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Factors Affecting Purchase Intention of Iphone Among Business Students in UiTM Puncak Alam, Selangor

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Article Information

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Abstract

The study aims to investigate the factors affecting purchase intention of iPhone among business students in UiTM Puncak Alam, Selangor. The objective of this study is to examine the relationship between independent variables (brand consciousness, perceived quality, perceived innovation); and dependent variable (purchase intention of iPhone). Moreover, the study employed survey research design and primary data was collected through questionnaires with 200 respondents were selected. Eventually, the findings of this research shows significant relationship between independent variables (brand consciousness, perceived quality, perceived innovation); and dependent variable (purchase intention of iPhone). It was acknowledged that brand consciousness has the strongest effect on purchase intention of iPhone. As for future researchers, they may consider a bigger sample size and retest the survey instrument in different countries to develop a vast understanding of factors that affect purchase intention of iPhone as a whole.

INTRODUCTION

As the business environment is becoming more competitive, branding can be used as a tool to differentiate products from others available in the market (Wood, 2000). In the mobile devices world, today's consumers are facing a huge variety of products. In the era of smartphone, phones that are equipped with much more software applications and offer many features, which enlarges the purpose area to internet access, digital photography, GPS and and so on.

Brand plays an important role in affecting consumer purchase intention. According to Keller (2008), brand will help consumers to recognize a firm's products or services and makes itself distinguish from other competitors. A brand's name of a product becomes one of the most vital factors in gaining competitive advantage among competitors. Nowadays, consumers pay more attention to the brand while choosing smartphone (Knapman, 2012). There are many popular smartphone brands among others Apple, Samsung, Sony, HTC, Lenovo, Asus, Huawei and Xiaomi have entered Malaysia in recent years. Among these brands, Apple and Samsung gain the highest market share. According to The Star, many large mobile phone makers were threatened by high-end phone companies such as Apple and Samsung and by lower end Chinese phone companies. Those companies were said to be suffering due to lack of differentiated offering and strong brand (The Star, 2012).

The purchasing intention of potential customers play an important role for this industry. Study done by Okonkwo (2009), has considered relationships between purchase motivation and the motivating factors affect consumers' inner purchase intention on luxury brands. This has been supported by many scholars who have studied the significance of purchase intention (e.g. Dubois and Paternault, 1995; Yoo and Lee, 2009; Zeithaml, 1988).

In 2012, a survey has been taken by Malaysian Communications and Multimedia Commission to determine the usage of mobile phone among Malaysian. The survey result came out with a statistic of young adult aged 15 to 29 owning a mobile phone stands at 44.5 percent among the other age groups (Malaysian Communications and Multimedia Commission, 2012). Young adults are more prone towards new technology and innovation features which consider fast adoption curve. Therefore, they are able to embrace new technology faster than other age groups.

Apple Iphone share has fallen from 18.7 percent in 2012 to 15.3 percent in 2013. While at the same time, its close competitor Samsung has seen its fame steadily increased since it held just a 4.3 percent share in 2010. Samsung's share in the overall mobile phone market has risen from 17.5 percent in the fourth quarter of 2010 to 24.3 percent three years later (Statista, 2015). As there are a number of competitors in the market of smartphone, the Apple Iphone must be improved in order to meet the customers' needs and provide customers' satisfaction, thus regain its market share.

Thus, this study attempts to fill up this gap by examining the UiTM Puncak Alam business students purchase intention of Iphone as most of the studies conducted were done outside Malaysia and does not engage with students. The scope of the study is basically to identify the contributing factors which brand consciousness, perceived quality, perceived innovation towards purchase intention of Iphone among UiTM business students in UiTM Puncak Alam, Selangor. By proposing and subsequently testing the structural relationships among variables, this study is intended to achieve the following research objectives: (1) to identify the relationship between brand consciousness and purchase intention of Iphone among students, (2) to identify the relationship between perceived quality and purchase intention of Iphone among students, (3) to identify the relationship between perceived innovation and purchase intention of Iphone among students, (4) to determine the factor that has the strongest effect on purchase intention of iPhone.

