

# The Effect of Marketplace on China Smartphone Consumer Satisfaction in the Official Store and Black Market in Surakarta

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## ABSTRACT

This aims research to analyze the effect of smartphones purchasing place on consumers satisfaction who buy Chinese smartphones. The population in this research were all consumers who bought Chinese smartphones. The sampling technique used in this study was purposive sampling by taking a total of 400 respondents with 200 respondents to consumers who bought Chinese smartphones in official outlets and 200 respondents to consumers who bought Chinese smartphones in the black market. The method of data collection used is through a field study in the form of a personal questionnaire. The analytical tool uses multiple linear regression and different tests (independent sample T-test). The results obtained from this study is smartphone purchases place has a significant effect on consumer satisfaction who bought a Chinese smartphone. The last result is that there are differences in the level of satisfaction felt by consumers of Chinese smartphone buyers in official outlets with consumers who buy Chinese smartphones in the black market.

**Keywords:** *consumer satisfaction, Chinese smartphone, the smartphone's purchasing place*

## 1. INTRODUCTION

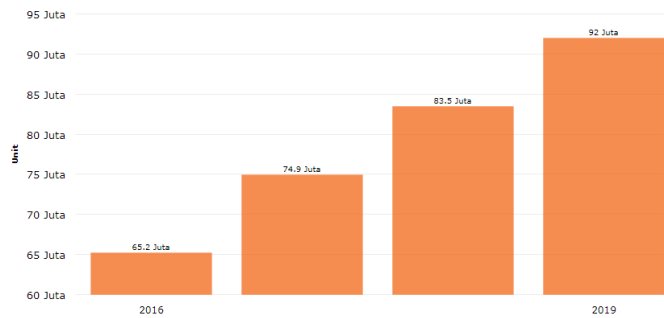
Globalization has brought about changes in all business sectors in all countries of the world, especially at the international level. One of the factors driving international business activities to develop rapidly is the market share in the country and abroad (Ball et al., 2005). Indonesia is one of the most densely populated countries, producers in all types of businesses both products and services are competing to get into it and try to get the widest possible market share, because Indonesia is one of the largest population in the world, as a report at the end of 2017 which explains that Indonesia's population registered with the central statistical body (BPS) reaches more than 262 million people and it is estimated that each year it will increase by around 4 million (Statistics Indonesia, 2018).

The attitude of Indonesian consumers who tend to be consumptive, it is no wonder that Indonesia is a profitable target market. One of the products that are in great demand by the majority of Indonesian people is technologically advanced products, especially smartphones. A smartphone is

a smartphone that has computer capabilities. With these mobile computing capabilities, smartphones have capabilities that cannot be compared to ordinary mobile phones. Companies that cannot innovate will lose out in the competition in the technology industry. Along with its development, now smartphones also have functioned as portable media players, low end digital compact cameras, pocket video cameras, and GPS. Modern smartphones are also equipped with a high-resolution touch screen, a browser capable of displaying full web-like on a PC, and WiFi data access and broadband internet (Ackaradejruangsri, 2013). The following is the result of research conducted by Katadata.co.id in 2019 in the form of a graph of the total consumption of smartphone products in Indonesia from 2016-2019.

Based on research conducted by Nielsen (2011) about the reasons people choose to use a smartphone to support their daily activities show results, among others, because, it is easy to carry anywhere, sophisticated operational systems, fast startup / off, fast performance and comfortable to use, size proportional, and can be used in various places.

**Chart 1**  
Total Consumption of Smartphone Products in Indonesia  
From 2016-2019



Source: Katadata.co.id, 2019.

With the high competition for smartphone distributors, it will create a threat for distributors who are unable to compete because they have to face the amount of taxes paid. Therefore the smartphone distributor must find a way to avoid taxes but still make a profit in penetrating the smartphone market quickly, easily and cheaply. Smartphones distributed through the black market are very different from smartphones sold at "Official" store because smartphones distributed through the black market are essentially smartphones that are deliberately hidden away into the country to avoid the country's taxation system. While smartphones sold by "Official" store already have

official certificates from the Directory General of Post and Telecommunications of the Republic of Indonesia to be distributed to markets that have met the minimum standards set by the government (Amiruddin and Azikin, 2008). The following is a picture that shows an example of the difference in the appearance of specification offers made by the Black Market and "Official" store. China's smartphone products are currently controlled by several well-known brands such as Xiaomi, Oppo, Vivo, Honor, Huawei, and many more. However, the brand that has dominated the Chinese smartphone market in Indonesia to date is Xiaomi (Amilia and Asmara, 2017).


