# Consumer Price Perception on Buying Interest
# Xiaomi Smartphone Products

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**Abstract**: *The purpose of the study is to analyze and explain the effect of price perception on consumer buying interest in xiaomi smartphone products. Type of research is conclusive research design. The conclusive aims to test hypotheses and test specific relationships. Population and sample in this research consisted of 58 respondents. The data were collected by questionnaire that distributed to respondents online, and literature review. The analysis method was using multiple linear regression analysis by SPSS version 26. The result of this research analysis are: (1) the Perception of consumer prices has a positive and significant effect on consumer buying interest in Xiaomi products. (2) There are differences in price perceptions and buying interest in Xiaomi product. (3) The price of Xiaomi products that most consumers want is in the range of Rp. 2,000,000- Rp. 2,999,000. (4) Only 25% of Xiaomi products are in the price range desired by consumers (5) The price perception felt by consumers for Xiaomi products has a fairly high value, which means that the prices offered are currently well accepted by the public. (6) Companies to revised the prices that have been set based on what consumers want to be followed by improvements in features, benefits, and quality but still consider the company's resources.*

*Keywords: price perception, purchase intention, smartphone, buying interest, product quality*

## 1. Introduction

In this era, smartphones (smartphones) are an item that is needed by people from old to young. Smartphone is a communication tool that has various features to run applications through the operating system that is in it so that this tool has the capabilities and functions that resemble a computer. Everyone chooses a smartphone based on their individual needs according to various factors they want especially the internet. Because of this factor, manufacturers compete to provide products according to the wishes of consumers. In addition, the marketing concept is also carried out as a strategy to attract consumers' attention as the main focal point in their market goals. With more and more manufacturers competing.

(Schiffman and Kanuk 2004) explain that consumer behavior shows the process of searching for, buying, using, evaluating, and disposing of products and services that they expect will satisfy their needs.

(Engel et al 1994:3) states that consumer behavior is an act directly involved in obtaining, consuming, and spending both goods and services, including the decision processes that initiate and end these actions.

According to Kotler (2009: 200), buying interest is a behavior where consumers have a sense of wanting to buy or choose a product based on experience in choosing, using, and consuming, as well as binding a product. Still according to Kotler (2009: 201) interest is a tendency to take any action that immediately initiates actual buying behavior. The driving force for buying interest is the desire of a consumer to buy on a basis of need. After the alternative assessment process, buying interest appears, then buying behavior occurs.

## 2. Research Method

This study uses a type of conclusive research design. Conclusive research is research designed to assist decision-makers in determining, evaluating, and selecting a course of action to be taken in certain situations. (Malhotra, 2009:90). This conclusive research aims to test hypotheses and test specific relationships (Malhotra, 2009).

This study uses a quantitative approach that focuses on hypothesis testing so that it can find the truth of the hypothesis itself which is then carried out (differential test) using One-Way Anova which aims to find out whether there are differences in price perceptions and buying interest based on income levels. The analytical technique used to test the data is using a simple linear regression analysis model.

This study uses two types of variables, namely the independent variable (independent variable / X) and the dependent variable (dependent variable / Y)

Independent variable in this study, price perception is measured by several indicators including: (1) product affordability; (2) price match with product quality; and (3) price match with benefits.

Dependent variable in this study, buying interest is measured through several indicators, including: (1) tendency to buy Xiaomi products; (2) most interested in Xiaomi products compared to other similar products; (3) always looking for information related to Xiaomi products

In this research, in collecting data using a questionnaire distributed to respondents online. The questionnaire or questionnaire is a structured technique to obtain data consisting of a series of questions, written, or verbal, which the respondents answered (Malhotra, 2009). The sample of this research is 58 respondents.

## 3. Results and Discussion

The validity test was carried out using the IBM SPSS Statistics 26 software to know whether the questionnaire statement items were valid or not. The validity of the questionnaire items was seen from the correlated item-total correlation value at the output of Cronbach alpha. The corrected item-total correlation value with the calculation of r table = 0.361. If r count > r table and is positive, it can be explained that the statement used to research can be said to be valid. The results of the validity test can be seen in the following table:

### Table 1. Validity Test Results

| Variable | Corrected item-Total Correlation | R-table | Information |
|---|---|---|---|
| Price Perception (X) | | | |
| Xiaomi products have affordable prices | 0.625 | 0.361 | Valid |
| The price offered is in accordance with the quality | 0.838 | 0.361 | Valid |

| | | | |
|---|---|---|---|
| The price offered is in accordance with the benefits | 0.736 | 0.361 | Valid |
| The price offered is cheaper when compared to competitors | 0.675 | 0.361 | Valid |
| Buying Interest (Y) | | | |
| I have a tendency to buy Xiaomi products | 0.879 | 0.361 | Valid |
| I am most interested in Xiaomi products compared to other similar products | 0.944 | 0.361 | Valid |
| I'm always looking for information about Xiaomi products | 0.944 | 0.361 | Valid |

Source: Processed by Researchers

The reliability test was carried out using the IBM SPSS Statistics 26 program. A variable construct was declared reliable if it had Cronbach's alpha value greater than 0.7. The following are the results of the statement item reliability test:

Table 2. Reliability Test Results

| Variable | Cronbach's Alpha | Alpha Standard | Information |
|---|---|---|---|
| Price Perception (X) | 0.865 | 0.70 | Reliable |
| Buying Interest (Y) | 0.962 | 0.70 | Reliable |

Source: Processed by Researchers

From the results of the reliability test in table 10. it can be seen that the value of Cronbach's alpha is more than 0.7 so it can be concluded that the research statement items are valid.

In this study, a different test was carried out with One Way Anova to find out whether there were differences in the level of price perception and interest in buying Xiaomi products based on income levels. Income levels are divided into 4 groups as follows:

- Group 1 (<Rp. 1,499,000)
- Group 2 (Rp. 1,500,000 – Rp. 2,999,000),
- Group 3 (Rp. 3,000,000 – Rp. 4,999,000)
- Group 4 (> IDR 5,000,000)

Table 3. Different Test Results using One Way Anova

| | Income Level | N | mean | Std. Deviation |
|---|---|---|---|---|
| Price Perception (X) | <Rp. 1,499,000 | 38 | 4.13 | 0.611 |
| | Rp. 1,500,000 – Rp. 2,999,000 | 28 | 4.64 | 0.580 |
| | Rp. 3,000,000 – Rp. 4,999,000 | 28 | 4.36 | 0.718 |
| | > Rp.5.000.000 | 10 | 4.75 | 0.372 |
| | | | | |
| Buying Interest (Y) | <Rp. 1,499,000 | 38 | 3.39 | 1.23 |
| | Rp. 1,500,000 – Rp. 2,999,000 | 28 | 4.60 | 0.45 |
| | Rp. 3,000,000 – Rp. 4,999,000 | 28 | 3.97 | 1.39 |
| | > Rp.5.000.000 | 10 | 3.73 | 1.63 |

Source: Managed by Researchers

Thus it can be concluded that the group with an income level > Rp. 5,000,000 have a higher average price perception when compared to the other groups. Then followed by a group of Rp. 1,500,000 – Rp. 2,999,000 which has the second-highest average score.

Meanwhile, the highest average value of buying interest is owned by the group with an income of Rp. 1,500,000 – Rp. 2,999,000 with a mean value of 4.60.

The difference test can be known by looking at the significant value in the ANOVA analysis. If the significance value is < 0.05 then there is a difference. To find out whether there are differences in price perceptions and also buying interest based on income levels, it can be seen from the following table:

Table 4. Anova table

| | Sum of Squares | | df | Mean Square | F | Sig. |
|---|---|---|---|---|---|---|
| Price Perception | Between Groups | 3,782 | 3 | 1.261 | 3.307 | .023 |
| | Within Groups | 38.117 | 100 | .381 | | |
| | Total | 41.898 | 103 | | | |
| Interest To Buy | Between Groups | 24,132 | 3 | 8044 | 5.804 | .001 |
| | Within Groups | 138,586 | 100 | 1.386 | | |
| | Total | 162.718 | 103 | | | |

Source: Managed by Researchers

From table 15, it can be seen that the significance value of price perception is 0.023 < 0.05, so it can be concluded that there are differences in price perceptions between groups based on income levels. The significance value on buying interest shows 0.001 <0.05 so it can be concluded that there are differences in the level of price perception.

