

Millennial Generation and Smartphone Purchase Intention

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Abstract

Smartphones are the most popular in use among the younger generation, with 81% of young people having their own phones. Smartphone technology, with its high functionality, certainly change the behavior of people, especially young adults as the frequent use of smartphones at this time. From the findings of young adult behavior change and the increasingly competitive issues between brands of smartphones, this research will identify the intentions of purchasing their smartphones.

From the results of the above research can be concluded that the purchase of consumer influenced by brand image. The higher status of brand image, the more purchase intentions there are. The correlation between product knowledge and purchase intentions is known that consumer purchase intentions are influenced by the amount of product knowledge. Perceived of price as a moderator, from the statistical results can be concluded that when consumers buy better (high) on the suitability of prices to the products with higher brand image. Meanwhile, price conformity does not contribute to the correlation between product knowledge and buyer intentions.

Keywords: Generation Y, Millennium Generation, Purchase Intention

Introduction

Smartphones or what we often hear with smartphones are something that cannot be separated from the hands of millennials. From waking up to going to sleep again, smartphones can never be released. Smartphones and the internet seem to be things that must be lived for life. Thus, smartphones have dramatically become part of the tools of life for people all over the world. Especially for the younger generation, they use their phones to communicate with others, remind themselves of urgent cases, download songs and games, send text messages and so on. Smartphones have the ability to provide, obtain and share personal and social information. Through these benefits, this young generation creates a visual form of communication method, updates their status in time, and interacts with each other anytime and anywhere. The demand for smartphones is increasing nowadays all over the world usually in western countries (Kathy, 2012). With the level of adoption of smart phones (smartphones) in Indonesia, the number of users is increasingly large and fantastic. Indonesia is a country that has the third largest number of smartphone users in Asia Pacific, after China and India (databooks.katadata.co.id). The smartphone market share in Indonesia has experienced a tremendous jump and will continue to grow according to emarketer reports. This increase in smartphone market share has shifted the market share for mobile phones in Indonesia, which from 2014 experienced a continuous decline. The Smartphone market is still prospective and continues to increase from 31.16 million (2014), 32.14 million (2015) an increase of 3% to 33.04 million (2016), and is predicted to increase by 8% to 35.74 million in 2017, according to Gfk data.

The last We Are Social survey last January showed that of the 91 percent of Indonesian adults who own a cell phone, 47 percent use a smartphone. As many as 21 percent use a computer, and a tablet computer as much as 5 percent. In fact, 2 percent of Indonesia's 250 million people use internet television in their homes. This shows the increasing use of smartphones (smartphones) by the people of Indonesia. The Minister of Research, Technology and Higher Education stated that the number of smartphone users in Indonesia currently reaches around 25% of the total population or around 65 million people. From 25% of smartphone users in Indonesia, 50% of them are aged 18-24 years and 32% are aged between 25-34 years where that age is included in the category of young adults. From a study conducted by Mastel (Indonesian Telematics Society) and APJII (Association of Indonesian Internet Service Providers), it is known that the majority of Indonesian mobile phone users (93 percent) prefer to use devices from foreign vendors rather than locally made (only 7 percent) (selular.id /news). Smartphone sales in Indonesia are currently being shaped by Chinese brands that are aggressively entering the country. IDC found that Chinese companies accounted for 31 percent of the market share, up from 23 percent last year and 12 percent two years ago. Global companies, notably Samsung, hold a dominant

47 percent stake, but down from more than 50 percent last year, and there is likely to be increased competition going forward.

