

CHAPTER 1

INTRODUCTION

1.1. Background

In this globalization era, without we realize it we can hardly be separate from our smartphone. Smartphone is becoming important thing in our life because smartphone can be used for almost everything, from important things such as communication in business or even unimportant thing such as playing games. This is the reason why the market for smartphone is very big and very competitive. There are so many brands for the smartphone in this world and in Indonesia.

Indonesia as the fourth largest population in this world with 260 Million people, is a very good market for smartphone. With the growth of technologies in Indonesia, demand for the smartphone in Indonesia is increasing. This can be seen from the growth data of smartphone users in Indonesia.

Table 1.1
Smartphone user data in Indonesia

Years	Smartphone Users (In Million)
2013	27.4
2014	38.3
2015	52.2
2016	69.4
2017	86.6

Source: <https://id.techinasia.com/>

With the growth of smartphone users in Indonesia, Big company in the industry such as Samsung, iPhone, and the others are

responding to the demand with entering Indonesia market from their country. There are also many smartphones from China that entering the market as “cheap” smartphone such as Advan, Vivo, Xiaomi, etc. With many brands for smartphone in Indonesia, they are competing with others to get the biggest market share in Indonesia. There are several marketing strategies to get consumer attention and winning the market share.

OPPO see the opportunity and joining the market for smartphone in Indonesia. OPPO is founded in 2004 and started as an electronics company in China. In 2008, OPPO starting to make a cellular phone and entering the market for cellular phone in China. After entering the cellular phone market in China, OPPO starts to expand their market outside China and entering global market for the first time. OPPO first global market is in April 2010 in Thailand. In 2011 OPPO starting to make smartphone and at 2013, OPPO start to start entering Indonesia smartphone market for the first time (www.OPPO.com/id/about-us, Accessed on December 8th,2017). In 2017, OPPO now already have the biggest market share for Chinese smartphone in Indonesia and in overall of smartphone market share in Indonesia, they only lose to Samsung who is having the biggest market share in Indonesia while OPPO is following right behind it.

The goals of a company are always to win in market share, so they can get big sales. To win the market, companies need to get the attention of the consumer. Not only get the consumer attention, companies need to make consumer have an intention to buy their

product. Intention itself according to Peter & Olson (2009) is a feel or desire to get involved in some action to get their goals achieved. Buying intention gives a picture of the chance of the consumer to buy the product in the future (Wua, Yeha, and Hsiao, 2011). To get the attention from the consumer, companies need to know what factor that can make the consumer interested in the product. Companies also need to make the consumer believe in the product.

To get the consumer trust, companies need to build good Brand Image. Brand Image is having important influence on the consumer in buying the products. With good having good brand image, consumer will be more interested to buy the product. These good brand image is having a big part for the success in getting market share. These can be seen from the table that shows the growth of “good” brand image smartphone that the smartphone that doesn’t show a good enough advertising to promote their brand.

Table 1.2
Smartphone marketshare in Indonesia (2017Q3)

Brand	Market Share
Samsung	30 %
OPPO	22.5 %
Advan	8.3 %
Vivo	7.5 %
Xiaomi	6.2 %
Others	22.5%

Source: <https://www.idc.com/>

The reason why brand image is very important is that with good brand image, then consumer can easier to trust the company and buying their product. Brand image represents the emotional

aspects that identify the brand of a company or its products and has a powerful impact on consumer buying behavior (Arora & Stoner, 2009) As the data above saying that Samsung has the biggest market share for smartphone in Indonesia and it is because Samsung already having a very big reputation in Smartphone industry as the top smartphone in the world. For the China Smartphone like OPPO, the reason why they can have big market share in Indonesia is because they are successes in branding themselves as good quality smartphone and leaving the previous image of China smartphone as a “cheap” smartphone. According to Kotler & Keller (2009) from Lomboan S (2013), “Branding is endowing products and services with the power of a brand”

One of the marketing strategies that OPPO smartphone use to get their consumer attraction is through advertisement. Advertising makes the task of the marketers become simple and it helps the consumers to know about new products (Chowdhury, 2011). OPPO use many tools for their advertisement, OPPO has advertisement almost everywhere starting from TV, internet, banner, etc. OPPO can have many tools for their advertisement because in this digital era, information sharing has become much faster and it makes consumer can know about new product much easier. This makes nowadays, advertising become easier to share but it makes the advertising have lesser impact on the consumer. Advertising will only survive and grow if it focuses on being effective. Advertising must be effective.

It must achieve its objectives. Effective advertisements are advertisements that help the advertiser to reach its goals.