Table 5. Simple Regression Test

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | R Square Change |
|---|---|---|---|---|---|
| 1 | .397[a] | .158 | .149 | 1.159165 | .158 |

a. Predictors: (Constant), PERSEPSI HARGA

Source: Processed by Researchers

Table 5. displays the value of R which is a symbol of the value of the correlation coefficient. In this example, the correlation value is 0.397. This value can be interpreted that the relationship between the two research variables is in the weak category. Through this table also obtained the value of R Square or the coefficient of determination (KD) which shows how good the regression model formed by the interaction of the independent variable and the dependent variable is. The KD value obtained is 15.8% which can be interpreted that the independent variable X1 namely price perception has a contribution effect of 15.8% on the Y variable, namely buying interest and the other 84.2% is influenced by other factors outside the price perception variable.

Table 6. Coefficient Table

**Coefficients[a]**

| Model | | Unstandardized Coefficients B | Unstandardized Coefficients Std. Error | Standardized Coefficients Beta | t | Sig. |
|---|---|---|---|---|---|---|
| 1 | (Constant) | .511 | .786 | | .650 | .517 |
| | PERSEPSI HARGA | .783 | .179 | .397 | 4.370 | .000 |

a. Dependent Variable: MINAT BELI

Source: Processed by Researchers

From the table above, a linear equation can be formulated, namely: Y= a+bX or Y = 0.511 + 0.783X. From these equations, the following conclusions can be drawn constant number of unstandardized coefficients. The value is 0.511. This means, if there is no X variable price perception, the value of buying interest (Y) is 0.511. Number of regression coefficients. The value is 0.783. This figure means that every time there is an increase in price perception (X) by 1 unit (1%) then buying interest (Y) will increase by 0.783.

The basis for making decisions in linear regression analysis is by looking at the significance value. If the significance value is less than 0.05, it means that there is an influence of price perception on buying interest.

Based on the output table above, the significance value shows the number 0.000 <0.05 which means that it shows that there is an influence of price perception (X) on buying interest (Y). So it can be concluded that H0 is rejected and Ha is accepted, that is, there is an influence of price perception on buying interest.

Overall, the price perception of Xiaomi products perceived by consumers is in a good category. This shows that the price offered by Xiaomi can be well received by the public due to the affordable price, the price is following the quality and benefits, also has a cheaper price when compared to other similar products. This can be taken into consideration for companies to be able to maintain the quality and also the benefits that will be embedded in their smartphones.

This study also found that 51.9% of respondents wanted the price of Xiaomi products to be around Rp. 2,000,000 – Rp. 2,999,000. If we review the prices of Xiaomi products on the market, we get 5 out of 20 products that are included in the price range that consumers want. In other words, only 25% of products on the market are at the price desired by consumers. Considering this, it is better if the manager decides to adjust the price of Xiaomi products. Although the current price perception of Xiaomi products is quite good, most of them want the price of Xiaomi products to be in the range of Rp. 2,000,000 - Rp. 2,999,000. This means that other variables influence consumer purchasing decisions that are not examined in this study.

This can also be related to hedonic shopping motivation where consumers tend to see cheap goods as goods that do not receive social recognition, so consumers have the motivation to buy more expensive and quality products. In addition, word of mouth related to Chinese products that prioritize price over quality can influence consumer purchasing decisions as well. Reference groups that behave hedonistically and become references will make consumers perceive that it is better to buy products that are more expensive with quality than cheap ones, even though they are of good quality.

Following the findings in this study, namely the perception of price influences buying interest, the company needs to set prices according to what is the desire of consumers. With the hope that when the price has been set according to what consumers want and the company can also increase the added value of their product, buying interest from the public will increase which will then result in a purchase decision and lead to Xiaomi smartphones being able to dominate the smartphone market more in Indonesia.

## 4. Conclusion

This study examines the effect of price perception on consumer buying interest in Xiaomi products. Knowing this, researchers can make decisions regarding price revisions on Xiaomi products. From various series of studies, it can be concluded that perception of consumer prices has a positive and significant effect on consumer buying interest in Xiaomi products. There are differences in price perceptions and buying interest in Xiaomi products based on consumers' monthly income levels. The price of Xiaomi products that most consumers want is in the range of Rp. 2,000,000 – Rp. 2,999,000. Only 25% of Xiaomi products are in the price range desired by consumers The price perception felt by consumers for Xiaomi products has a fairly high value, which means that the prices offered are currently well accepted by the public. The companies need to revise the prices that have been set based on what consumers want to be followed by improvements in features, benefits, and quality but still consider the company's resources.

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