	Black Market	Official Store
Appearance		
Product dimensions/weights	Variety	115.2 × 58.6 × 9.9 mm/137 g
Battery standby	Up to 100-150 h	Up to 300 h
Operating system	Windows Mobile 6.5/iOS	iOS
Main display resolution	480 × 800 Pixel	960 × 640 Pixel
Camera resolution (front-facing/back)	5.0 Megapixel/VGA	5.0 Megapixel/VGA
Bluetooth/Wi-Fi	O/O	O/O
Memory	32 GB Micro SD card	16 GB/32 GB flash memory
Price	US\$100	US\$800

Figure 1. Specification Smartphone Specifications in the Black Market with Official Store  
Sources: Shenzhen Shopping Online (2010) and Apple (2010)

Based on these data and information, companies that become Chinese smartphone distributors at official outlets need to pay attention to and prioritize marketing strategies related to price perceptions, where to buy smartphones, and good product quality so that later after buying consumers get a high level of satisfaction. Formulation of the problem in research, among others, as follows:

a. Does the place of purchase of a smartphone have a significant effect on the satisfaction of consumers who buy Chinese smartphones?

b. How does the satisfaction of consumers who buy Chinese smartphones in the Black Market compare with those who buy Chinese smartphones at official outlets?

c. Is there a difference in the satisfaction of consumers who buy Chinese smartphones in the Black Market from consumers who buy Chinese smartphones at official outlets? Based on the background and problem formulation above, the objectives of this study include the following:

a. Analyzing the influence of the place of purchase of smartphones on the satisfaction of consumers who buy Chinese smartphones.

b. Analyze the level of satisfaction of consumers who buy Chinese smartphones on the Black Market with consumers who buy Chinese smartphones at official outlets.

c. Analyze the difference in satisfaction of consumers who buy Chinese smartphones in the Black Market with consumers who buy Chinese smartphones at official outlets.

Consumer satisfaction is a feeling of pleasure or disappointment of someone who appears after comparing the performance of the product being thought against the expected performance. If the performance is below expectations, the customer is not satisfied. If performance meets expectations, the customer is satisfied. If performance exceeds expectations, then the customer is very satisfied or happy (Kotler, 2009). Another definition by Tjiptono (2008) which states consumer satisfaction is the difference between expectations and perceived performance or results. Consumer satisfaction is a source of corporate life that must be maintained so that it runs continuously, because it provides several benefits such as, the relationship between the company and its customers becomes harmonious, provides a good basis for repurchases, forms recommendations by word of mouth that benefit the company, encourages the creation of loyalty customers, build a company's reputation in the eyes of customers, and can certainly increase profits. Factors that influence customer satisfaction according to Cravens (2008) include product delivery systems, product or service performance, company/product/ brand image, price value that is related to the value received by consumers, employee performance, advantages and disadvantages of competitors.

Price perception is a feeling of spending an amount of money that is billed for a product or service that consumers will buy to own and benefit from the product or service purchased (Kotler, 2007). Whereas another definition according to Tjiptono (2008) states that prices are monetary or non-monetary units that contain certain utilities or uses that consumers need to obtain and consume a product or service. Price becomes very important for consumers because it will be a guideline to measure the compatibility between the benefits of the product received with the sacrifice that has been given both in the form of money and other sacrifices. Kotler (2009) also presents indicators that can measure price perceptions to stimulate consumer sensitivity to want to buy, including price affordability which includes price conformity with product performance, price competitiveness compared to other brands, and price compatibility with the benefits of features obtained consumer.

In a study conducted by Opusunju and Ojeleye (2017) titled Price Perception and It Effects on Consumer Satisfaction in Ikotene Main Market, Akwa Ibom State, state the results that price perception has a significant effect on consumer satisfaction. Furthermore, another study conducted by Hustić and Gregurec (2015) entitled The influence of price

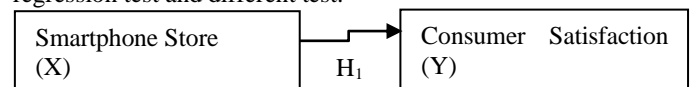
perception on customer's satisfaction, obtained the result that price perception has a positive effect on consumer satisfaction. Research conducted by Trenggana (2018) with the title Effect of Product Quality and Price Perception on Consumer Satisfaction Asus Laptops also showed good results, namely the perception of price has a positive and significant effect on consumer satisfaction.