Cell phones are the most popular cell phone technology among the younger generation, with 81% of the younger generation owning their own cell phone (Edison, 2010). It should also be noted that 43% of young adult cell phone owners own a smartphone (Edison, 2010). Smartphone technology, with its wide acceptance and functions, will definitely change people's behavior. Especially young adults who often use smartphones today. CourseSmart, which is the world's largest provider of digital course materials and eTextbooks, found that students cannot go long without checking their digital devices, including smartphones and laptops (CourseSmart, 2011). It is very common to see young people checking their Facebook status, checking email or other social networking sites using their smartphones with the feature of a constant internet connection nowadays. According to infographic research that has been done, 57 percent of young people use smartphones, with 60 percent feeling addicted to their cell phones, 75 percent sleeping next to their phones, 88 percent texting in previous classes, 97 percent of young people use their smartphones for social networking, and 40 percent use smartphones to study before exams (Alexander, 2011). From the results of this study, it can be said that consumers have a high concern for technology and are likely to replace their devices from time to time. In other words, devices can be easily replaced due to rapid technological advances. From various findings related to changes in young adult behavior and the problem of increasing competition between smartphone brands, this study will identify adolescent adults, especially among the millennial generation, by understanding their smartphone purchase intentions.

Literature Review

Smartphones today play an important role in the lives of many people, and also take on the role of computers, making it possible to do a lot with these small handheld devices. This smart phone (smartphone) has various uses such as sharing information, paying for products, browsing and shopping. Almost every activity has an application on a smartphone (Mackenzie, 2006). According to Cassavoy (2012) a smartphone can be defined as a device that allows users to make phone calls and at the same time has several features that allow users to perform several activities that support us in performing computer-type functions, such as sending or receiving email, writing, taking pictures, etc. dll dll etc and various other functions.

Purchase intention refers to the tendency of consumers to take the actual purchase action. Purchase intention shows a person's willingness to buy a product and his assessment of alternative choices based on preferences, experiences, and external factors (Zeithaml, 1988). Kotler (2000) also mentions that purchase intention is a general measure of effectiveness and is often used to anticipate behavioral responses. Similarly, Dodds and Monroe (1985) define that purchase intention is the behavioral tendency of a customer who intends to buy a product. Another study, Li and Biocca (2002) stated that purchase intention is a common and frequently used effective measure to predict response behavior.

Today brands play a very vital role in consumer purchasing decisions. When a new product is launched in the market with an established brand name, the probability of product failure will be reduced and there will be less costs incurred to market the product (Martienz and Pina, 2012). Brands are the most valuable assets for companies and also as an important reason for consumers to choose products and also as a tool for consumers to study product differentiation where the uniqueness of the brand can increase consumer confidence to facilitate decisions and ease of decision making. processes related to their experiences and the quality of their beliefs (Aaker, 1991; Chung et al., 2013; Emari et al., 2012; Huang and Sarigollu, 2011; Kremer and Viot, 2012). Brand also means trust in the eyes of customers and customers believe that quality is important. Previous research has shown that brand image can increase consumer confidence to buy a certain smartphone brand. (Maha and Mac Anthony, 2012). As different consumers choose different brands, it is interesting to know what factors other than brand can influence them in making decisions regarding smartphone purchases.

Beatty and Smith (1987) found that consumers' search efforts were influenced by their product knowledge. The literature shows that product knowledge has a significant position in the study of consumer behavior (Alba, 1983; Bettman & Park, 1980; Brucks, 1985; Cowley & Mitchell, 2003). Knowledge of the product as memory and knowledge that is in the minds of people / consumers (Brucks, 1985). Other researchers added that product knowledge has a relationship with consumer knowledge and product introduction and consumer trust in it (L. Lin & Zhen, 2005). The level of knowledge has an indirect relationship with evaluation, product knowledge perceived by consumers, has a direct positive relationship with purchase intention (Bian & Moutinho, 2011). Another study states that product knowledge is divided into three categories: brand knowledge, attribute knowledge and experiential knowledge (Hanzaee & Khosrozadeh, 2011). It was also found that when customers want to evaluate a product, they often rely on product knowledge after they choose a product, which will also affect the information search process. And in the end product knowledge will affect purchase intention and purchase behavior (L. Lin & Zhen, 2005).

