

CHAPTER I INTRODUCTION

1.1 Research Objective Overview

1.1.1 Apple Inc. Company Profile



Figure 1.1 Apple Inc. Logo

Source: (Apple.com, 2017)

Apple Inc. is a multinational company that is engaged in the design, development, and sale of items which include consumer electronics, computer software, and personal computers that headquartered in Silicon Valley, Cupertino, California. Apple Inc. or formerly known as Apple Computer, Inc. was founded on April 1, 1976 and incorporated become the Apple Computer, Inc. on January 3, 1977. On January 9, 2007, the word "Computer" was deleted to reflect Apple's focus towards the field of consumer electronics post the launch of iPhone.

Apple's products and services include Mac, iPhone, iPod, iPad, Apple TV, Apple Watch, iPhone OS (iOS), OS X and watchOS operating systems, iCloud, Apple Pay and a range of accessory, a portfolio of consumer and professional software applications, service and support offerings.

Moreover, Apple also delivers digital content or applications on the device through the App Store, iTunes Store, Mac App Store, television APP Store, and others. The products sells through Apple’s retail stores, online stores and direct sales through third-party cellular network carriers, retailers, wholesalers, and value-added resellers. Apple sells the product to consumers, small businesses and education, and also to enterprise and government customers (Reuters, 2017).

1.1.2 iPhone



Figure 1.2 iPhone Smartphone

Source: (Apple.com, 2017)

iPhone is a smartphone brand made by Apple that incorporates an iPod, a digital camera, a tablet PC, and a cellular phone. The device accomodates with Internet browsing and networking capabilities. The different of iPhone with most other smartphones is iPhone does not use a hardware keyboard or a stylus. In navigating thedevice, a user uses multiple taps and drags. Simillar to iPod, iPhone synchronizes the data with a user's personal computer, using iTunes as a client software and Apple's proprietary USB port. iPhone is compatible with Microsoft's Windows operating systems, including Vista.

The user interface is built around the device's multi-touch screen, including a virtual keyboard. The iPhone has Wi-Fi and can connect to cellular networks. An iPhone can take a video (though this was not a standard feature ever since the iPhone 3GS), play music, take photos, send and receive email, browse the web,

send and receive text messages, GPS navigation, record notes, calculator, and receive visual voicemail. Some of other functions that iPhone has such as games, reference works, and social networking, can be operated by installing mobile apps. As of January 2017, Apple's App Store contained more than 2.2 million applications available for the iPhone.

Table 1-1 iPhone Smartphone Types and Specifications
Source: (Apple.com, 2017)

Type	Technical Specification
iPhone X	<ul style="list-style-type: none"> • 5.8-inch Super Retina HD display with HDR and True Tone • All-glass and stainless steel design, water and dust resistant • 12MP dual cameras with Portrait mode, Portrait Lighting (beta), and 4K video up to 60 fps • 7MP TrueDepth front camera with Portrait mode and Portrait Lighting • Face ID for secure authentication and Apple Pay • A11 Bionic, the most powerful and smartest chip in a smartphone • Wireless charging (works with Qi chargers)

Continue...

Continued from table 1.1

iPhone 8 Plus	<ul style="list-style-type: none">• 5.5-inch Retina HD display with True Tone• All-glass and aluminum design, water and dust resistant• 12MP dual cameras with Portrait mode, Portrait Lighting (beta), and 4K video up to 60 fps• 7MP FaceTime HD camera with Retina Flash for stunning selfies• Touch ID for secure authentication and Apple Pay• A11 Bionic, the most powerful and smartest chip in a smartphone• Wireless charging (works with Qi chargers)
iPhone 8	<ul style="list-style-type: none">• 4.7-inch Retina HD display with True Tone• All-glass and aluminum design, water and dust resistant• 12MP camera with 4K video up to 60 fps• 7MP FaceTime HD camera with Retina Flash for stunning selfies• Touch ID for secure authentication and Apple Pay• A11 Bionic, the most powerful and smartest chip in a smartphone• Wireless charging (works with Qi chargers)
iPhone 7 Plus	<ul style="list-style-type: none">• 5.5-inch Retina HD display• Water and dust resistant• 12MP dual cameras with Portrait mode and 4K video at 30 fps• 7MP FaceTime HD camera with Retina Flash for stunning selfies• Touch ID for secure authentication and Apple Pay• A10 Fusion chip

Continue...

