

## Country of Origin and Brand Awareness on Smartphone Purchase Decisions



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**ABSTRACT:** This study aims to determine 1) the effect of country of origin on purchase decisions for Samsung smartphones, and 2) the effect of brand awareness on purchase decisions for Samsung smartphones. The research employs a quantitative approach. Population consisting of students in Surabaya who are familiar with the Samsung smartphone brand and have either used or are currently using smartphones of that brand. The study's sample includes 105 respondents determined using a non-probability sampling method, specifically convenience sampling, often referred to as accidental sampling. The data collection process was carried out by distributing surveys via QR codes linked to Google Forms to potential participants. Furthermore, the information collected was analyzed using the Structural Equation Model (SEM) technique, using the Partial Least Square (PLS) approach, with the help of SmartPLS. The research results indicate that: 1) the country of origin has a positive and significant influence on purchase decisions, and 2) brand awareness has a positive and significant influence on purchase decisions.

**KEYWORDS:** Purchase Decision; Brand Awareness; Country of Origin

### I. INTRODUCTION

The advancement of technology has led to significant impacts on the fierce competition in the telecommunications industry, especially in the smartphone sector. In this context, consumers are confronted with various types of smartphones from different brands. According to the Top Brand Index data in the smartphone subcategory, the South Korean telecommunications company, Samsung, has held the first rank since 2020 to 2022, surpassing its competitors, including Oppo, Xiaomi, and Vivo, which are brands originating from China. However, when examining the percentages, Samsung has experienced a decrease, while Oppo has continued to rise from 2020 to 2022. This indicates that there are several factors influencing the existence of the Samsung smartphone company.

According to the International Data Corporation (IDC), In 2022, there was a decline of 14.3% in the Indonesian smartphone market when compared to the previous year, with a total of 35 million units sold in Indonesia. This marked the first decline after 13 years of smartphone growth in Indonesia. Every smartphone company competes to attract customers to boost their sales. In their business, each company competes to become a market leader to sustain their business existence. Having a significant market share in a brand indicates the extent of the benefits a company holds in a market showcasing the market strength in facing specific market competition. Therefore, this implies that a company's market power must be maintained to sustain its business existence.

Reinforcing this, the International Data Corporation (IDC) also recorded that Samsung's smartphone market share in Indonesia is lower compared to Chinese smartphones during the same period. In 2020, Samsung occupied the third position with Vivo as the market leader, and in 2021 and 2022 Oppo succeeded in becoming the market leader, with Samsung ranking fourth in 2021 and second in 2022. Similarly, quarterly sales data according to the International Data Corporation (IDC) indicated that Samsung only managed to become a market leader in the first quarter of 2022 during the 2021-2022 period. This suggests that Samsung smartphone company's existence is still inferior to Chinese products in the Indonesian smartphone market. As a South Korean smartphone, Samsung needs to exert more effort to compete with its rivals, the Chinese smartphones, to enhance its market strength and become a market leader in Indonesia ultimately boosting its business existence.

According to Kotler & Keller (2016) as cited in (Ponco Kinasih, 2020), The choices consumers make when buying products can be impacted by how they view the country from which the product originates, either through direct or indirect means. The place of production or the product's country of origin has the potential to shape individuals' perceptions of its quality (Aka Yuana et al., 2021). Moreover, to strengthen the Samsung smartphone brand in market, brand awareness can be used as an indicator in

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its measurement (Wilson, 2020). According to Keller (2013) as cited in Wilson (2020), brand awareness ingrained in consumers' minds is a crucial aspect of company success in market. This notion is further emphasized by Wilson (1981) as cited in (Budiono & Slamet, 2022), stating that top-of-mind awareness is vital, as the deeper a brand's position in consumers' minds, the higher the likelihood of influencing their purchase decisions.

Building on this background, this study examines purchase decisions regarding Samsung smartphones, based on the decline in Top Brand Index percentage, decreased Samsung sales in Indonesia, and competition between Samsung smartphones and Chinese smartphones dominating Indonesia market. The suspected influencing factors are country of origin, where Samsung operates as a smartphone brand from South Korea competing with products from China and brand awareness as a variable that can affect brand strength in the market. Therefore, based on this background, the researcher has chosen the title "Country of Origin and Brand Awareness on Smartphone Purchase Decisions".

