphones are cheaper when compared to Samsung and Apple smartphones. Xiaomi smartphones also have features that can help with daily work.

II. Literature Review

One crucial factor that can influence consumer purchasing decisions is price. Price is an exchange rate that can be equated with money or goods to obtain the benefits derived from an item or service for a person or group at a particular time and a specific place. While the term price can be used to provide a financial value to a product or service. Alma (2011:169) A price is a monetary unit, or another measure (including other goods and services) exchanged to obtain ownership rights or use of goods and services to cause consumer satisfaction. Assauri, (2014:223), Price is the only element of the marketing mix that generates sales revenue, while the other elements are only cost elements. Kasanti, Wijaya & Suandry (2019), Price is the amount needed to obtain

certain goods and services or a combination. Shofiyana (2020), Price is one of the essential variables in marketing, and price can influence consumers to buy a product for various reasons.

Putra et al (2017), Quality reflects all dimensions of the product offering those benefit consumers. Stanton (2012), In a narrow sense, a product is a group of tangible physical attributes that are related in an identifiable form. Meanwhile, in a broad sense, a product is a group of tangible and intangible attributes, which include packaging, color, price, quality, brand, service, and reputation of the seller. A product can be offered to a market to be noticed, owned, used, or consumed to satisfy a want or need. Kasanti, Wijaya & Suandry (2019), Product quality is a product's overall characteristics that affect its ability to satisfy stated implied needs. Quality must be measured through the consumer's perspective on the quality of the product itself, so customer tastes are very influential here. So managing the quality of a product must be by the uses desired by consumers.

Wijaya & Saporso (2019), Trust is essential to a commitment or promise, and commitment can occur when it matters. Trust is an essential factor that can overcome crises and difficulties between business partners, and it is also an essential asset in developing long-term relationships between organizations. Sulistiowati et al (2021), Trust is a condition where one of the parties involved in the exchange process believes in the other party's reliability, honesty, and integrity. This definition explains that consumer trust results from a belief that the parties involved in the exchange will provide consistent, honest, and responsible quality. Gustianto et al (2022), Consumer Trust is all knowledge possessed by consumers and all conclusions made by consumers about objects, attributes, and benefits. Objects can be products, people, companies, and anything where a person has beliefs and attitudes.

The purchasing decision is a consumer decision-making process that combines knowledge to choose two or more available product alternatives influenced by several factors, including quality, price, location, promotion, convenience, service, and others. Nugroho (2003), The purchasing decision is an integration process that combines knowledge and attitudes to evaluate two or more alternative behaviors and choose one of them. Decisions are a reaction to several alternative solutions carried out consciously by analyzing the possibilities of these alternatives and their consequences. Kotler & Amstrong (2014), The purchase decision is the stage where the consumer purchases the product, and the consumer, as the leading actor in the buying process, is always the producer's concern. Igir et al (2018), The purchasing decision is a consumer's decision to buy a product after thinking about whether or not it is appropriate to buy the product by considering the information he knows about the reality of the product.

III. Conceptual Model

The conceptual framework of this study aims to determine the relationship between the independent variable price and product quality, the intervening variable of consumer trust, and the dependent variable on purchasing decisions. So, based on the background description above, which explains the effect of price and product quality on the purchasing decision of Xiaomi Smartphone Consumers Through the Role of Consumer Trust. Then the conceptual framework of this study can be described in the following figure:

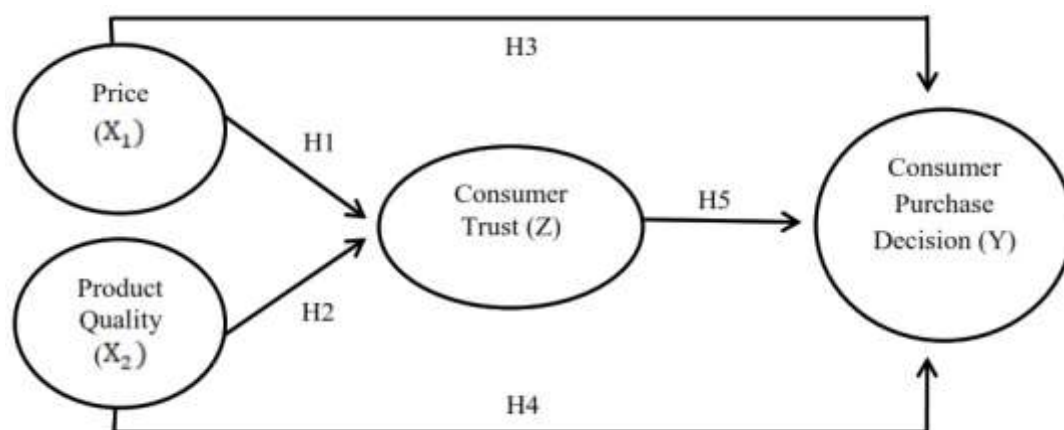


Figure 1. Conceptual Framework

HYPOTHESIS

The Effect of Price on Consumer Trust

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Diana, et al (2020), Price is a sacrifice made and paid by consumers to obtain the desired product or service. Sacrifice, in this case, includes a certain amount of money or costs. Malau (2017:126), Price is the essential measure of an economic system because prices affect the allocation of factors of production. As a determinant of the allocation of scarce resources, prices determine what is produced (supply) and who gets how much of the goods or services produced (demand). This explanation is supported by several studies which state that prices affect consumer trust. Diana, et al (2020), explained that Website Quality, Price, and Product Quality Directly Affect Consumer Trust.

Based on this, the hypotheses that can be developed in this study are:

H1 : Prices have a Significant Influence on Consumer Trust Xiaomi Smartphones.

The Effect of Product Quality on Consumer Trust

Putra, et al (2017), Product quality is an action taken by a company to win a competition in the market by establishing a set of meaningful differences in the products or services offered to differentiate the company's products from those of its competitors so that consumers can perceive that these quality products have added value. Expected by consumers. Chinomona, et al (2013), Prasetya, et al (2014), Product Quality has a Significant Influence on Consumer Trust.

Based on this, the hypotheses that can be developed in this study are:

H2 : Product Quality has a Significant Influence on Consumer Trust Xiaomi Smartphones.

The Effect of Price on Purchasing Decisions

Gunarsih, et al (2021), Price is the amount of money required as a medium of exchange to obtain several combinations of products and services. Gunarsih, et al (2021), Putranto & Qiyanto (2020), Muhtarom & Syahrizal (2018), states that Price has a Positive and Significant Influence on Purchasing Decisions.

Based on this, the hypotheses that can be developed in this study are:

H3 : Prices have a significant effect on Purchasing Decisions Xiaomi Smartphone Consumers.

The Effect of Product Quality on Purchasing Decisions

Putro, et al (2014), Product quality is a set of goods and service characteristics that can meet consumer needs.

Wirawan & Seminari (2018), Sangidah & Rukmana (2021), Alvatwa, Fadhilah & Cahyani, (2021), States that Product Quality has a Positive and Significant Influence on Purchasing Decisions.

Based on this, the hypotheses that can be developed in this study are:

H4 : Product Quality has a Significant Influence on Purchasing Decisions Xiaomi Smartphone Consumers.

The Effect of Consumer Trust on Purchasing Decisions

Guspul (2014) Consumer trust is an analogy of what consumers want with what consumers have obtained. If what is obtained by consumers exceeds their expectations, the consumer can achieve satisfaction and will bring up an attitude of trust. Vice versa, if consumer expectations are higher than what is obtained, then the consumer has not satisfied even the attitude of disbelief that will be obtained.

Pratama & Santoso (2018), Prasetya et al (2014), Consumer Trust has a Positive and Significant Effect on Purchasing Decisions.

Based on this, the hypotheses that can be developed in this study are:

H5 : Consumer Trust has a Significant Influence on Purchasing Decisions Xiaomi Smartphone Consumers.

IV. Conclusion

Many smartphone manufacturers launch the latest brands, types, and specifications as technology develops. One of the smartphones in great demand by the people of Indonesia is the Xiaomi smartphone. Many people think that Xiaomi smartphones have low prices. Intense smartphone competition makes smartphone manufacturers compete in various ways to increase consumer purchasing decisions.

Price becomes a tool to attract consumers to increase smartphone consumer purchasing decisions. Xiaomi smartphone consumers have reasonable trust in the price of Xiaomi smartphones. They state that Xiaomi smartphone prices are cheap. However, Xiaomi smartphone consumers do not fully believe that the quality of Xiaomi smartphone products is the best. Thus, other smartphones are still superior in product quality compared to Xiaomi smartphones. Besides that, there are relatively high prices for Xiaomi smartphones, which can affect the decision Xiaomi smartphone consumers purchase. The higher the price, the level of consumer purchasing decisions will decrease. With low prices, the quality of Xiaomi smartphone products is excellent and able to meet consumer needs, so the quality of Xiaomi smartphone products can significantly influence purchasing decisions.

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Market competition is getting more challenging, and a strategy is needed to overcome threats and opportunities. For this reason, further research is needed to determine the effect of price and product quality on purchasing decisions through the role of consumer trust in Xiaomi smartphones.

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