

THE INFLUENCE OF DIFFERENTIATION STRATEGY TOWARDS BUYING DECISION ON SAMSUNG GALAXY SMARTPHONE WITH CONSUMER PERCEIVED VALUE AS A MEDIATING ROLE IN MANADO CITY

PENGARUH STRATEGI DIFFERENSIASI TERHADAP KEPUTUSAN PEMBELIAN PADA SMARTPHONE SAMSUNG GALAXY DENGAN PERAN PERSEPSI NILAI KONSUMEN SEBAGAI MEDIATOR DI KOTA MANADO

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Abstract: The purpose of this research is to measure the effectiveness of differentiation strategy of brand Samsung on buying decision with the contribution of consumer perceived value. This research is a type of causal study since the purpose is to determine if one or more variables cause another variable to occur or change. This research is a quantitative method with a questionnaire as a tool to gather data and analysis. Burns and Bush (2006:202) stated quantitative Research is defined as research involving the use of structured questions in which the response options have been predetermined and a large number of respondents is involved. The results of conducted test based on a questionnaire filled out by respondents stated that Samsung smartphone promotions were classified as good with an average of 3.86. Differentiation Strategy has a positive and significant influence on the Perceived Value on smartphone owners of the Samsung brand, this could be occurred because of Samsung's strategy providing differentiation in design so as to make the owners feel like they get more value as an upper-class smartphone user. Based on the results of the test, analysis, and discussion researcher found the differentiation strategy does not significantly influence Samsung smartphone purchase decisions if it's not through value perception.

Keywords: *differentiation strategy, buying decision, consumer perceived value, samsung, path analysis*

Abstrak: Tujuan dari penelitian ini adalah untuk mengukur efektivitas strategi diferensiasi merek Samsung terhadap keputusan pembelian dengan kontribusi nilai persepsi konsumen. Penelitian ini merupakan jenis penelitian kausal karena bertujuan untuk mengetahui apakah satu atau lebih variabel menyebabkan terjadinya atau perubahan variabel lain. Penelitian ini merupakan penelitian kuantitatif dengan kuesioner sebagai alat untuk mengumpulkan data dan analisis. Burns and Bush (2006: 202) menyatakan Penelitian kuantitatif diartikan sebagai penelitian yang melibatkan penggunaan pertanyaan-pertanyaan terstruktur dimana pilihan jawaban telah ditentukan sebelumnya dan jumlah yang besar. responden terlibat. Hasil pengujian yang dilakukan berdasarkan kuesioner yang diisi oleh responden menyatakan bahwa promosi smartphone Samsung tergolong baik dengan rata-rata 3,86. Strategi Diferensiasi berpengaruh positif dan signifikan terhadap Perceived Value pada pemilik smartphone merek Samsung, hal ini bisa terjadi karena strategi Samsung memberikan diferensiasi desain sehingga membuat pemiliknya merasa mendapatkan nilai lebih sebagai smartphone kelas atas. pengguna. Berdasarkan hasil pengujian, analisis, dan pembahasan peneliti menemukan bahwa strategi diferensiasi tidak berpengaruh signifikan terhadap keputusan pembelian smartphone Samsung jika tidak melalui persepsi nilai.

Kata Kunci: *strategi diferensiasi, keputusan pembelian, persepsi nilai konsumen, samsung, path analysis*

INTRODUCTION

Research Background

Business strategy is all about matching customer's requirements (needs, wants, desires, preferences, and buying patterns) with the capabilities of the organization, based on the skills and resources available to the business organization (Holmes and Hooper, 2000).

The differentiation strategy is one of three strategies proposed by Michael Porter, this strategy emphasizing in the dimension of quality, flexibility and, features which according to Porter, the consumers that are not price-sensitive willing to pay more for premium products because of its characteristics. While on the other hand, does the value of differentiation strategy can be perceived by the target market and does the characteristics of the product itself can be delivered to the target consumers while the product itself depending only on the differentiation and uncertainly to give pleasure to them. Smartphone plays an important role in this fast era of globalization and to our daily activities. The smartphone is defined as a powerful calculating device, providing traditional wireless voice services with the capability to connect to and run internet-based services such as social networking and emailing services (Kenny and Pon, 2011).