The price of a product is the amount of money that is expected, needed, or given as payment for the product (Swani and Yoo, 2010). Price is very important not only for buyers but also for sellers. Product prices influence consumer purchasing decisions and affect sales margins (Bloch, 1995; Crilly et al., 2004; Mohd Azam et al., 2012). According to research by Kupiec and Revell, customers buy these products with the aim of satisfying their desires. According to Bettman, Johnson, and Payne (2000) all customers have different priorities and these different priorities will be influenced by the situation and various other factors. In the case of smart phones, prices vary from low prices to high prices, so price is one of the factors that distinguish smartphones from one another due to quality, brand, specifications, status, and so on (Kunaletal 2010). Therefore, price has a direct and positive influence on consumer behavior. According to the literature it is concluded that there is a positive and direct relationship between price and purchase intention.

The Influence of Brand Image on Purchase Intention

Brand image is formed when consumers develop ideas, feelings and expectations for a particular brand as they learn, memorize, and become familiar with them (Keller, 1993). When consumers consider buying a product, their purchase intention will be determined based on the perceived value provided by the brand. When consumers have higher opinions about the quality of a particular brand's product, they tend to have a higher perceived value (Monroe, 1990). Keller (2008:51) defines brand image as a reflection of brand associations based on consumer memory of the product. Consumer memory can be accessed at the right time and search for a particular brand image. The results of Yuliani's research (2012) show that brand image influences product decision making. The same research was also shown by Amanah (2011) and Permana (2013) which showed that brand image had an effect on consumer purchasing decisions. Permana (2013) measures brand image with a strong brand, brand reputation, company image, user image and product image. The brand is the identity of the product, so that consumers can have a good or bad perception of the product. Brand as an object of evaluation determines consumer attitudes towards a product. Chung (1977) in Bhakar et al. (2013) stated that brands have a certain impression and can regulate consumer attitudes towards brands. Consumers are usually confused when dealing with similar products on the market. The limited time to search for information makes them have limited information as a basis for choosing a product. Consumers often use brand image to make purchasing decisions. In addition, consumers like to buy well-known brands because they believe the product can satisfy them (Bhakar et al, 2013). This argument is supported by the results of research by Bhakar et al (2013) that brand image is an antecedent of purchase intention. Based on the previous research above, the hypothesis can be stated as

H1: Brand image has a significant effect on purchase intention.

Effect of Product Knowledge on Purchase Intention

Research on consumer behavior and product knowledge plays an important role. During the buying process, the amount of consumer knowledge about the product will not only affect his information seeking behavior (Brucks, 1985; Rao and Sieben, 1992), but also at the same time, influence his subsequent decision making, it affects the purchase consumer intentions. Consumers usually adopt various methods to evaluate products. Consumers who have higher product knowledge tend not to use existing knowledge to assess product quality because they realize the importance of product information. Wang and Hwang (2001) concluded that consumers with high product knowledge will evaluate products based on their quality because they are confident in their knowledge of the product. Thus, they tend to realize the value of the product and form their purchase intention. Zhu (2004) shows that when a consumer chooses a product, he usually evaluates it based on his understanding, and his understanding will affect the processing, attitudes, and information of consumers' information. Quantity of search Consumer knowledge about a product will determine consumer purchasing decisions, and will indirectly affect their purchase intentions. Based on the previous research above, the hypothesis can be stated as

H2: Product knowledge has a significant effect on purchase intention.

