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## **The Influence of Brand Equity on Consumer Interest in Buying Xiaomi Smartphones**

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### **Abstract**

The dramatic increase in Xiaomi smartphone sales in Indonesia raised research interest, especially related to factors encouraging consumer interest in purchasing the Xiaomi smartphone. Through empirical studies, it concluded that an important factor influenced consumer buying interest was brand equity consisting of brand awareness, brand association, quality perception, and brand loyalty. This study aims to analyze the influence of brand awareness, brand association, quality perception, and brand loyalty on consumer interest in purchasing a Xiaomi smartphone. This study is designed using quantitative approach in which the data collection is conducted through surveys using questionnaires. The study population is the Denpasar people who plan to purchase a smartphone in the near term. Samples were taken using accidental sampling method that is people who visited smartphone stores in Denpasar. The questionnaire was used to collect data, then analyzed using multiple linear regression analysis. The result showed that brand awareness, brand association, quality perception, and brand loyalty have a positive and significant influence on consumers' interest in buying a Xiaomi smartphone. Brand awareness, brand association, and quality perception can be enhanced by intensive marketing communication in various media emphasizing symbol, logo, product excellence, and quality excellence. This statement needed to be supported by consumer reviews that are in line, therefore customer database is necessary to encourage satisfied customers to write positive reviews in online media.

**Keywords:** Brand association; Brand awareness; Buying interest; Purchasing decisions; Quality perception.

## **I. INTRODUCTION**

The phenomenon of competition between producers to get consumers makes each producer aware of a need to maximize the strategies in the continuity of the company. Brands are important factors in competition and become valuable company assets. A brand needs to be managed carefully so that brand equity is not depreciated. Equities can create value for consumers and the company. For the public, the trend of using branded smartphones is very important. As for Smartphones that have mastered the local market of Indonesia, such as Samsung, Oppo, Xiaomi, Vivo and other smartphone brands. Revealed that top of mind significantly affects the purchase of Xiaomi smartphone, thus Xiaomi smartphone sales is a little bit increased in 2017 than 2015 to 2016 that experience the decreased. However, in 2018 the sales of Xiaomi smartphones increased dramatically, which attracted the interest of researchers to analyze whether brand equity factors play a role in encouraging consumers' interest in buying Xiaomi smartphones.

Based on a recent report of the International Data Corporation (IDC) Quarterly Mobile, Smartphone shipment from China to Indonesia reached the highest record in 2018 in the second quarter, which reached 9.4 million units. This figure indicates an increasing trend of 18% from the previous period. IDC also emphasized that achievement is caused by the magnitude of the growth of the Xiaomi smartphone shipment to Indonesia (IDC, 2018). Figure 1 shows that Xiaomi experienced the highest increase in market share compared to other brands of 22 percent from 2017 to 2018. Contrary to Oppo and Vivo, Xiaomi precisely implemented a marketing strategy with a low cost but with a more competitive price-to-spec ratio to provide maximum value for consumers and obtain a significant market share and mind share. Xiaomi's marketing strategy tends to focus on word of mouth marketing either directly or through Internet-centric social media, that is the procurement of flash sale made through e-commerce partners, mobile gaming and the community Xiaomi users.

Brand equity, consisting of brand awareness, brand associations, quality perception, and brand loyalty, proves to be an antecedent of consumer buying interest. (Roozy, Arastoo, & Vazifehdust,



Figure 1

The market share of five best Smartphone brands in Indonesia for the 2017-2018 period

Source: IDC (2018)

2014) said that brand equity is a very important equity element for the company because brand awareness can directly influence brand equity. Brand Equity can drive buying interest significantly (Yanti & Sukotjo, 2016). (Fadhilah, 2015) found that brand equity has a positive and significant effect on purchasing decisions. Thus, the gap of research is formulated as follows: brand awareness, brand association, quality perception and brand loyalty influence consumer interest in buying Xiaomi smartphones.

