Analysis on the Influence of iPhone's Brand Equity towards Customers' Purchasing Decision

Waseso Segoro and Winda Putri Arnanda

¹ Universitas Gunadarma, Depok, Indonesia, E-mail: waseso@staff.gunadarma.ac.id
² Universitas Gunadarma, Depok, Indonesia, E-mail: winda_arnanda@yahoo.co.id

Abstract: The development and competition of companies are getting stricter by the day as a brand becomes an essential asset of a company. A prestigious brand comes with strong brand equity. The sales of the iPhone in the last three years have been growing rapidly, more and more appealing to potential customers. The purpose of this research is to analyse the influence of brand equity on customers' decision on purchasing the iPhone. The method applied in this research is the qualitative method by the distribution of questionnaires to a population of 100 respondents consisting of students, employees, and housewives. Data is analysed using the analyses of multiple linear regressions, correlation, coefficient of determination, also the T test, and F test. The SPSS application is used to support the tests of these models. The results show that the brand awareness, brand association, perceived quality, and brand loyalty brings a simultaneous and significant influence on customers' purchasing decision. Brand awareness, perceived quality, and brand loyalty also pose a partial influence, while brand association has no influence on customers' purchasing decision.

Keywords: brand equity, brand awareness, brand association, perceived quality, brand loyalty, purchasing decision

FOREWORD

Brand equity is the extra value of a product reflected on its customers' mindset, feelings, and actions in their relation with the brand, price, market segment, and profitability the brand could possibly bring for the company (Kotler and Keller, 2007). Strong brand equity can be formed through brand awareness, brand association, perceived quality, and brand loyalty.

The stronger the brand equity of a product, the stronger customers' confidence in making their purchasing decision which contributes to a company's continued profitability. According to Ardhanari (2008), every decision made by a customer in purchasing a product is always influenced by many factors.

One of those factors is brand preference. Hellier (2003) states that brand preference is the level of a customer's expectation, along with all considerations, on the service provided by the current perceived company as a comparison to the service provided by other companies.

Apple iPhone is one of the smartphone brands circulating in Indonesia. This product is the smartphone of the company Apple engaged in the field of technology. There are some reasons why iPhone becomes phenomenal in Indonesia and the whole world due to its distinctiveness compared to other products from competitor brands.
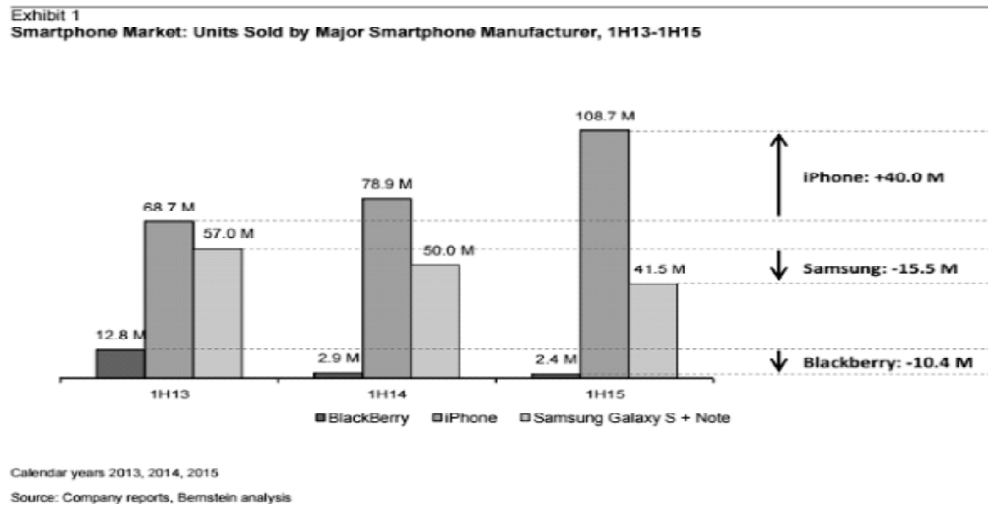
Exhibit 1
Smartphone Market: Units Sold by Major Smartphone Manufacturer, 1H13-1H15