Effect of Brand Image and Product Knowledge on Purchase Intention Moderated by Price Conformity

Price plays an important role in valuation assessment and determining whether to buy or not (Voss et al., 1998). Dodds and Monroe (1985) proposed a model of the relationship between price, quality and perceived value. Their results show that price has a positive effect on perceived quality, and inversely with perceived value and purchase intention. Consumers usually perceive price as a signal of quality when their knowledge of the product is limited. Products with higher quality seem to have higher prices (Balestrini and Gamble, 2006). Hung's (2001) study concluded that product evaluation can predict purchase intention effectively - the higher the consumer's opinion about the product, the more purchase intention. Consumers with higher product knowledge tend to rely on product quality to evaluate purchases, and are less influenced by price. Meanwhile, consumers who have low product knowledge usually have low understanding and trust in product quality. As a result, they will rely on price to make purchasing decisions. Several studies have found that perceived price inequity has a negative impact on consumers' purchase intentions (Campbell, 1999; Suter and Hardesty, 2005). Products with higher prices have higher monetary expenditures. When consumers purchase a product or service of poor quality, the higher the perceived price, the higher the financial risk they experience (Dowling and Staelin, 1994; Del Vecchio, 2001). Based on the previous research above, the hypothesis can be stated as

H3: Price Congruence can significantly moderate brand image and purchase intention

H4: Price Conformity can significantly moderate product knowledge and purchase intention

Materials & Methods

This study uses a quantitative approach with a survey method. The population is a generalization area consisting of objects or subjects that have certain qualities and characteristics and are determined by researchers to be studied and then drawn conclusions (Sugiyono, 2012). In this case, the research population is smartphone users. The sample is part of the number and characteristics possessed by the population (Sugiyono, 2012). In this study, the population taken was large, scattered and difficult to know with certainty, so the sampling technique in this study used a purposive sampling technique. Sampling considerations in this study are respondents who use smartphones which are included in the category of teenagers and young adults. According to Roscoe (1975) if the research does a correlation analysis, then the determination of the sample is at least 10 times the number of variables studied. In this study, there are 4 independent

variables with 19 questions and 1 dependent variable with 9 questions, so the minimum sample size is 160 respondents. The type of research used is explanatory research.

Results and Discussion

There were 160 questionnaires distributed and only 150 valid questionnaires, while 10 questionnaires were not valid. The four variables - brand image, product knowledge, price suitability and purchase intention - obtained Cronbach scores of 0.896, 0.786, 0.780 and 0.866, which means that the questionnaire has good reliability. The characteristics of respondents observed in this study include gender and age grouping of generation Y (millennials). Description of respondent characteristics by type

Gender showed that the majority of respondents were female as many as 76 people (50.7%) and male respondents as many as 74 people (66%). The description of the characteristics of respondents based on age grouping shows that the majority of respondents are adults (twixters) as many as 94 people (62.7%) and the rest are teenagers (twens) as many as 56 people (37.3%). Then the description of the variable category describes the respondent's assessment of the brand image, product knowledge, price suitability, and purchase intention variables. The research data was then categorized into 2 (two) categories, namely low (low) and high (high). The description of the variable categories is presented as follows:

Table 1. Variable Assessment

Variable	Category	Gender				Age Grouping			
		Male	Female	Total	%	Twixter	Twens	Total	%
Brand Image	cc	38	42	80	53.3	50	35	85	57
		36	34	70	46.7	38	27	65	43
Product Knowledge	Low	54	57	111	74	32	46	78	52
	Tall	20	19	39	26	51	21	72	48
Price Conformity	Low	38	33	71	47.3	30	54	84	56
	Tall	36	43	79	52.7	51	15	66	44
Purchase Intention	Low	33	32	65	43.3	27	23	50	33
	Tall	41	44	85	56.7	58	42	100	67

From the table above, it can be seen that there are 80 respondents (53.3%) who gave an assessment of brand image based on gender, with the highest score for women, namely 42 people, while based on age grouping there were 85 people. the person with the highest score in the twixter age group. Respondents' assessment of the product knowledge variable in the low category was 111 people (74%) with 57 people's assessment of the respondents in the low category, while the tween gave the lowest rating of 46 people. The high category was assessed by respondents on the price suitability variable as many as 79 people (52.7%) with the most respondents being 43 women, while the tween were the most respondents with 54 people in the age grouping category with a low number of respondents as many as 84 people (56%). Table 1 above also shows that women's purchase intentions rank higher by 44 people with a total of 85 people (56.7%) and Twixter ranks higher by 42 people with a total of 100 people (67%).