Continued from table 1.1

iPhone 7	<ul style="list-style-type: none">• 4.7-inch Retina HD display• Water and dust resistant• 12MP camera with 4K video at 30 fps• 7MP FaceTime HD camera with Retina Flash for stunning selfies• Touch ID for secure authentication and Apple Pay A10 Fusion chip
iPhone 6s Plus	<ul style="list-style-type: none">• 5.5-inch Retina HD display• 12MP camera with 4K video at 30 fps• 5MP FaceTime HD camera with Retina Flash for stunning selfies• Touch ID for secure authentication and Apple Pay• A9 chip
iPhone 6s	<ul style="list-style-type: none">• 4.7-inch Retina HD display• 12MP camera with 4K video at 30 fps• 5MP FaceTime HD camera with Retina Flash for stunning selfies• Touch ID for secure authentication and Apple Pay• A9 chip
iPhone SE	<ul style="list-style-type: none">• 4-inch Retina display• 12MP camera with 4K video at 30 fps• FaceTime HD camera with Retina Flash• Touch ID for secure authentication and Apple Pay• A9 chip

Table 1-2 iPhone Prices in Rupiah
 Source: (Teknorus, 2017)

Type	Price in Rupiah (IDR)
iPhone X	IDR.-
iPhone 8 Plus (64 GB)	IDR.-
iPhone 8 Plus (256 GB)	IDR.-
iPhone 8 (64 GB)	IDR.-
iPhone 8 (256 GB)	IDR.-
iPhone 7 Plus (32 GB)	IDR. 14.000.000,00
iPhone 7 Plus (128 GB)	IDR. 15.899.000,00
iPhone 7 Plus (256 GB)	IDR. 17.699.000,00
iPhone 7 (32 GB)	IDR.12.000.000,00
iPhone 7 (128 GB)	IDR.13.699.000,00
iPhone 7 (256 GB)	IDR.15.599.000,00
iPhone 6s Plus (16 GB)	IDR.11.399.000,00
iPhone 6s Plus (128 GB)	IDR.15.000.000,00
iPhone 6s (16 GB)	IDR. 9.499.000,00
iPhone 6s (64 GB)	IDR. 11.499.000,00
iPhone 6s (128 GB)	IDR. 13.299.000,00
iPhone SE (16 GB)	IDR. 7.899.000,00
iPhone SE (64 GB)	IDR. 8.199.000,00

1.1.3 Research Background

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. The figure below shows the number of active smartphones users around the world and in Indonesia and the prediction in the growth of users until 2018.

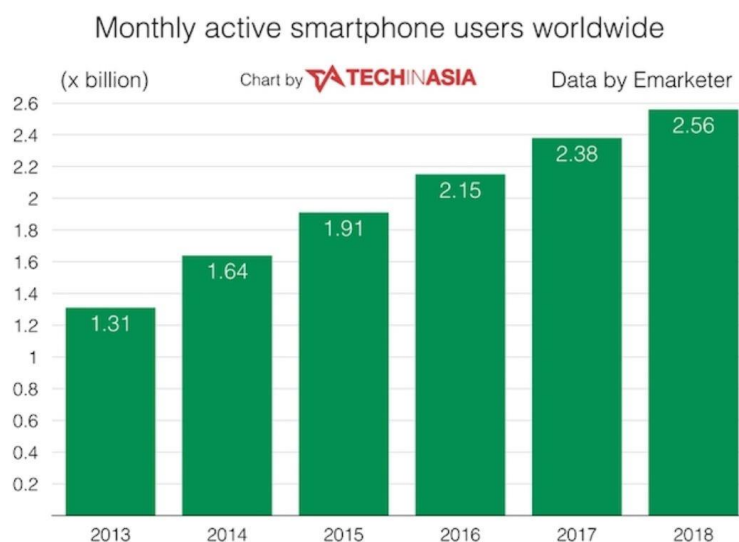


Figure 1.3 Monthly Active Smartphone Users Worldwide

Source: (TechinAsia, 2014)

The figure above is a chart that shows the prediction of monthly active smartphone users worldwide conducted by TechinAsia which shows that the number of active users of smartphones worldwide continues to rise significantly each year.