108.7 M

iPhone: +40.0 M

78.9 M

68.7 M
57.0 M

50.0 M

Samsung: -15.5 M

41.5 M

12.8 M

2.9 M

2.4 M

Blackberry: -10.4 M

1H13   1H14   1H15
■BlackBerry ■iPhone ▢Samsung Galaxy S + Note

Calendar years 2013, 2014, 2015
Source: Company reports, Bernstein analysis

Figure 1: Smartphone Market: Units Sold by Major Smartphone Manufacturer

Based on the above illustration, researchers then conduct a research titled "Analysis on the Influence of iPhone's Brand Equity towards Customers' Purchasing Decision".

2. RESEARCH OBJECTIVES

1. To determine the influence of brand awareness on customers' purchasing decision.

2. To determine the influence of brand association on customers' purchasing decision.

3. To determine the influence of perceived quality on customers' purchasing decision.

4. To determine the influence of brand loyalty on customers' purchasing decision.

5. To determine simultaneous influence of brand awareness, brand association, perceived quality, and brand loyalty on customers' purchasing decision.

3. LITERATURE REVIEW

3.1. Brand Equity

Martin Duane E. Knapp (2002) states that brand equity is the totality of brand perception, including the relative quality of a product or service, financial performance, customers' loyalty, satisfaction, and integrated appreciation towards a brand.

3.2. Brand Awareness

Aaker in Handayani (2010) defines brand awareness as the ability of a potential customer to recognise or recall a brand as a part of a certain category or product. The part of a product category should be emphasised as it is strongly related to the brand involved. The ability of a potential customer to recognise or recall a brand depends on the customer's level of communication or perception on the offered brand.

3.3. Brand Association

Durianto, Sugiarto, and Budiman (2004) state that the more the interconnected associations, the stronger the brand image of a product.

3.4. Perceived Quality

Perceived quality reflects a customer's perception towards the entire quality or excellence of a product or service in relation to the expectation (Durianto and partners, 2004).

3.5. Brand Loyalty

According to Rangkuty (2002), brand loyalty is the measure of a customer's trust towards a brand.

3.6. Purchasing Decision

According to Helga Drumond (2003), a purchasing decision is the customer's identification of all possible options to solve their needs as they consider those options systematically and objectively, along with their targets imposing their own strengths and weaknesses.

4. HYPOTHESES

H1: Brand awareness influences purchasing decision.

H2: Brand association influences purchasing decision.

H3: Perceived quality influences purchasing decision.

H4: Brand loyalty influences purchasing decision.

H5: Brand awareness, brand association, perceived quality, and brand loyalty influence purchasing decision.

5. RESEARCH METHODOLOGY

The independent variables in this research are brand awareness (X1), brand association (X2), perceived quality (X3), and brand loyalty (X4). The dependent variable in this research is purchasing decision (Y).

5.1. Population

The population of this research consists of students, housewives, and employees who are users of the iPhone.

5.2. Data Collection Method

The data for this research was collected through the distribution of questionnaires on the internet in www.docs.google.com.

5.3. Analysis Method

The tests conducted in this research are the normality test, multicollinearity test, heteroscedasticity test, multiple linear regressions, correlation analysis, coefficient of determination test, T test (partial), and F test (simultaneous).

6. RESULTS AND DISCUSSION

Table 1
F Test Results
ANOVA[b]

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	592.616	4	148.154	39.300	.000[a]
Residual	358.134	95	3.770		
Total	950.750	99			

a. Predictors: (Constant), brand awareness, brand association, perceived quality, brand loyalty.

b. Dependent Variable: purchasing decision.

Based on the ANOVA or F Test, F value is 39.300 with 0.000 significance. Since probability (0.000) is far smaller than 0.05, the regression model can be used to predict purchasing decision. In other words, brand awareness, brand association, perceived quality, and brand loyalty simultaneously influence customers' purchasing decision.