In testing the hypothesis, it was found that there was a significant difference in the effect of brand image on purchase intention ($F = 25,883, p < .000$) where consumers responded better with purchase intention towards a high brand image. From these results, hypothesis 1 is accepted. The higher the brand image, the greater the purchase intention. A significant effect was also found on the relationship between product knowledge and purchase intention ($F = 12.306, p < .001$) where consumers who have high knowledge will affect purchase intention. From these results it can be concluded that hypothesis 2 can be accepted. The higher the product knowledge, the higher the intention to buy a smartphone.

Table 2. Variable Assessment

Variable	Category	Mean	Stand. Deviation
Brand Image	Low	33.12	4.262
	Tall	35.74	4.439
Product Knowledge	Low	35.05	4.424
	Tall	36.00	4.807

In the moderating test of the price suitability variable, the results obtained as shown in table 3 below:

Table 3. Price Match Moderation Effect Price Match Moderation Effect

Variable	Stand. β	Sig	Effect
Brand Image	1.289	.004	Pseudo Moderation
Price Conformity	1.150	.008	
Price Conformity Moderation			

	- 1.534	.036	
Product Knowledge	0.473	.369	Not Moderating
Price Conformity	0.494	.361	
Price Conformity Moderation	- 0.318	.720	

From table 3 above, it can be concluded that hypothesis 3 is accepted, that price suitability can moderate brand image and purchase intention. While hypothesis 4 is rejected, price congruence is not a moderator between product knowledge and purchase intention. From table 3 above, it can be concluded that hypothesis 3 is accepted, that price suitability can moderate brand image and purchase intention. While hypothesis 4 is rejected, price congruence is not a moderator between product knowledge and purchase intention.

Conclusions (11pt, Book Antiqua)

From the results of the research above, it can be concluded that consumers' purchase intentions are influenced by brand image. The higher the brand image status, the more purchase intention there is. Thakor and Katsanis (1997) believe that brand image is one of the assessments of product quality, especially regarding the image of the experience concept. Consumers tend to have higher perceived value, resulting in higher purchase intentions when faced with a preferred brand. The relationship between product knowledge and purchase intention is known that consumer's purchase intention is influenced by the amount of product knowledge - the higher the product purchase, the more purchase intention. Park and Lessig (1981) believe that consumers have different levels of product knowledge based on their similarity to the product, resulting in different levels of purchase intention. Price suitability as a moderator, from statistical results it can be said that when buying consumers give a better (higher) response to the price of products with higher brands. Research by Moore and Olshavsky (1989) shows that well-known brands are more often chosen for a certain price, while less well-known brands can experience an increase and then decrease. Products with a lower brand image trigger greater purchase intention by adjusting prices profitably. Meanwhile, price does not contribute to the relationship between product knowledge and buyer intentions. This may be because smartphones are products that are widely known by millennials, therefore the level of product knowledge does not affect purchase intentions, regardless of whether the price is appropriate or not.

Some marketing advice for the smartphone industry is that brand image does increase consumer purchase intention. Therefore, we advise business people to continuously strive to improve or maintain their brand image, not only to increase sales volume but also to enhance corporate image. When a positive image is formed, businesses can leverage values, such as brands, to expand product lines or save on promotional costs when entering new markets. For consumers with different levels of knowledge will use different methods for a product. Consumers with higher product knowledge have a better understanding of the product and are confident in what they know. Business people must provide complete product information for this type of consumer. Meanwhile, consumers who have low product knowledge rely on price as the main determining factor. Thus, businesses can target these types of consumers with attractive prices and sales representatives to increase consumer product knowledge and perception, resulting in higher purchase intentions.

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