Figure 1.4 Monthly Active Smartphone Users in Indonesia

Source: (TechinAsia, 2014)

As well as the growing number of smartphone users worldwide, the number of active smartphone users in Indonesia is also increasing. It hints that the public interest in smartphones from year to year is increasing and making new companies keep popping up to enliven the competition in the smartphone industry. Some of the existing smartphone brands in the market are Samsung, iPhone, Huawei, Oppo, Asus, Lenovo, Xiaomi, Vivo and many others.

All smartphone vendors compete with each other to gain market share. According to the IDC Quarterly Mobile Phone Tracker research, phone companies shipped a total of 344.3 million smartphones worldwide in the first quarter of 2017 (1Q17). In light of what might seem like a slowing market, consumers continue to show the intention for smartphones. In figure 1.4 below about the Worldwide smartphone market share, the unit shipments grew 3.4% in first quarter of 2017 year over year, which was a little lower than IDC's previous forecast of 3.6% growth. (IDC.com, 2017)

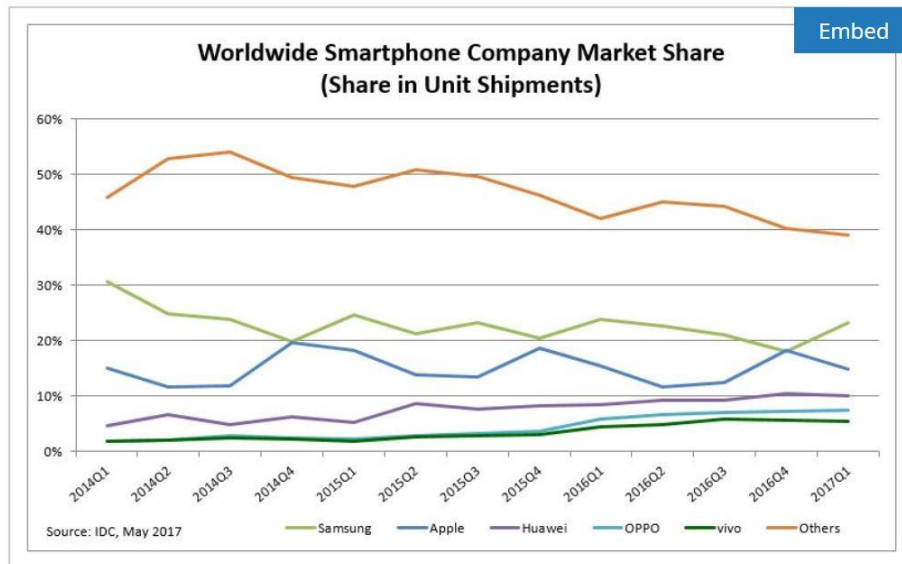


Figure 1.5 Worldwide Smartphone Company Market Share
Source: (IDC.com, 2017)

Period	Samsung	Apple	Huawei	OPPO	vivo	Others
2016Q1	23.8%	15.4%	8.4%	5.9%	4.4%	42.1%
2016Q2	22.7%	11.7%	9.3%	6.6%	4.8%	45.0%
2016Q3	20.9%	12.5%	9.3%	7.1%	5.9%	44.3%
2016Q4	18.0%	18.2%	10.5%	7.3%	5.7%	40.2%
2017Q1	23.3%	14.7%	10.0%	7.5%	5.5%	39.0%

Figure 1.6 Worldwide Smartphone Company Market Share (II)
Source: (IDC.com, 2017)

As can be seen from two figures above that 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.