## II. LITERATURE REVIEW

Brand Equity is a collection or set of assets related to names, brands, and symbols that increase or decrease the value provided by a product to customers or consumers (Aaker, 1996). Brand equity consists of brand awareness, brand associations, quality perception, and brand loyalty. Brand awareness relates to the brand strength or trace in memory reflected by the consumer's ability to remember or recognize the brand in different conditions (Kotler & Keller, 2009). Increasingly a brand is known, the higher the likelihood of the product is chosen by consumers. This is proven in a number of studies. (Roozy et al., 2014) found that the higher brand awareness on the consumer's mind, the increased interest in buying too. Brand awareness is able to increase positive and significant buying interest (Fadhilah, 2015; Liwe, 2013; Rahendy & Djawoto, 2014; Yanti & Sukotjo, 2016). Based on the exposure, it can be in the following research hypotheses:

H1: Brand awareness has a positive and significant influence on consumer interest in buying Xiaomi smartphones.

### Brand Associations

(Aaker, 1996) defined brand associations as everything connected in the consumer's memory against a brand. Brand associations are closely related to the buying interest, where the higher the consumer's ability in associating a brand, the buying interest tends to be higher for the brand. The brand associations have a significant positive influence on purchasing decisions (Yanti & Sukotjo, 2016). Brand associations are factors that are able to drive significant buying interest (Aydin & Ulengin, 2015; Rahendy & Djawoto, 2014; Wijanarko & Suwitho, 2014). Based on the exposure, it can be in the following research hypotheses:

H2: Brand associations has a positive and significant influence on consumer interest in buying a Xiaomi Smartphone.

### Quality Perception

According to (Kotler & Keller, 2009) quality perception is defined as the customer's perception of overall quality or superiority of the product or service relative to the relevant alternatives and relating to the intended purpose. A high-quality perceived brand has a higher tendency to be chosen by consumers. (Budiyanto, 2016) found that the perception of quality has a positive and significant effect on purchasing decisions. Quality perception increases buying interest significantly (Aydin & Ulengin, 2015; Fadhilah, 2015; Jalilvand, Samiei, & Mahdavinia, 2011; Roozy et al., 2014). This is underpinning the research hypothesis as follows.

H3: Quality perception has a positive and significant influence on consumer interest in buying a Xiaomi Smartphone.

**Brand Loyalty**

Schiffman and Kanuk (Fadhilah, 2015) defined brand loyalty as the customer's consistent preference or the purchase of the same brand in a particular product or service category. The more loyal the consumers to a brand, the higher the consumer interest in buying the brand output of the product. (Wijanarko & Suwitho, 2014) found that brand loyalty had a positive and significant influence on the purchase decision for Aqua water. Brand loyalty is able to increase consumer interest (Aydin & Ulengin, 2015; Fadhilah, 2015; Roozy et al., 2014; Wirastomo, 2012). Based on the exposure, it can be in the following research hypotheses:

H4: Brand loyalty has a positive and significant influence on consumer interest in buying a Xiaomi Smartphone.

The population in the study is the Denpasar people who plan to purchase a smartphone in the near term. Samples taken by accidental sampling method that is people who visited the five smartphone stores in Denpasar. Data collection is conducted through surveys using questionnaires. The questionnaire contains questions about the demographic characteristics of gender, age, education, and income each month. Respondents also gave a perception assessment on a number of statements representing each study using a scoring that refers to the Likert scale, which is a rating scale of 5 (strongly agree) to 1 (strongly disagree). A preliminary survey was conducted on 30 respondents to assess the validity and reliability of measuring instruments. After the testing, the survey was conducted in 100 respondents. The analytical technique used to analyze data is multiple linear regression analysis.