The data of smartphone market has grown rapidly since its inception in the 1990s, despite being a relatively new industry. Based on a report from Counterpoint Technology Market Research (2015), global mobile phone shipments reached 441 million units in the first quarter of 2015, up by 2% from the previous year. Smartphone shipments represent 78% of the total mobile phone shipments during Quarter 1, 2015. Samsung was the top-selling smartphone brand in Quarter 1, 2015, followed by Apple and Microsoft. Total sales from the top eight smartphone brands accounted for almost two-thirds of the global smartphone market share (Counterpoint Technology Market Research, 2015). Based on bisnis.com (2018) quoting data from Hootsuite, the population of internet users in Indonesia is dominated by mobile phone users, about 132.7 million users with 50 percent penetration level. 130 million are the social media users while the users of the mobile phone are far higher, the population of smartphone users has reached 177.9 million users with 67 percent level of penetration and 120 million among the mobile phone users are social media users. One of the well-known brands of the leading smartphones is Samsung, it utilizes the Android operating systems, which is the most popular operating systems on smartphones. Samsung however, emphasizes the concept of differentiation strategy on their products.

Research Objective

To know the direct association of implementing consumer perceived value on the influence of differentiation strategy towards buying decision.

THEORETICAL FRAMEWORK

Differentiation Strategy

Kodrat (2009) defined differentiation strategy focused more on customers than on costs. The differentiation strategy is the company's ability to effectively distinguish itself from its competitors by providing more value to its customers. The differentiation strategy is an organizational strategy that aims to produce a product or service that is different from the product or service from another company.

Consumer Perceived Value

Monroe (1990), consumer perceived value is a Buyer's perceptions of value represent a trade-off between the quality and benefits they perceive in the product relative to the sacrifice they perceive by paying the price. Perceived product benefits exist on three levels of physical, logical, emotional.

Buying Decision

The buying decision is a process where the consumer evaluating whether to buy or not to buy products or services through various assessments. There are five stages of evaluating buying process, these stages were first introduced by Dewey. J (1910) consists of problem/need recognition, information search, evaluation of alternatives, purchase decision, and post-purchase behavior.

Research Hypothesis

The hypothesis that will be tested in this research are:

- H1: There is a direct positive influence on a firm's Differentiation Strategy towards Consumer Buying Decision
 H2: There is a positive influence on Consumer Perceived Value towards Consumer Buying Decision.
 H3: There is an indirect positive influence on a firm's Differentiation towards Consumer Buying Decision through the mediating role of Consumer Perceived Value.

Conceptual Framework

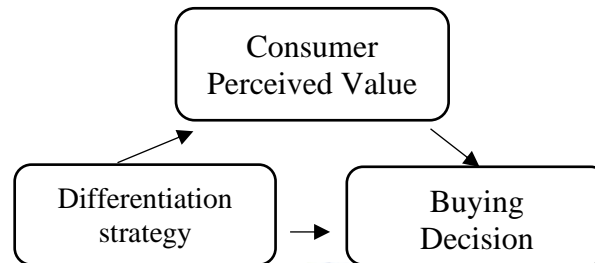


Figure 1. Conceptual Framework

Source: Data Processed, 2019

RESEARCH METHOD

Research approach

This is a quantitative research as explains quantitative data is required in this research which is a research method based on the paradigm that used to investigate specific population or samples (Sugiyono, 2013). This research data is analyzed by descriptive analysis.

Population, Sample Size, and Sampling Technique

The population in this research are a group of categorized by age which are xennials, born in late 1970s to 1980s, millennials, born in 1980s to early 2000s, and gen-z, born in the mid-1990s to early 2010s as ending birth years in consideration of the awareness of the Samsung flagship products in manado city. The researcher chose to use the method of sampling incidental where sampling techniques happen to be accidental or anyone who happens to meet with research that is considered to be suitable with the characteristics of the sample determined to be sampled.

Operational Definition and Measurement of Research Variables

1. Differentiation strategy is a strategy to distinguish products from competitors in the dimensions of quality aiming the non-price sensitive target market.
2. Consumer perceived value is an assessment of the target consumers toward the offered products on the market.
3. Buying decision is a result of various assesments on offered product towards a purchase-making decision.

An operational definition is a construct in measurable terms by reducing it from its level of abstraction through the delineation of its dimension and elements (Sekaran and Bougie, 2010), it explains about the process of the conceptual variable that measures with data in each variable.

Data Analysis Method

Validity and Reability test

Validity is a measurement that shows the levels of validity or validity of the size of an instrument against the concept under study. there are indicators as benchmarks and number of items (items) that have been spelled out from the indicator. With the form of the instrument, the testing of validity can be done easily and systematically (Sugiyono, 2014). All variables forming items should have a correlation (r) with a total score of around 0.20. Because all items have a total score of more than 0.20 to be said valid. Reliability test is a tool to measure a questionnaire which is an indicator of a variable or constructs. An instrument is notarized reliably if the cronbach Alpha value is greater. According to Sugiyono (2016), argues that an instrument is declared reliable if the reliability coefficient is at least 0.6.