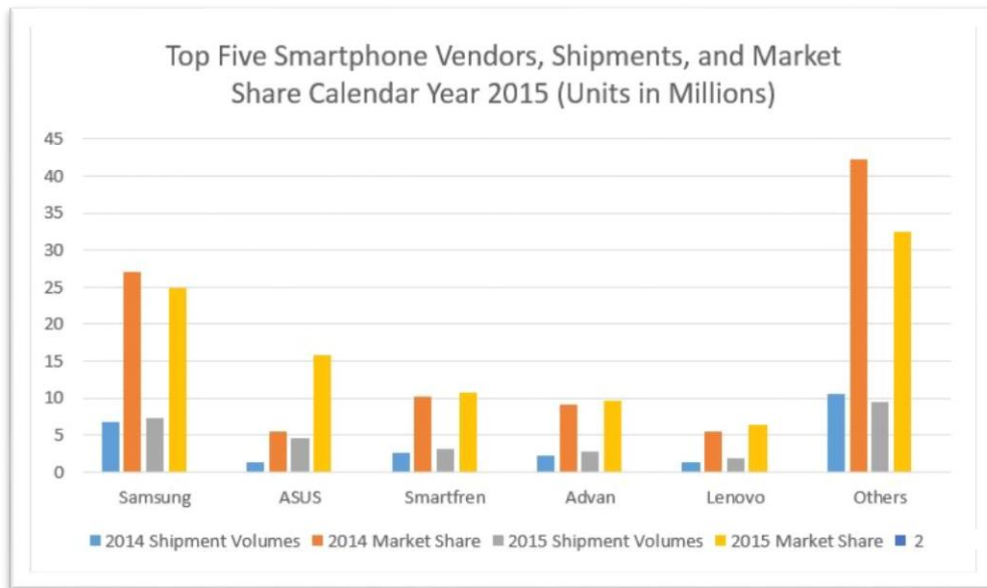


Figure 1.7 Top 5 Smartphone Vendors in Indonesia

Source: (Liputan6, 2016)

Based on a survey conducted by IDC Asia / Pacific Quarterly Mobile Phone Tracker which shown in figure above, 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.

Iphone is not new in Indonesia, the brand is already well known as a good quality and axclusive product. The fact that iPhone is not including in top 5 best-selling smartphone shows that there are other factors that may affecting the willingness of Indonesian people to buy an iPhone.

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 (Kotler & Armstrong, 2012).

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.

Based on the comparison made by Statista 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. In a survey conducted by Statista in 2013, seen the difference in price range between Android devices with iOS comes up on average USD 350. The picture below shows the price gap between iOS and Android on their average top selling product worldwide.

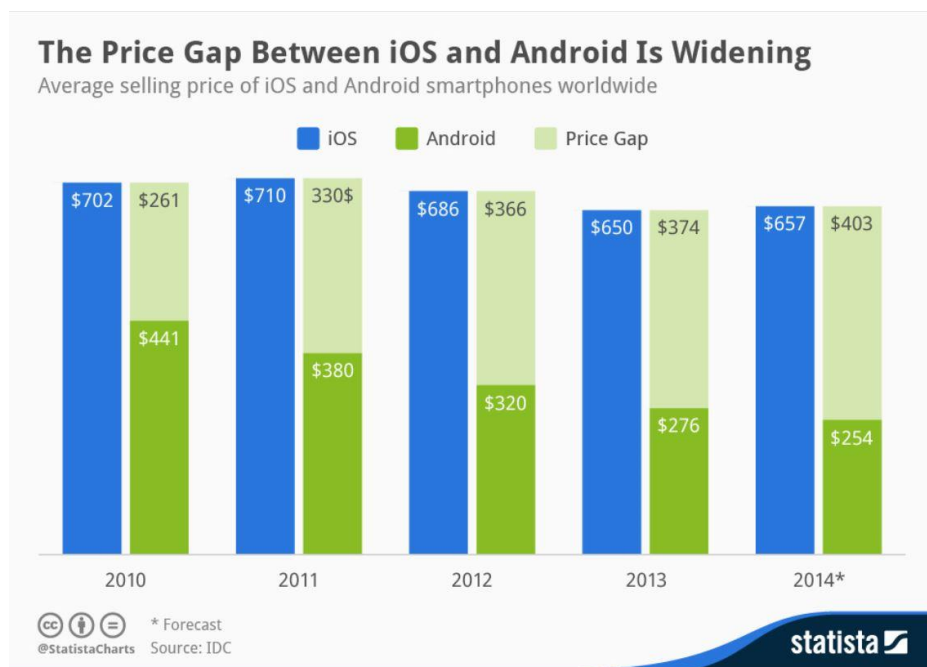


Figure 1.8 The Price Gap Between iOS and Android

Source: (Statista, 2014)

