

THE INFLUENCE OF COUNTRY OF ORIGIN ON PURCHASE DECISIONS THROUGH PRICE AS A MEDIATING VARIABLE IN XIAOMI PRODUCTS

Nurul Fadilah Aswar

Faculty of Economics and business, Makassar State University
Correspondensi author email: nurul.fadilah.aswar@unm.ac.id

Abstract

This study aims to analyze the influence of Country of Origin (COO) on Price and Purchase Decisions, both directly and indirectly, with Price as a mediating variable, focusing on Xiaomi products. The findings reveal that consumer perceptions of a product's country of origin significantly influence their evaluation of price. However, perceptions of the country of origin do not directly impact purchase decisions, as consumers prioritize product quality and features. Price emerges as the primary determinant of purchase decisions, with competitive pricing aligned with quality driving consumer purchases. Additionally, perceptions of the country of origin indirectly influence purchase decisions through price. This research provides strategic insights for Xiaomi to manage brand image, optimize pricing strategies, and enhance competitiveness in the global market.

Keywords: Country of Origin, Price, Purchase Decision, Xiaomi

INTRODUCTION

The era of globalization presents both opportunities and challenges for businesses operating worldwide. This phenomenon expands market reach but also intensifies competition, leaving companies with no option but to adapt or exit the competitive arena. To thrive, companies must enhance effectiveness and customer value. As Bestari (2003) stated, the best response to protecting market share is through continuous innovation. Businesses strive to improve their competitive edge and perceived value among consumers, especially given the technological advancements accompanying globalization. Over the last decade, technological progress has significantly influenced the communication industry. Modern smartphones, which have evolved beyond simple communication tools to enable video calls, virtual social networking, and more, epitomize this change.

The global smartphone industry continues to experience significant dynamics in terms of shipments and financial performance. According to the International Data Corporation (IDC), global smartphone shipments reached 265.3 million units in Q2 2023, marking a 7.8% year-on-year (YoY) decline from 287.6 million units in Q2 2022. This decline reflects global market challenges, including changing consumer preferences, economic dynamics, and intensified competition among manufacturers. Major players like Samsung and Apple also faced shipment declines of 15.2% and 6.3% YoY, respectively. However, Chinese brands like Transsion demonstrated positive growth with a 34.1% YoY increase in shipments. Conversely, Xiaomi—a prominent Chinese smartphone manufacturer—experienced significant challenges, with a 16% YoY decline in shipments, dropping from