

# The Consumer Perception Toward Product Quality And Price Of IndiHome

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## The Consumer Perception Toward Product Quality And Price Of IndiHome

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### Abstract

This study aims to determine and identify the effect of product quality and price on the decision to use IndiHome by PT Telekomunikasi Indonesia (Telkom). This type of research was quantitative. The population in this study were IndiHome consumers in Jombang district, and a sample of 86 people. Data analysis using multiple linear regression method and hypothesis testing and coefficient of termination. Based on the research results indicate that the product quality and price of IndiHome influence consumer decisions to buy these products.

**Keywords:** product quality, price, usage decision, IndiHome

### A. INTRODUCTION

In globalization era, technology and information are experiencing rapid and sophisticated development and progress. This makes the public mindset more informative and people care and realize the need for technology and information such as telecommunications services. The need for communication services has many benefits such as it can be used to communicate and exchange information without boundaries and distances.<sup>8</sup>

The results of a survey conducted by the Indonesian Internet Service Providers Association (APJII) in early 2018, showed that internet penetration in Indonesia had increased in 2018, namely 143.26 million people or the equivalent of 54.7 percent of the population in Indonesia has been reached by the internet. APJII revealed that 143.26 million people or the equivalent of 54.7 percent of the population in Indonesia have been reached by the internet (kompas.com)

In Indonesia there are several internet service providers, namely Telkomsel, XL Axiata, Indosat, and Hutchison Whampoa as well as the two largest CDMA operators in the country, namely Esia and Smartfren. In addition, there are internet access providers or often referred to as ISPs (internet service providers) in providing good and quality services. The quality of internet access itself is greatly influenced by the amount of bandwidth provided by the ISP.

PT. telekomunikasi Indonesia (Telkom) is the largest telecommunications network service provider company in Indonesia. PT. Telkom provides infocom services, fixed wireline and fixed wireless, cellular telephone, data and internet services, network and interconnection, both directly and through subsidiaries. Indonesia Digital HOME (abbreviated as IndiHome) is one of the service products from PT Telekomunikasi

Indonesia in the form of communication and data service packages such as landlines (voice), internet (Internet on Fiber or High Speed Internet), and interactive television services (USee TV Cable, IP TV)

This research aims to determine how the perceptions of the IndiHome service users on the quality of the product and the price offered. Do these two factors influence the decision to use IndiHome's services? As well as how strong these two factors influence the decision to use IndiHome products.

## B. LITERATURE REVIEW

Consumer decisions in purchasing are a concept in purchasing behavior in which consumers decide to act or do something and in this case make a purchase or take advantage of certain products or services (Balawera, 2013). Consumer decision making is basically a problem solving process. Researchers use this purchasing decision variable because the study of purchasing decisions is still feasible to be investigated considering that the increasing number of products in circulation results in the need for various considerations for the community in making purchasing decisions. Most consumers, both individual consumers and organizational buyers, go through a similar mental process in deciding what products and brands to buy (Yulindo, 2013). Consumer purchasing decisions can be made if the product is in accordance with what consumers want and need.

In making purchasing decisions, usually the first thing that consumers consider in choosing a product is to look at the product attributes. Product attributes have a very important role for consumers in making purchasing decisions. In a product, there are elements of product attributes that can influence consumers in making purchasing decisions, namely product quality, price, brand, and features. This is the main consideration for consumers before making a purchase decision on a product. Like the study conducted by LayYee et al (2013) which shows that there is a significant relationship between product attributes consisting of brand, price, and features with purchase decisions. Products that have high quality product attributes will attract more consumers to use these products. Specific product attributes encourage exploration of consumer behavior, which can often lead to purchasing behavior (Park et al. 2012). Therefore, product attributes really need to be included in this study.

In this study, there were (two) proposed hypotheses, namely:

H1 : Product quality has a significant effect on the decision to use IndiHome products

H2 : Price has a significant effect on the decision to use IndiHome products

## C. METHOD

The design of this study is an explanatory research, which aims to explain the relationship between research variables through hypothesis testing (Singarimbun and Effendi 2010). The population in this study were IndiHome customers in Jombang district, while the sample in this study were 86 people. The data used are primary data obtained through a questionnaire. The measurement scale used is a Likert with

11 The data analysis technique used multiple linear regression, T-test assisted by SPSS software and also descriptive analysis.

The independent variables in this study are: Product Quality (X1), Price (X2). While the dependent variable is the usage decision (Y).