Technical Analysis

This research using path analysis to determine the pattern of relationships between three or more variables and cannot be used to confirm or reject the hypothesis of imaginary causality. Ghozali (2013: 249), states that: "Path analysis is an extension of multiple linear analysis, or path analysis is the use of regression analysis to estimate causality between variables (causal models) that have been predetermined based on the theory".

RESULT AND DISCUSSION

Classical Assumption Test

Normality Test

A normality test is a statistical process used to determine if a sample or any group of data fits a standard normal distribution. Kolmogorov Smirnov normality test is to compare the data distribution (which will be tested for normality) with the normal standard distribution.

Table 1. Kolmogorov Smirnov

Variable	Statistic	Df	Sig	Description
Differentiation Strategy	0.90	150	0.200	Normal
Consumer Perceived Value	0.95	150	0.200	Normal
Buying Decision	0.88	150	0.200	Normal

Source: Data Processed, 2019

Based from the Kolmogorov smirnov test above, could be interpreted that the data distribution is normal because the significance level is above 0.05%.

Correlation Test

Correlation analysis was conducted to find out whether Differentiation Strategy variable (X) has a relationship with Perceived Value (Z) then proceed with the relationship between Differentiation Strategy (X) and Buying Decision (Y), and finally tested whether there is a relationship between Perceived Value (Z) with a Buying Decision (Y).

Table 2. Correlation Analysis Results

Relationship between	Correlation	Sig	The nature of the relationship
X with Y	0.719	0.000	Strong, positive and significant
X with Z	0.797	0.000	Strong, positive and significant
Z with Y	0.889	0.000	Strong, positive and significant

Source: Data Processed, 2019

Hypothesis Testing

Table 3. T-test Result

Model	Unstandardized Coefficients		Standardized Coefficients		Sig.
	B	Std. Error	Beta	t	
(Constant)	7.434	3.329		2.233	0.27
differentiation strategy	.883	.055	.797	16.052	.000

a. Dependent Variable: Perceived Value

Source: Data Processed, 2019

For the Standardized beta Coefficients value in this regression analysis is (0.797), this beta value is the path value, while the regression coefficient of the Differentiation Strategy variable is (0.883) and the t-test value is (16.052) with a (t table) significance value of (0,000), So that it can be concluded that these results indicate the influence of the Differentiation Strategy on Perceived value is significant. Thus, it can be said that the first hypothesis in this study can be **accepted**.

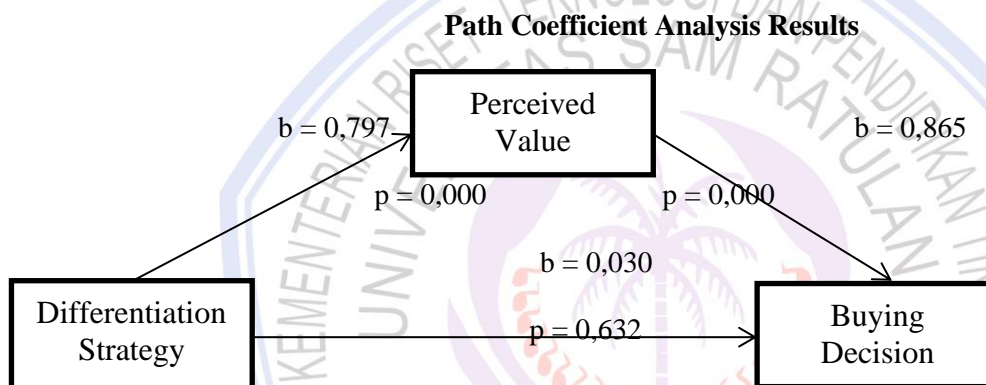
Table 4. T-test Result

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	3.783	2.679		1.412	.160
differentiation strategy	0.35	.072	.030	.480	
Consumer perceived value	.899	.065	.865	13.814	.000

a. Dependent Variable: Buying Decision

Source: Data Processed, 2019

Based on the test results presented in table 4.7 states that the value of b (estimate) the Differentiation Strategy towards Perceived Value (0.035) with significance (0,000). For the value of the beta standardized coefficient of (0.030), the standardized coefficient beta (S.C Beta) is a path value, while the t-test value is (0.480) with a value of 0.05. The value of the regression coefficient and t-test shows that the Differentiation Strategy has an effect but is not significant on Buying Decision. Value b (estimate) Perception of Value on a Buying Decision of (0,899) with significance (0,000). For the standardized beta value of (0.865) as the path value and t-test of (13,814). These results indicate that the Perceived Value has a positive and significant effect on Buying Decision. Thus, it can be said that the second hypothesis in this study can be **accepted**.