Product quality is the ability of a product to carry out its functions, including reliability, durability, permanence, ease of operation, and product improvement, as well as other valuable attributes to meet the needs and expectations of consumers when purchasing the product (Sawitri et al, 2013). According to Kotler (2009), product quality is the overall characteristics of a product and the ability to provide services to satisfy expressed or implied needs. Product quality reflects the ability of products to carry out their duties including durability, reliability, advancement, strength, ease of packaging, product separation, and other characteristics. Tjiptono (2015) states that several dimensions reflect quality, including performance (performance), appearance (features), reliability (reliability), confirmation (conformance), durability (durability), ability (serviceability), aesthetics (esthetic), and Perceived quality.

Shabrin et al. (2017) with his research entitled Factors Affecting Smartphone Consumer Satisfaction of Generation-Y shows the results that product quality has a positive and significant effect on consumer satisfaction. In another study conducted by Akkucuk and Esmali (2016) with the title The Impact of Brands on Consumer Buying Behavior: An Empirical Study on Smartphone Buyers states that product quality is a very significant influence on consumer satisfaction.

**2. RESEARCH METHODS**

This type of research is quantitative research. Quantitative research is research conducted by obtaining data packaged in the form of numbers and analysis using statistics (Sugiyono, 2010). This study consists of price perceptions, product quality, and smartphone store as an independent variable and customer satisfaction as a dependent variable. The population in this study is all consumers who buy Chinese smartphones. The sampling technique used was purposive. The sample used amounted to 400 respondents with 200 respondents were consumers who bought Chinese smartphones at official store and the remaining 200 respondents who bought Chinese smartphones on the black market. The data used are primary data and collected through questionnaires. Data analysis method used is multiple linear regression test and different test.



**Figure 2** Theoretical Framework

### 3. RESULTS AND DISCUSSIONS

**Table 1** Multiple Linear Regression Test Results

Variable	Coefficient Beta	Beta	T <sub>test</sub>	p
(Constant)	14,675		52,454	0,000
Smartphone Store	5,565	0,576	14,065	0,000
R <sup>2</sup>	= 0,332			
F <sub>test</sub>	= 197,834 (Sig. 0,000)			

Source: Primary Data Processed, 2019.

The results showed that the place of purchase of smartphones had a significant effect on customer satisfaction. In the beta value of variable smartphone store (X), it shows that the satisfaction of consumers who buy Chinese smartphones at

official store is 57.6% higher than the satisfaction of consumers who buy Chinese smartphones in the black market. Variable where to buy a smartphone can explain the variation of customer satisfaction variables by 33.2%.

**Table 2** Independent Sample T Test

Variable	T <sub>test</sub>	Sig. (2-tailed)
Consumer Satisfaction (Y)	14,065	0,000

Source: Primary Data Processed, 2019.

Based on the Independent Sample T-Test Results on customer satisfaction who buy Chinese smartphones at official store with consumers who buy Chinese smartphones on the black market show the value of sig. (2-tailed) of 0,000 <0.05, it can be concluded that there are differences in the satisfaction felt by consumers when buying Chinese smartphones at official store and when consumers buy Chinese smartphones in the black market.

Differences in consumer satisfaction can occur because for consumers when buying a Chinese smartphone directly, there is no need to wait long to obtain and confirm the features, performance, product capabilities, and security of the smartphone purchased. When buying a Chinese smartphone in a black market, consumers are pampered with no need to pay labor costs in owning a product, it's just that it takes a while for the product to arrive at its destination. In addition, the price difference makes the level of customer satisfaction different, in the black market smartphone prices are cheaper than official store, so that it fosters pride for consumers being able to get good products at low prices even though the level of security obtained is less secure, whereas in official store the level of security and product quality is maintained well.

#### 4. CONCLUSION

Based on the analysis of the satisfaction of consumers who buy Chinese smartphones, some conclusions can be drawn from where smartphone purchases have a positive and significant effect on customer satisfaction who buy Chinese smartphones. The results of this study also show that there are differences in satisfaction for consumers who buy Chinese smartphones at official store with consumers who buy Chinese smartphones in the black market. This difference is supported by the higher satisfaction obtained by consumers when buying Chinese smartphones at official

store compared to the satisfaction of consumers who buy Chinese smartphones in the black market. This result is due to consumers when buying a Chinese smartphone directly, there is no need to wait a long time to obtain and confirm the features, performance, product capability, and security of the smartphone purchased. Variable where to buy a smartphone can explain the variation of customer satisfaction variables by 33.2%.

Future research should also use other variables to be able to explain variations in customer satisfaction comprehensively. Future studies are also recommended to use another smartphone products as research objects, to be able to compare the satisfaction felt by consumers.

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