## D. RESULTS AND DISCUSSION

### 1. Descriptive Analysis

The results of descriptive analysis of respondents responses to the quality of IndiHome products (X1), obtained an average value of 3.64 or included in the good category. This shows that the respondents stated that the quality of IndiHome's products was good, especially seen from the items that the wide network distribution included throughout Indonesia. Meanwhile, the results of descriptive analysis of respondents' responses to price perception (X2) obtained an average value of 3.73 or included in good criteria. This indicates that the respondents stated that the price charged for the use of IndiHome's services was appropriate or reasonable in proportion to the facilities obtained.

The results of descriptive analysis of respondents' responses to the Purchase Decision (Y) obtained an average value of 3.92 or included in the good category. This shows that the respondents stated that Indohome's products are very good so that consumers continue to make repeat purchases every month (become customers).

### 2. Multiple Regression Analysis

To find out the equation model in this study, multiple Linear regression analysis was carried out. The results were shown in the following table:

Table 1: Multiple Linear Regression

Model	Coefficients <sup>a</sup>							
	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics		
	B	Std. Error	Beta			Tolerance	VIF	
	(Constant)	.335	2.474	.135	.893			
1	X1	.342	.071	.444	4.801	.000	.958	1.044
	X2	.362	.123	.272	2.945	.004	.958	1.044

a. Dependent Variable: Y

From the table above, the equation  $\hat{Y} = 0.335 + 0.342X1 + 0.362X2$  is obtained

This shows that product quality and price perceptions have a positive relationship with the decision to use IndiHome products.

From the table above, it also appears that the product quality variable (X1) has a t value of 4.801, a significance of 0.000 or less than 5% so that it can be stated that product quality has a positive and significant effect on the decision to use IndiHome products. The price variable (X2) has a t value of 2.945, a significance of 0.004 or less than 5%, so it can be stated that the price has a positive and significant effect on

purchasing decisions. To determine the magnitude of the influence of the two independent variables the dependent variable was carried out by the Determination Coefficient Test (R<sup>2</sup>). The result looks like this:

Table 2: Determination Coefficient Test (R<sup>2</sup>)

Model Summary <sup>b</sup>					
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.566 <sup>a</sup>	.321	.304	1.568	1.776

a. Predictors: (Constant), X2, X1  
b. Dependent Variable: Y

From the table above, it appears that the value of the coefficient of determination (R<sup>2</sup>) in this study is 0.304 which means that the decision to use IndiHome products by consumers is influenced by variables of product quality and price perception by 30.4% while the rest is influenced by other factors not examined in this study.

### 3. Discussion

Based on the results of the study, it shows that product quality affects consumers to continue using IndiHome products. This means that if the quality of the product is getting better, consumers will continue to use IndiHome products every month (become customers). However, if there is a decrease in quality, the consumer will think to stop using the product or no longer be a customer. From the research results it is also known that the thing (item) that has the most influence on product quality is reliability in a network that is spread throughout Indonesia so it is relatively stable. So that consumers state that IndiHome is quality.

This is in accordance with the opinion of Kotler and Armstrong (2012) that the meaning of product quality is the ability of a product to perform its function. Berkowitz et al (2011) state that decisions are the basic choice of two or more alternatives. Consumer purchasing decisions can be influenced by various factors, such as the quality of the product to be purchased, and the services that consumers get (Maulana, 2018).

This research also reveals that consumers consider the price charged for IndiHome's services to be in accordance with the services received. IndiHome pricing according to consumers is not expensive. This is in accordance with one of the principles for management in determining this price, which is to focus on the willingness of the buyer for a predetermined price in an amount sufficient to cover costs and generate profits (Swastha and Sukotjo, 2010; Ghanimata, F., & Kamal, M., 2012; Fristiana, D. A., Prihatini, A. E., & Listyorini, S., 2012)

Pricing decisions affect the number of sales made by the company and how much income is obtained. Prices that consumers want are competitive and affordable prices (Kristian, 2016; Pratama, 2015; Maulana, Irfan, 2018)

### E. Conclusion

Based on the results of research conducted, it can be concluded that consumer perceptions of product quality and the price charged can influence the decision to use IndiHome's products repeatedly. This means that consumers decide to become customers of IndiHome products because the quality of the product is good and comparable to the price charged.

From the results of these studies, it is advisable to IndiHome management to continue to maintain product quality by setting a fair price so that customers remain loyal to use IndiHome.

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