According to Kompas.com (2017) related to 10 most popular smartphones that cause the most curiosity of Indonesian citizen in 2017, which are iPhone X, Oppo A37, Nokia 6, Vivo V5, Samsung Galaxy S8, Samsung Galaxy J7 Pro, Oppo A57, Xiaomi Redmi 4A, iPhone 8, and Oppo F3. From that, can be concluded that

iPhone is one of the most popular brand of smartphone in Indonesia that create a curiosity to Indonesian citizen about the smartphones.

1.2 Problem Statements

The industry of mobile phone always showed drastic and tremendous changes or development in the telecommunication market. New models of smartphone are launched from time to time with the purpose of gaining the competitive advantage in the market. Iphone is a type of smartphone that is already well known by the public. It can be proved from the data that shows that iPhone is a smartphone brand with the second largest market share worldwide. But in contrast to the world market share, in Indonesia iPhone is not becoming a leader on the smartphone market share. Iphone is not included in 5 smartphone brands with the biggest sales in Indonesia. The data shown above are the data based on products that that have been purchased by the consumers. So, based on the phenomenon it is needed to conduct the study to investigate the customer's purchase intention of iphone in Indonesia.

Based on what has been described above, the researcher is decided to examine the factors that affecting the customer's purchase intention of iPhone in Indonesia through four variables which are *product features*, *brand name*, *social influence*, and *price*, so the authors bring about the title: **“THE INFLUENCE OF PRODUCT FEATURES, BRAND NAME, PRICE, AND SOCIAL INFLUENCE TOWARDS PURCHASE INTENTION OF IPHONE IN INDONESIA”**

1.3 Research Questions

Based on the research background and problem statement which has been described previously, then the research question can be made as follows:

1. How big is the customer's assessment of Product Features, Brand Name, Price, and Social Influence towards the Purchase Intention of iPhone in Indonesia?

2. How big is the customer's assessment on Purchase Intention of iPhone in Indonesia?
3. Based on the proposed model, what are the factors that influencing customer's Purchase Intention of iPhone in Indonesia?
4. Can the proposed model of this research be used for predicting the customer's Purchase Intention of iPhone in Indonesia?

1.4 Research Objectives

1. To know how big is the customer's assessment of Product Features, Brand Name, Price, and Social Influence towards the Purchase Intention of iPhone in Indonesia.
2. To know how big is the customer's assesment towards the Purchase Intention of iPhone in Indonesia.
3. To know what are the factors that influencing Purchase Intention of iPhone in Indonesia.
4. To know, can the proposed model of this research be used for predicting the Purchase Intention of iPhone in Indonesia.

1.5 Significance of the Study

This research is expected to be useful for any parties who want to use this research. The purposes of this research are:

1.5.1 Academic Aspect

It is expected that author can use the insight and knowledge in order to apply it in the actual circumstances and can be trained to analyze problems systematically and conceptually and also as a comparison material for other scientific research with the same topic and field of study.

1.5.2 Practical Aspects

This research can become an input and consideration for Apple companies in determining iPhone product development strategy in Indonesia.

1.6 Systematic of Writing

A. CHAPTER I INTRODUCTION

In this chapter will be described briefly the general description of the company profile, the background of the problem, the statements of the problem, the purpose of the research, the usefulness of the research and the structure of paper.

B. CHAPTER II LITERATURE REVIEW

In this chapter will be described about the theories associated with the formulation of the problem formulated.

C. CHAPTER III RESEARCH METHODOLOGY

In this chapter will be described on the type of research, data types and data collection techniques, and data analysis techniques.

D. CHAPTER IV RESEARCH ANALYSIS AND RESULT

In this chapter will be described on factors that influencing the customer's purchase intention of iPhone in Indonesia and will be described clearly about the results of research and discussion of the formulation of problems that have been determined.

E. CHAPTER V CONCLUSION AND SUGGESTION

In this chapter will be described on the conclusions of the results of the study, and also given good suggestions for Apple Inc. current or for further research.