## II. LITERATURE REVIEW AND RESEARCH DEVELOPMENT

### A. Country of Origin

The term used to describe the origin of a product in manufacturing is "country of origin" (Aka Yuana et al., 2021). As indicated by Pramitha (2020), the concept of the country of origin can project its unique image or characteristics onto a product, presenting itself as a perception or image evoked by the product's home country. According to Ponco Kinasih (2020), the country of origin encompasses two dimensions: country belief and people affect.

### B. Brand Awareness

Shimp and Andrews (2013) dalam (Lopies, Y. A., & Saidani, B., 2021) assert that brand awareness is a challenge that questions whether consumers can easily summon specific brand names when contemplating certain product categories. According to Firmansyah (2019) dalam (Salam & Sukiman, 2021), brand awareness pertains to the ability to recognize or recall a brand. The indicators of brand awareness according to Firmansyah (2019) dalam (Salam & Sukiman, 2021) include: recall (remembering the brand), recognition (identifying the brand within a certain category), purchase (considering the brand as an alternative choice), and consumption (recognizing the brand when using a competitor's brand).

### C. Purchase Decision

According to Kotler and Armstrong (2017) in (Ashifa & Yuniarinto, 2022), stating that purchase decisions are the last behavior taken by consumers in purchase goods or services for personal consumption. Consumer statements in purchase decisions are an action taken to buy a product after making various considerations of information, reality, and the feasibility of a product to be purchased (Manggalania & Soesanto, 2021). The indicators of a purchase decision, as stated by Kotler & Keller (2012), include: problem recognition, information search, evaluation of alternatives, and purchase decision.

### D. The Effect of Country of Origin on Purchase Decision

The availability of various brands from different countries highlights the many choices or alternatives available to consumers when making smartphone purchase decisions is evidence of smartphone competition in the world market. As stated by Devita & Agustini (2019) in (Manggalania & Soesanto, 2021), global marketers are aware that products originating from specific countries signal that consumers hold distinct attitudes, beliefs, and perceptions about these countries, which in turn impact their purchase decisions.

H1: Country of Origin has a positive and significant effect on Purchase Decisions for Samsung smartphones.

### E. The Effect of Brand Awareness on Purchase Decision

According to Firmansyah in (Salam & Sukiman, 2021), brand awareness pertains to the capacity to identify or remember a brand. Moreover, Budiono and Slamet (2022) argue that brands that are known or familiar to consumers empirically demonstrate consumer intentions in making purchases compared to unfamiliar brands. This indicates that having brand awareness can influence purchase intentions among consumers, meaning that consumers are more inclined to make purchase decisions for familiar brands compared to unfamiliar ones.

H2: Brand Awareness has a positive and significant effect on Purchase Decisions for Samsung smartphones.

## III. RESEARCH METHODS

This research is quantitative in nature. The population for this study comprises students in Surabaya who are familiar with Samsung smartphone brands and have either used or are currently using smartphones of that brand. Non-Probability Sampling is employed as the method to select a representative sample from the population. The participants for this research comprise 105 individuals who were chosen through the convenience sampling method, often referred to as accidental sampling. The

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procedure for collecting data included providing a QR code linked to a Google Form, which was then circulated to suitable participants and served as the researcher's data source. The acquired data will be subjected to analysis utilizing the Structural Equation Model (SEM) Partial Least Square (PLS) approach, supported by SmartPLS software.

### IV. RESEARCH RESULTS AND DISCUSSION

In the PLS technique, there are two components: the measurement model or outer model and the structural model or inner model. The outer model explains how much of the variance in latent variables is captured by their corresponding manifest variables or indicators. Due to the nature of the measurement model, it's possible to determine which indicators play a more significant role in shaping latent variables. Once the outer model has been described and detailed, next step is the inner model. In this process, focus shifts to examining the relationships between exogenous variables and endogenous variables under investigation. Inner model assesses the influence of each variable on others within the model.