LITERATURE REVIEW AND STUDY FRAMEWORK

Purchase Intention

According to Blackwell, Miniard, & Engel (2001), what consumers think they will purchase in future to satisfy their needs and want is known as purchase intention. Moreover, purchase intention can be defined as an advance plan to purchase certain good or service in future, this plan may not always lead to implementation because it is affected by ability to perform (Warshaw & Davis, 1985). In recent research by Amir, Kwek & Farshad, (2013) showed, Turney and Littman (2003) asserted that intention to buy is the buyer's prediction of which company he will select to buy. Intention to buy may be recognized as a reflection of real purchase behaviour. The greater the purchase intention, the greater a consumer's desire to buy a product (Schiffman and Kanuk, 2000). Besides that, purchase intention can also determine the possibility of a consumer leads to purchase action, through identify the intensity of purchase intention, there is a high possibility to purchase particular product when the purchase intention is stronger (Dodds, Monroe, & Grewal, 1991; Schiffman & Kanuk, 2000). Purchase intention shows that consumers will follow the need recognition, information search through external environment, evaluation of alternatives, make purchase decision and post-purchase experience (Zeithaml, 1988; Dodds, Monroe, & Grewal, 1991; Schiffman & Kanuk, 2000). Furthermore, the intention to purchase is known as consumers' tendency to behave on an object; it is usually measured in terms of intention to buy (Kim & Kim, 2004). The idea of intention to purchase towards particular products or services is the final step in the decision making process of purchase intention, this statement is agreed by most of the past researchers (Agarwal & Teas, 2002; Erevelles, 1993; Fishbein M., 1967; Han, 1990; Pecotich, Pressley, & Roth, 1996). In additional, marketers are interested to purchase intention, because it can help them in market segmentation and support their decision making like where the product should be launched (Sewall, 1978; Silk & Urban, 1978). Other than that, purchase intention can be used for future demand prediction too (Armstrong, Morwitz, & Kumar, 2000).

Relationship between Brand Consciousness and Purchase Intention

The researcher would like to state at the beginning that, for the purposes of this study, 'Brand Consciousness' is not to be confused with 'Brand Awareness'. 'Brand Awareness' simply means being aware of the various brands, it does not influence ones' way of living, whereas 'Brand Consciousness' is being conscious of the nature, type and the manufacturer of the products, used or consumed by an individual. It is assumed brand consciousness determines ones' way of living. Brand consciousness represents the accumulated memory intensity of

consumers for a certain brand (Biswas, 1992). According to Hoyer and Brown (1990), brand consciousness influences consumers significantly and consumers may look it as the basis for prior consideration while selecting a new product. According to Goode (2001), consumers with high levels of brand consciousness believe that brands can represent status and prestige, and are more likely to buy expensive and high status brands. Consumers who are brand conscious are more likely to use branded goods to express their ideal self-image and associate themselves with a higher level of social class (Wee et al., 1995; Bian and Moutinho, 2011). Well-known brands provide consumers with a sense of familiarity, and therefore, reduce the amount of risk involved in purchasing behaviour. Consumers that have a high level of brand consciousness believe that brands are symbols of both status and prestige (Liao and Wang, 2009). Because of this perception of brand-name products, consumers who are highly brand conscious prefer to purchase expensive, well-known products rather than lesser-known brands (Lehmann and Winer, 1997).

Consumer demands as the key factor in specific products as well as the basis of product design and further proposed three dimensions for brand image which are functional, symbol, and experience benefits (Park et al, 1991). Functional benefits mean the intrinsic advantages received by consumers while using the product or services. It is corresponding to product-related attributes that satisfy the consumers' basic needs (Keller, 1993) such as physiological and safety needs. Symbol benefits are more on extrinsic advantages that bring to the consumer while owning the brand. Consumer might value the brand in term of the prestige, fashionable or stylish. For example, among the smartphone brand, Apple iPhone has a higher brand image in consumer mind. Consumer always associate Apple with outstanding quality, trustworthy, prestige, stylishness and elegant. Apple brand users often connect the brand with higher symbolic association (Salciuviene, Ghauri and De Mattos, 2009) such as increase their status and individual self-image. A successful brand image increases the likelihood of consumer purchase intention toward a brand and helping consumers in recognizing their needs and satisfaction (Hsieh, Pan, and Setiono, 2004).

