INTRODUCTION

Nowadays smartphones are an item in the market as a standard device in the mobile telecommunication segment and act as the fastest growing product in the telecommunication industry. For the first time in term of smartphone sales, in 2013 smartphone sales surpass the feature phone sales (Gartner, 2013). Global phone sales grew by 3.6% in Q2 2013, and smartphones represent more than half of the total sales of 435 million phone devices. Although the devices about telephony are developed beginning in 1970s, it is not significantly developing before a set of Blackberry smartphone was introduced in the market by RIM and become a successful product and soon change the important role of feature phone in the human life. In 2007, Apple entered the smartphone market with its own smartphone, iPhone. Not long after that, Samsung also entered the smartphone market with Android OS planted inside their Galaxy smartphone series. Soon after that, the rivalry between one company to another in smartphone segment is getting more interesting as there are more company join to compete in this growing market with their own unique device that a single product has an advantage over the others and vice versa. The competition about the price also increased. All of the company that compete in the smartphone segment offer their best product with the best value that they can give with the right pricing to the smartphone customer. Despite the success of the iPhone design in the market, innovation activity among firms continued and many different versions of smartphones currently exist in the sector. This contrasts with the conventional wisdom concerning the emergence the industry design,
which predicts that imitators tend to follow innovators and, if an innovation is commercially successful and widely adopted, it will become the dominant design because all products in the market will use that specific technology and design features.

Research on product quality (Garvin, 1987) establish that product attributes such as price, features, and product performance influence the consumer’s purchase intention. The functionality of smartphone is an important tool to influence the consumer choice of buying smartphone. In term of functionality, Oulasvirta et al. (2011) stated that the numerous phone feature with wireless connectivity, a built-in web browser, application installation, full programmability, a file management system, multimedia presentation, high resolution display, several gigabytes of storage and location and movement sensors. Moreover, smartphone users more focus on sophisticated operational system of phone and high camera megapixels function. According to some earlier research that has been mentioned, it can be concluded that the product attributes in the smartphone are the set of capabilities, services and applications that they offer to their users.

In the marketing area, price is a crucial factor for consumers to evaluate quality (Zeithaml, 1988). From consumer’s cognitive conception, price is something that must be given up or sacrificed to obtain certain kinds of products or services. Anderson et al. (1994) emphasized price as an important factor of consumer’s purchase intention, because whenever consumers evaluate the value of an acquired product, they usually think of the price. Price fairness refers to a judgment on whether a price is
perceived as right, just, or legitimate versus wrong, unjust, or illegitimate (Campbell, 2007). Consumers usually judge price and product quality by the concept of equity, then generate their satisfaction or dissatisfaction level (Oliver et al., 1997). Consumers form their price fairness judgments by comparing the price to be judged with the price in a reference transaction, i.e., the reference price (Xia et al., 2004). A reference price is any price to which other prices are related and consumers rely on a variety of possible reference prices such as prices paid previously, prices paid by other consumers for the same product, prices of equal or similar products from competitors, and even expected future prices (Bolton et al., 2010; Bolton et al., 2003; Jacobson and Obermiller 1990). Based on the opinion of the price fairness referred from the past study, it can be defined as the justice obtained by consumers between the benefits that felt by consumers from the use of a product to the sacrifice that consumers did in the form money that had been spent to get the product.

Author makes this research because author attracted to the phenomenon that occurs in the world now, and Indonesia are also included in it, which the number of purchases of smartphones continue to increase from year to year as it is like not a single thing can stop people buying a new smartphone even though they already had a smartphone before that still can be used without damage of any. Seeing the development of technology that is contained in smartphones that always evolving little by little from year to year, it makes the researchers used the completeness of the smartphone attributes that might make people want to continue to buy a new smartphone and will always continue to buy it
anyhow. How can people always continue to buy a smartphone just to get the latest features provided by smartphone when in fact they will use the new one without so much different from their previous smartphone? Here is where the price fairness starts to play its role. With pricing that is always constant over time and with the addition of smartphone features at a price with not much different from the previous batch release of smartphones, people will feel the price set with the addition of technologies into a smartphone makes them feel like it is good buy as bang of the bucks. Just with spending a bit more money consumers get a smartphone with better features than previous smartphones. Past research has actually been done in Ethiopia (Sata, 2013), and Nigeria (Falayi and Adedokun, 2014). In these studies, the results obtained show a positive relationship between the completeness of smartphone’s attributes and smartphone consumers switch intention, with price fairness variable as its moderation. Author wanted to examine this phenomenon by Indonesia’s setting, specifically in the city of Surakarta, whether will it show the same results or it can be varied by the differences of the study area.