#### A. Respondent Characteristics

Table 1. Respondent Characteristics

Characteristics		Amount	Percentage
Gender	Male	50	47,6%
	Female	55	52,4%
<b>Total</b>		<b>105</b>	<b>100%</b>
Age Range	17-19 Years	1	0,9%
	20-21 Years	40	38,1%
	22-23 Years	62	59,1%
	≥24 Years	2	1,9%
<b>Total</b>		<b>105</b>	<b>100%</b>
College	Universitas Pembangunan Nasional "Veteran" Jawa Timur	53	50,5%
	Universitas Negeri Surabaya	15	14,3%
	Universitas Surabaya	4	3,9%
	Universitas Airlangga	11	10,5%
	Politeknik Elektronika Surabaya	4	3,9%
	Institut Teknologi Sepuluh November	5	4,8%
	Universitas Islam Negei Sunan Ampel	5	4,8%
	Universitas PGRI Adi Buana Surabaya	2	1,9%
	Universitas Dr.Soetomo	1	0,9%
	PPNS	1	0,9%
	Universitas Bina Nusantara	1	0,9%
	Universitas 17 Agustus	1	0,9%
	Poltekkes	1	0,9%
	IT Telkom Surabaya	1	0,9%
<b>Total</b>		<b>105</b>	<b>100%</b>

#### B. Convergent Validity

Table 2. Outer Loadings (Mean, STDEV, T-Values)

	Factor Loading (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	TStatistics ( O/STERR )
(X1.1.1) <- Country belief	0.808011	0.800106	0.054571	0.054571	14.806678
(X1.1.2) <- Country belief	0.835349	0.827755	0.037694	0.037694	22.161097
(X1.1.3) <- Country belief	0.803819	0.788332	0.064834	0.064834	12.398177
(X1.1.4) <- Country belief	0.752713	0.738242	0.069541	0.069541	10.823959
(X1.1.5) <- Country belief	0.840138	0.833570	0.041307	0.041307	20.339122
(X1.2.1) <- People affect	0.852859	0.859595	0.038513	0.038513	22.144646
(X1.2.2) . <- People affect	0.843001	0.827914	0.079879	0.079879	10.553523
(X2.1) <- Brand Awareness	0.757700	0.749836	0.072175	0.072175	10.498022
(X2.2) <- Brand Awareness	0.768974	0.766277	0.065666	0.065666	11.710411

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<b>(X2.3) &lt;- Brand Awareness</b>	0.777528	0.778658	0.033327	0.033327	23.330431
<b>(X2.4) &lt;- Brand Awareness</b>	0.837313	0.826352	0.048152	0.048152	17.388794
<b>(Y.1) &lt;- Purchase Decision</b>	0.855792	0.850263	0.031051	0.031051	27.560942
<b>(Y.2) &lt;- Purchase Decision</b>	0.819454	0.820945	0.036652	0.036652	22.357467
<b>(Y.3) &lt;- Purchase Decision</b>	0.767452	0.749612	0.063701	0.063701	12.047772
<b>(Y.4) &lt;- Purchase Decision</b>	0.766534	0.751021	0.069052	0.069052	11.100832

The validity of an indicator is assessed through the factor loading value of the variable associated with each indicator. Based on table 2 (outer loading), if the factor loading correlation value exceeds 0.5 (valid), if the T-Statistic value exceeds the Z value of  $\alpha = 0.05$  or 1.96 (significant). All reflective indicators within each dimension of Country of Origin (X1), the variable Brand Awareness (X2), and the variable Purchase Decision (Y) show valid factor loading values (>0.50) and/or significant (T-Statistic value > 1.96). Consequently, the outcomes of estimating all reflective indicators in this study are considered to fulfill the criteria of convergent validity or demonstrate strong validity.

### C. Discriminant Validity

**Table 3. Average Variance Extracted (AVE)**

	<b>AVE</b>
<b>Country of Origin</b>	0.543717
<b>Country belief</b>	0.653845
<b>People affect</b>	0.719009
<b>Brand Awareness</b>	0.617768
<b>Purchase Decision</b>	0.645110

The Average Variance Extracted value shows the level of variance in the indicators included in the latent variable. Validity of the latent variable has good if the AVE shows a value higher than 0.5. In the AVE test for all dimensions and variables Country of origin (X1), Brand Awareness variable (X2), purchase decision variable (Y) shows the results of the AVE value above 0.5, so it can be said that overall the validity possessed by the construct (dimension) and the variable is in good condition.