Relationship between Perceived Quality and Purchase Intention

A number of studies have examined empirically the effect of perceived quality on purchase intentions (Chang and Wildt, 1994; Dodds et al., 1991; Monroe and Krishnan, 1985; Rajendran and Hariharan, 1996; Tsiotsou, 2006). According to Bredahl et al. (2004), perceived quality shows the expectation of consumers for quality when they purchase goods based on their own experience and information, and it will further influence their purchase intention. While Cronin et al. (2000), stated that perceived quality is a key principle for product assessments; it influences buying decisions and behavior and in effect, purchase intentions. Garvin (1983) divided quality into manufacturing quality and perceived quality. Manufacturing quality is based on products and manufacturing, whereas perceived quality assesses quality from the perspective of consumers. In some studies, perceived quality has been found to have a positive direct effect on purchase intentions (Boulding et al., 1993; Parasuraman et al., 1996). When the quality of a product perceived by consumers becomes higher, the perceived value increases, and the purchase intention also increases. Thus, perceived quality has indirect influence on purchase intention. In addition, research by Dodds et al. (1991) and Jacoby and Olson (1977), indicates that perceived quality also has direct positive influence on purchase intention. Furthermore, Rodonla (2006) discovers that perceived quality has simultaneous direct and indirect influences on purchase intention. In terms of practical experience, the higher the perceived quality of consumers is, the stronger the purchase intention will be.

Relationship between Perceived Innovation and Purchase Intention

Veryzer (1998) stated that innovation is a process to create new products, services, or procedures, and a new method to create values. Innovation aims to improve the quality of products or services, and it may be regarded as a measure to advance quality (Johannessen et al. 2001). Consequently, innovation is a fundamental element in order to improve the quality of a product or create brand-new products, services, or functions to enhance the efficiency of utility (Veryzer, 1998; John, 1999). Innovation includes not only manufacturing technologies but also product marketing and the methods for providing services, and innovation for improvement in the quality of products and services is still the goal that enterprises pursue (Schepers et al. 1999). In summary, enterprises may improve their quality of products or services by means of innovation to further increase the purchase intention and loyalty of consumers. According to Danneels and Kleischmidt (2001), the effects of product innovation should thus be considered from the perspective of consumers, and it should measure the perceptions of consumers for the quality of new products and their purchase intention of the new products. When investigating innovation based competitive strategy, Weerawardena (2003), argued that innovation indicates a gradual improvement in the products, production, services, organizational system, and marketing system to help customers to create their values. Therefore, innovation not only narrowly indicates technology, but also includes marketing, products, and the methods for providing services. According to the research of Ottenbacher and Gnoth (2005), innovation can improve the quality of products or services, it possesses indirect benefits in advancing corporate image, and it can increase the loyalty of customers and attract the purchase of potential

customers. The investigation by Horn and Salvendy (2006) also addresses that if consumers could be provided with more information on innovative products, their purchase intention would be positively stimulated. On the basis of the variables stated above, the hypotheses guiding this study propose the following:

- H1: There is a significant relationship between brand consciousness and purchase intention of iPhone.
- H2: There is a significant relationship between perceived quality and purchase intention of iPhone.
- H3: There is a significant relationship between perceived innovation and purchase intention of iPhone.