Table 2
T Test Results

Model	Unstandardised Coefficients		Standardised Coefficients	T	Sig.
	B	Std. Error	Beta		
(Constant)	.086	.878		1.746	.057
Brand Awareness	.220	.082	.277	2.759	.019
Brand Association	.104	.021	.030	1.211	.987
Perceived Quality	.240	.105	.147	2.860	.033
Brand Loyalty	.448	.074	.435	2.768	.010

a. Dependent Variable: purchasing decision

Table 3
Coefficient of Determination Results

Model Summary[b]

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.790[a]	.623	.607	1.942	1.959

a. Predictors: (Constant), brand awareness, brand association, perceived quality, brand loyalty.

b. Dependent Variable: purchasing decision.

Based on the analysis results above, R Square is 0.623. In coefficient of determination, this means purchasing decision is 62.3% influenced by brand awareness, brand association, perceived quality, and brand loyalty. Meanwhile, the remaining 37.7% is influenced by other factors.

Table 4
Summary of Results

Hypothesis	Statistics	Result	Description
Brand Awareness (H1)	Significance $0.019 < 0.05$ Calculated T > Table T $(2.759 > 1.985)$	Influential	Customers' quick ability in recalling the logo and model of the iPhone brings a positive influence on purchasing decision.
Brand Association (H2)	Significance $0.987 > 0.05$ Calculated T < Table T $(1.211 < 1.985)$	Non-influential	Customers' lack of information regarding the iPhone does not bring any positive influence on purchasing decision.
Perceived Quality (H3)	Significance $0.033 < 0.05$ Calculated T > Table T $(2.860 > 1.985)$	Influential	The quality of the iPhone brings a positive influence on purchasing decision.
Brand Loyalty (H4)	Significance $0.010 < 0.05$ Calculated T > Table T $(2.768 > 1.985)$	Influential	A trusted brand makes loyal customers and causes repeat purchases.
Purchasing Decision (H5)	Significance $0.000 < 0.05$ Calculated F > Table F $(39.300 > 2.70)$	Influential	Brand awareness, brand association, perceived quality, and brand loyalty influence customers' decision in buying the iPhone for its quality, price, and brand image.

7. CONCLUSION

Based on the above explanation and the data gathered, the conclusions of this research are:

1. Brand image significantly influences purchasing decision. This means that the customers' ability in recognising the iPhone brand is very good. This is also because the iPhone's positive brand image, eliminating customers' doubts in buying the product.

2. Perceived quality significantly influences purchasing decision. This is because customers believe in the satisfactory quality of the iPhone and thus it becomes a great deal of consideration in the customers' decision of buying this product.

3. Brand association has no significant influence on purchasing decision. This shows that customers do not believe the negative information they get about the iPhone and it does not make them opt for other brands and leave their brand loyalty to the iPhone.

4. Brand loyalty significantly influences purchasing decision. This means that the iPhone has managed to form an emotional bond with its users influenced by the satisfaction and quality they get from buying the product.

5. Brand awareness, brand association, perceived quality, and brand loyalty simultaneously bring a significant influence on customers' purchasing decision. This means that brand equity is reflected on the customers' minds, feelings, and actions in their relation with the brand, price, market segment, and profitability brought by the brand for the company.

8. SUGGESTIONS

Some suggestions the writers would like to share are:

1. Apple should continuously maintain its brand equity, especially on the iPhone. This could be done by improving customers' brand awareness so that Apple's products do not get contested by other brands.

2. Apple should promote and advertise more so that customers may get sufficient information about the iPhone.

3. Apple should maintain the quality of its products so that the perceived quality does not fall to other brands.

4. Apple should improve the brand loyalty of its iPhone customers. This could be done by giving discounts to help strengthen the emotional bond between the company and the customers, motivating repeat purchases.

6. For further researches, it is suggested to study other variables beyond the brand equity or to add new variables, such as brand image, brand extensions, and product image.

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