### D. Composite Reliability

**Table 4. Composite Reliability**

	<b>Composite Reliability</b>
<b>Country of Origin</b>	0.891458
<b>Country belief</b>	0.904126
<b>People affect</b>	0.836534
<b>Brand Awareness</b>	0.865861
<b>Purchase Decision</b>	0.878864

Construct reliability in table 4 is measured through the composite reliability value. If the composite reliability value surpasses 0.70, constructs can be considered reliable, thereby establishing indicating that indicators consistently gauge latent variables. In testing the composite reliability of all dimensions as well as the Country of Origin variable (X1), the Brand Awareness variable (X2), and the Purchase Decision variable (Y) show the results of a composite reliability value above 0.7, so that overall the constructs (dimensions) and variables in this study can be said to be reliable.

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### E. Path Analysis

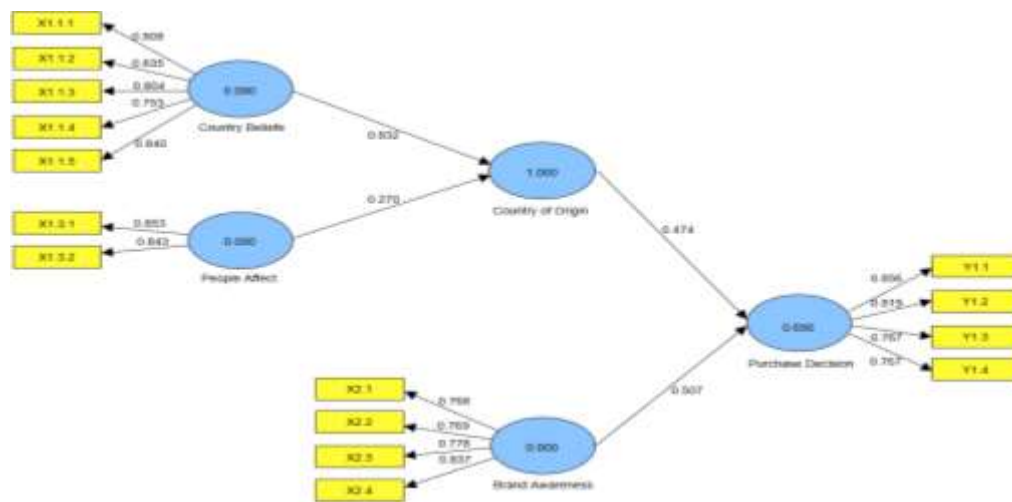


Figure 1. Outer Model

### F. R-Square

Table 5. R-Square

	R Square
Country of Origin	
Brand Awareness	
Purchase Decision	0.655861

Inner model testing looks at the R-Square value. R-Square is a goodness-fit model test and can explain how much exogenous variables are able to explain endogenous variables. The  $R^2$  value in table 5 shows of 0.655861. This signifies that the model can elucidate 65.58% of the phenomenon of purchase decisions influenced by exogenous variables, while the remaining 34.42% (100% - 65.58%) is influenced by other variables beyond the scope of this study.

### G. Composite Reliability

Table 6. Composite Reliability

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	Standard Error (STERR)	T Statistics ( O/STERR )
Country of Origin -> Purchase Decision	0.473807	0.465685	0.078252	0.078252	6.054852
Brand Awareness -> Purchase Decision	0.407211	0.412725	0.075031	0.075031	5.427276

H1: Country of origin has a positive effect on purchase decisions can be accepted, with path coefficients of 0.473807, and the T-Statistic value of 6.05852 is greater than the  $Z\alpha$  value = 0.05 (5%) = 1.96, so it can be said to be **Significant (positive)**.

H2: Brand Awareness has a positive effect on purchase decisions can be accepted, with path coefficients of 0.407211, and a T-Statistic value of 5.427276 greater than the value of  $Z\alpha$  = 0.05 (5%) = 1.96, so it can be said to be **Significant (positive)**.