Conceptual Framework

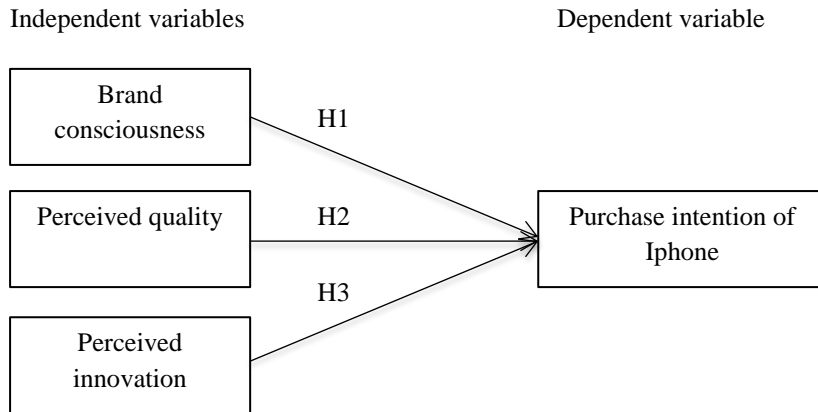


Figure 1
Conceptual framework of factors affecting purchase intention of iPhone among business students in UiTM Puncak Alam, Selangor

METHODOLOGY

The target population for this research is the business students in UiTM Puncak Alam, Selangor who serve as respondents. In this study, researcher decided to apply close-ended questions because it can save respondents' time and effort when answering the questions. Respondents can easily pick up any answers from the five-point Likert-type scale. A total of 250 questionnaires were distributed and 200 were considered good. In this questionnaire, the scales were adopted from previous study to measure the relevance of literature, context and compatibility and reliability. The scale used are brand consciousness, perceived quality, perceived innovation and purchase intention.

RESULTS AND ANALYSIS

From table 1, two variables (brand consciousness and perceived innovation) are found to significantly influence purchase intention of Iphone ($p=0.000$ and $\beta =0.575$, $p=0.035$ and $\beta =0.152$). Thus H1 and H3 are accepted. However the relationship between perceived quality and purchase intention of Iphone is found to be insignificant ($p=0.366$, $\beta=0.063$). Hence H2 is not accepted. A summary of the results is given in Table 1.

Hypotheses no. and hypothesized path	Beta	Sig.
H1:Brand Consciousness →Purchase Intention	0.575	0.000
H2:Perceived Quality →Purchase Intention	0.063	0.366
H3:Perceived Innovation →Purchase Intention	0.152	0.035

Table 1
Results of the tested hypotheses

DISCUSSIONS

The aim of this study is to investigate the factors influencing purchase intention of Iphone among UiTM Puncak Alam business students. The relationship model as illustrated by Figure 1 above shows the overall interrelationships among the variables (brand consciousness, perceived quality, perceived innovation and purchase intention). It can be concluded that brand consciousness has significant relationship with purchase intention. The largest beta coefficient is 0.575 which is for brand consciousness. Followed by, perceived

innovation where the beta coefficient is 0.152. The findings indicate that there were a significant and positive relationship between brand consciousness and perceived innovation towards purchase intention of iPhone at $p=0.00$ and $p=0.035$ respectively. Previous research done by Giovanni, Xu, & Thomas (2015) has supported H1, indicated that brand consciousness has a relationship with purchase intention. While, H3 is supported by previous research done by Wu & Ho (2014). The study indicate that perceived innovation has significant and positive impact on the purchase intention. In conclusion, H1 and H3 are accepted, while H2 is rejected since the p value is not significant ($p<0.05$). This shows that brand consciousness makes the strongest unique contribution in explaining purchase intention of iPhone. Hence, it shows that brand has a big influence on Iphone purchase intention among students. Consequently, Apple Iphone retailers can aim at their target consumer consisting of students or young adults who are more brand conscious in order to attract their attention and enhancing their purchase intention. Furthermore, perceived innovation also has a significant relationship with purchase intention of Iphone shows that Iphone consumers are expecting Iphone's innovation will be kept going in order to maintain its market share. Apple has to continue improve its Iphone series to remain competitive and relevant in the smartphone markets.

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