**Table 1**  
Validity Test Result of Research Instruments

No	Variable	Indicator	Coefficient Correlation	Description
1	Brand Awareness (X1)	X1.1	0,669	Valid
		X1.2	0,710	Valid
		X1.3	0,501	Valid
		X1.4	0,666	Valid
2	Brand Associations (X2)	X2.1	0,706	Valid
		X2.2	0,704	Valid
		X2.3	0,787	Valid
3	Quality Perception (X3)	X3.1	0,667	Valid
		X3.2	0,774	Valid
		X3.3	0,634	Valid
4	Brand Quality (X4)	X4.1	0,784	Valid
		X4.2	0,734	Valid
		X4.3	0,713	Valid
5	Buying Interest (Y)	Y1	0,796	Valid
		Y2	0,803	Valid
		Y3	0,775	Valid

**III. RESULTS AND DISCUSSION**

**Validity and Reliability test**

**Table 2**  
Results of Reliability Test of Research Instruments

No	Variable	Cronbach's Alpha	Description	1	Brand awareness (X1)	0,611	Reliable
2	Brand association (X2)	0,669	Reliable				
3	Quality perception (x3)	0,657	Reliable				
4	Brand loyalty (X4)	0,695	Reliable				
5	Purchase decision (y)	0,699	Reliable				

Table 1 indicated that all research indicators meet valid criteria with a Pearson coefficient of product Moment ( $r$ ) > 0.3 and have an alpha value of 0.05 (Sugiyono, 2017:126). This means that the indicator is able to measure the construct well. Table 2 indicated the entire reliability construct with

Cronbach's alpha ( $\alpha$ ) criterion greater than 0.60 (Sugiyono, 2017:136).

**Table 3**  
Results of Multiple Linear Regression Analysis

Model		Coefficient <sup>a</sup>				
		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.560	1.513		-.370	.712
	X1	.187	.090	.210	2.129	.042
	X2	.256	.115	.278	2.570	.011
	X3	.302	.118	.266	2.622	.010
	X4	.195	.104	.224	2.057	.036

a. Dependent Variable: Y

**Significance Test**

Table 3 indicates that the entire hypothesis was received with a significance value below 0.05. This means that brand awareness, brand associations, quality perception, and brand loyalty have a positive and significant influence on the consumer interest in buying Xioami smartphones.

**Discussion**

Brand awareness and brand associations significantly increase buying interest. This means that the more consumers know a brand, the higher consumer buying interest for the brand when compared to lesser-known brands. It is contained in the consumer decision-making process that brands evaluated by consumers for the next chosen one, originated from an information retrieval mechanism. One source of information is the internal source of consumer memory of the brand they know and are familiar within their minds. Thus, the more recognized a brand, the consumer interest to buy the brand is increasingly higher. In addition to brand awareness and brand associations, quality perception variables are also proven to be able to significantly increase buying interest. The higher the perception of Xiaomi's smartphone quality in the minds of consumers, the higher the consumer's tendency to buy it. This is very logical considering the behavior of consumers who always try to maximize the value obtained from a product. The results of the analysis showed that on average the respondents gave high enough value to the quality aspects of Xiaomi smartphones. On the other hand, the price offered by this brand is quite affordable compared to other brands in the smartphone industry in this country. With qualified quality accompanied by competitive prices, consumers certainly get a higher value when choosing the Xiaomi brand. This explained why the quality perception of Xiaomi Brands was able to drive buying interest significantly. The interest in buying against Xiaomi smartphones is also influenced by brand loyalty. A loyal consumer of a brand demonstrated consistency in the form of purchasing the brand's output products. This behavior can be explained by perceived risk theory, where consumers tend to minimize risk in consumption activity. Customers who are satisfied with the performance of a brand will choose other products that are also produced by the brand. This mechanism is used to minimize the risk that might be higher if they choose a new brand that they have never tried before. A number of studies also found that previous consumption experience was able to encourage buying interest.

**IV. CONCLUSION**

Brand awareness, brand associations, quality perception, brand loyalty positively affects the interest of consumers buying Xiaomi smartphones. Brand awareness and brand associations can be enhanced by conducting intensive marketing communications in various media and activities by not forgetting to include symbols, logos or other important attributes along with the advantages of Xioami smartphones. To improve the perception of quality, Xiaomi smartphones can communicate in a variety of communication materials about their quality excellence. This statement needed to be supported by the customer reviews in line, so Xiaomi should have a database of its customers and encourage satisfied customers to write reviews on the online media. Brand loyalty can ultimately be fostered by maintaining communication with customers and doing various innovations.

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