To make the impact bigger to the consumer, company nowadays use a Brand Ambassador to help to attract the consumers and leaving an impact in their advertisement. Using Brand Ambassador is one of marketing strategies to help company leaving an impact and an image for their product to the consumer. Brand ambassador is a person who is used as a role model in the advertisement and become the image for the product. Brand ambassador according to Doucett (2008:82)” A brand ambassador is anyone who is passionate about the brand, is willing to talk about it, and may even volunteer brand information on her own”. Brand Ambassador for a product usually is a famous people that are known by many people, for example like an actor/actress, athlete, singer, etc.

Company choosing famous people as Brand Ambassador because company wants to leave an impact in the advertising and using a famous people for brand ambassador is also leaving a good brand image for the company. For example, like “OPPO”, they’re using beautiful actress Chelsea Islan as their Brand Ambassador to match their advertising point that is having a good camera for selfie. With beautiful actress as Chelsea Islan as their ambassador, people will convince that the OPPO camera is good and it is leaving good impression for their product. With a good impression in the

advertisement, consumer will easier to remember the advertisement and become more interested in the product.

Other strategies that company use for winning consumers heart is using good quality product. Consumer will like the product that has good quality and good performance. The good quality product can come from many aspects. In smartphone case, good quality product can be seen from their feature and specification. With many features in the smartphone, consumer will be more attracted to the product. The specification is also important to leave a good impression to the consumer. With higher specification, consumer will be more interested to see and buy the smartphone. Of course, without saying, the price itself need to be reasonable. With good quality in the specification and many features in the phone, consumer who uses the product will feel comfortable when using it and it is leaving good impression for them. With good impression from consumer, the consumer will tell another person about the product that they use.

OPPO smartphone is famous for their good camera. That is their main feature to get superiority against the other brands of smartphone, that's why in almost every product from OPPO is having more than good camera quality to keep their competitive advantages against the other brands of smartphone. (BliBli.com, 2016) This is also why their advertisement is also using a beautiful or handsome actress to make sure that their camera is displayed in a beautiful way.

1.2. Research Question

Based on background above, the research question is as follows:

1. Does Brand Ambassador have an influence on Brand Image?
2. Does Product Quality have an influence on Brand Image?
3. Does Brand Ambassador have an influence on Purchase Intention?
4. Does Product Quality have an influence on Purchase Intention?
5. Does Brand Image have an influence on Purchase Intention?
6. Does Advertising have an influence on Purchase Intention?

1.3. Objective Study

The objective of the study is as follows:

1. To analyze Influence of Brand Ambassador on Brand Image
2. To analyze Influence of Product Quality on Brand Image
3. To analyze Influence of Brand Ambassador on Purchase Intention
4. To analyze Influence of Product Quality on Purchase Intention
5. To analyze Influence of Brand Image on Purchase Intention
6. To analyze influence of Advertising in Purchase Intention

1.4. Research Purpose

In this study, Expected the results of research can be input for some parties that is:

1.4.1. Academic Significance

a. It is expected that the results of this study can be a reference for other researchers who want to understand about Influence of Brand Ambassador, Product Quality, and Advertising on Brand Image and its effect to Consumer Purchase Intention in OPPO Smartphone

b. It is expected that readers of this research can better understand the problems in it is the Influence of Advertising, Brand Ambassador, Product Quality, and Advertising on Brand Image and its effect to Consumer Purchase Intention in OPPO Smartphone

1.4.2. Practical Significance

a. It is expected that this research can be input to OPPO Smartphone in preparing its strategy and future plan regarding Brand Ambassador, Product Quality, Advertising, Brand Image, and Consumer Purchase Intention.

1.5 Systematic of Writing

This research is divided into five chapters. The details of each chapter are shown below:

CHAPTER 1: INTRODUCTION

This chapter describes the research topic and the aim of this research. This includes the background, research question, objective, scope of research, significance of research, and finally the chapter outline.

CHAPTER 2: LITERATURE REVIEW

This chapter provides the brief description of previous study that is used and the theoretical framework that has been used throughout the study. Some concepts are used to analyze the results and findings of the study.

CHAPTER 3: RESEARCH METHOD

This chapter provides a brief explanation of how the data was collected and how these data will be analyzed to achieve the objective of this research.

CHAPTER 4: ANALYSIS AND DISCUSSION

This Chapter contains data description, data analysis, and discussion. It is also discussing respondent description, research variable statistic description, and hypothesis testing

CHAPTER 5: CONCLUSION AND SUGGESTION

This chapter is the closing of this study and gives conclusion and suggestion for the research object and for the consumer or researcher to do a further research