### H. Country of Origin on Purchase Decisions

The way a person views the country of origin of a product can impact their choice to purchase that particular product. The stronger a student in Surabaya is acquainted with country of origin of Samsung's smartphones, the more likely they are to make a purchase decision in favor of Samsung smartphones. This notion aligns with the viewpoint of Kotler & Keller (2016) as discussed in (Ponco Kinasih, 2020), suggesting that consumer purchase decisions can be influenced by their perception of a product's country of origin, whether directly or indirectly. The significant contribution of country of origin is supported by indicator X1.2.1 from people affect dimension. This indicator states that Samsung's workforce possesses deep expertise in smartphone production and development, which is implemented in Samsung products. Thus, the profound expertise of the workforce in producing smartphones with various developmental aspects implemented in the products instills confidence in Surabaya's students to make purchase decisions in favor of Samsung smartphones. This is due to the high-quality production and development outcomes of Samsung's workforce.

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This statement finds support in the studies conducted by (Manggalania & Soesanto, 2021) and (Asshifa & Yuniarinto, 2022), which indicate that country of origin has a positive and significant impact on purchase decisions. This underscores the influence of the country of origin on the purchase decisions of Samsung smartphones by students in Surabaya. Consequently, it can be inferred that the workforce plays a pivotal role in driving a company's activities, as they have a direct impact on the products the company produces. The better the products, the stronger the brand's competitiveness in a specific product category and the potential to increase sales. Therefore, Samsung must uphold its mission and values to empower its employees to achieve their full potential, thus enabling the production of high-quality products capable of competing with products from China and boosting sales.

### I. Brand Awareness on Purchase Decisions

An individual's ability to recognize and remember a brand for a specific product can influence their purchase decision regarding that product. The stronger awareness and recall of Samsung brand among students in Surabaya as a brand for smartphones, the higher likelihood that these students will make purchase decisions in favor of Samsung smartphones. This assertion aligns with Wilson's perspective (1981) as mentioned in (Budiono, G. A., & Slamet, F., 2022), which emphasizes that top-of-mind awareness is crucial. This is because the deeper a brand is embedded in consumers' minds, higher probability of them deciding to make a purchase. The contribution of brand awareness is strongly supported by consumption indicator (X2.4). This indicator signifies that students in Surabaya can recognize the Samsung brand as a smartphone even while using a different brand. Hence, Samsung's branding efforts for its smartphones as competitive products among other brands can influence students in Surabaya to make purchase decisions in favor of Samsung smartphones. This demonstrates a strong form of brand awareness among students in Surabaya towards Samsung smartphones, which ultimately affects their purchase decisions.

This statement is corroborated by (Sastra Millennium et al., 2021) and (Nggilu et al., 2019), which indicate that brand awareness has a positive and significant impact on purchase decisions. This underscores the influence of brand awareness on purchase decisions of Samsung smartphones among students in Surabaya. It can be inferred that brand awareness acts as a product differentiation factor, enabling consumers to recognize or identify Samsung smartphones even when using other brands. This strong brand awareness among students in Surabaya towards Samsung smartphones contributes to Samsung's visibility and prominence in the smartphone market. As brand awareness increases, Samsung's presence grows, enhancing its market share and sales. This aligns with the perspective of Macdonald & Sharp (2000) as mentioned in (Budiono, G. A., & Slamet, F., 2022), which states that brands that are known or familiar to consumers can influence consumer intentions to make purchases compared to unfamiliar brands.

## V. CONCLUSIONS

Derived from the outcomes of this study carried out among students in Surabaya, it can be deduced that the factors country of origin on product and brand awareness play a role in shaping the purchase decision relating to Samsung smartphones. Country of origin which consists of country belief and people affect has a positive and significant effect on purchase decisions for Samsung smartphones, and brand awareness has a positive and significant effect on purchase decisions for Samsung smartphones. This conclusion provides an understanding that if students in Surabaya are familiar with Samsung as a smartphone brand originating from South Korea and have a brand awareness for Samsung, it can enhance the existence and strength of Samsung brand in the market. As a result, the sales of Samsung's smartphone products can also increase.

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