Source: Data Processed, 2019

Based on the influence model above, the influence trajectory model can be arranged as follows. This path model is called Path Analysis where the effect of errors is determined as follows:

$$\text{Influence X - Z: } P_{e1} = \sqrt{1 - R_1^2} = \sqrt{1 - (0,635)^2} = (0,604)$$

$$\text{Influence Z - Y: } P_{e2} = \sqrt{1 - R_2^2} = \sqrt{1 - (0,790)^2} = (0,210)$$

So that the Total Determination Coefficient:

$$R_m^2 = 1 - P_{e1}^2 \times P_{e2}^2$$

$$R_m^2 = 1 - (0,604^2 \times 0,210^2)$$

$$R_m^2 = 1 - 0,127 = 0,873$$

Interpretation of Total Effect:

1. Effect of X to Z Direct Effect = 0,797 Indirect Effect = 0,797 x 0,030 = 0,023
Total Effect = 0,797 + 0,023 = 0,820
2. Effect of Z to Y Direct Effect = 0,865 Indirect Effect = 0,865 x 0,030 = 0,025
Total Effect = 0,865 + 0,025 = 0,890
3. Effect of X to Y Direct Effect = 0,030 Indirect effect = 0,030 x 0,030 = 0,009
Total effect = 0,030 + 0,009 = 0,0309

Based on the interpretation of the total effect above, the data that can be explained by the path analysis model is equal to (0.79) or 79% in other words this model can explain the information obtained as good as 79% while the remaining 21% is explained by other variables not in the model.

Discussion

Differentiation Strategy has an influence on Buying Decision when through Perceived Value but fails to affect it directly. The absence of direct influence in this study is caused by the Differentiation Strategy variable itself,

where the Differentiation Strategy if it does not have an effect on Perceived Value for Smartphone brands, can eliminate the desire on buying decision as found in study I. Shintaputri, and Wuisan (2017), there is an insignificant relationship between perceiving price and perceived value and a significant relationship between perceived price and perceived quality. Thus, there is no mediation of perceived quality in the relationship between perceived price and perceived value. Furthermore, this research finds a significant relationship between perceived quality and perceived value. The research supported by study conducted by Ali, R. and Leifu, G. (2015) shown that perceived value, customer expectations, corporate image and perceived service quality have direct influence on customer satisfaction.

This certainly needs special attention for Samsung because Perceived Value has an important role so that decision making in implementing a strategy. In addition to the explanation above, the data obtained by the researchers from 150 respondents indicated that the majority of respondents came from students, namely as many as 60 people or 38.4%. The characteristics of these respondents seem to have an effect on the reasons behind Samsung's non-influential Differentiation Strategy on the smartphones they produce. The differentiation strategy used by Samsung regarding quality and features is very focused on the Samsung Smartphone line in the Flagship Line which has quite expensive prices which are usually difficult to reach students or students. The research conducted by Najoud S., and A. Al-Meshal (2018), further confirmed the the positive relationship that has existed between perceived quality and purchase intention, and perceived quality impacting the purchase decision. Lastly, the third variable, perceived value, has an impact on brand trust but not on the purchase decision. This research supported the researcher's hypothesis regarding the the dimensions of differentiation strategy relation to consumer perceived value as mediator to measure the buying decision.

When this research was conducted, Samsung has improved the ranks of its more affordable middle-class smartphones by issuing the M series (M10, M20, etc.) and series A so that according to researchers there needs to be further research to see the effect of the Differentiation Strategy currently being used. The researcher suggests that Samsung to consider the target consumer's preference. Study by N. Dospinescu, and B. Florea (2016), found that the factor of age groups affects the differentiation strategy and consumer perceived value. The study with 120 respondents shown that age group of 18 – 24 has the highest penetration in terms of smartphone ownership with 85% in Finland and the UK.

CONCLUSION AND RECOMMENDATION

Conclusion

Based on the results of the test, analysis, and discussion shows that differentiation strategy does not significantly influence Samsung smartphone buying decision while differentiation strategy has positive effect on consumer perceived value this indicates that producers of smartphone must considers what are trends for the target consumers and should meet the the target consumer value to achieved the buying decision stage as shown above that differentiation strategy will only has a positive and significant effect on the perception of value when through value perception.

Recommendation

Samsung seems to have begun changing track by giving a touch of design that goes into the mainstream design. In terms of price, Samsung also began to reduce prices by issuing the A series of product lines that are more affordable without sacrificing specifications. Researchers suggest that Samsung retains some parts of the differentiation strategy because it has a positive has a positive influence on the perceived value that influences buying decision.

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