

THE EFFECT OF PRODUCT QUALITY, PRICE, AND PROMOTION TOWARD STUDENTS' PURCHASE DECISION FOR TELKOMSEL PRODUCTS

Michel Vincencia, Natalia Christiani

Universitas Ciputra, UC Town, Citraland, Surabaya 60219, Indonesia

Abstract: This study aims to test the effect of product quality, price, and promotion on purchasing decisions. This research specifically focuses on Universitas Ciputra Surabaya students majoring in International Business Management (BMI). This study uses quantitative methods with a total response of 105 students collected from online questionnaires using a 5-point Likert scale measurement. Data were analyzed using SPSS software. The results of this study concluded that product quality did not have a significant effect on student purchasing decisions at Universitas Ciputra Surabaya. Meanwhile, price and promotion significantly influence student purchasing decisions at Universitas Ciputra Surabaya. The results of this research show that both Price (Sig. value = 0.006) and Promotion (Sig. value = 0.002) significantly affect purchase decision, while Product Quality (Sig. value = 0.058) does not have significant influence toward purchase decision. Moreover, the study found that there is a positive relationship between Product Quality, Price, and Promotion toward students' purchase decision for Telkomsel products with the degree of independent variable explaining the effect of Telkomsel product purchasing decisions by 47.3%.

Keywords: product quality, price, promotion, and purchasing decisions

1. INTRODUCTION

The level of needs for mobile phone users is currently increasing. Especially in big cities where population growth continues to increase, smartphones are one of the urgent basic human needs. In an increasingly new, sophisticated, and fast-paced society, smartphones for students, teachers, entrepreneurs, and other types of work have become a primary need for all circles of society (Laksono &

*Corresponding Author.
e-mail: natalia.christiani@ciputra.ac.id

Suartha, 2017). People are more interested in using smartphones compared to other communication devices because they are more functional, easier to carry, and can be used whenever necessary.

During the Covid-19 pandemic, many people especially students are required to stay at home. The learning activities are done completely online. Starting from classes, assignments, tests, and many more. Moreover, these activities need an internet quota so the learning process can run smoothly. In this research, the researcher will discuss about Telkomsel company where it is the first of the most widely used cellular service provider based on the Top Brand Index data. This research will discuss further why most people choose Telkomsel as their phone service provider.

PT. Telekomunikasi Selular or also known as Telkomsel was established on 26 May 1995. Telkomsel has served Indonesia consistently, opening access to telecommunication across the country, from Sabang to Merauke. With over 160 million subscribers, Telkomsel is currently Indonesia's largest cellular operator. Telkomsel has several products, such as Halo, simPATI, As, and LOOP. Marketing management is required to become a leading organization while staying focused towards growing sales volume. Moreover, Kotler, et al. (2019), stated that the role of marketing management is to recognize and consistently deliver perceived consumer-valued offers to carefully targeted customers in the vibrant and challenging European marketplace, which has increased global geopolitical unrest, increased digital and global competition, and increased emphasis on their customers' organizational responsibilities and their profitability.

The right marketing concept is supposed to be capable of maintaining consumer trust in purchase decisions. According to Khanfar (2016), there are five phases in the buying decision process for customers: issue recognition, knowledge discovery, alternative evaluation, purchase, and post-purchase evaluation. Moreover, the purchase decision process should not take all five phases into account (Pride & Ferrell, 2012 in Khanfar, 2016). Modern businesses develop a complex marketing communication framework; they communicate with their customers, distributors, suppliers, and different individuals. However, the question for most organizations is not whether to communicate, but rather what to say, where, to whom, and when (Koekemoer & Bird, 2004 in Khanfar, 2016).

Service providers are also expected to be able to compete with competitors in terms of price, service quality, and other prime facilities. Indonesia has a variety of operators; thus, making customers consider deciding to purchase a service provider. As stated in Limpo, et al. (2018), purchasing decisions are the selection of two or more consumer purchase choices. Every day, customers make decisions about aspects of daily life. However, mostly without thinking about how to make decisions and what is involved in this decision-making process, the decision was made. The study analyses that the purchase decision factor becomes the most important thing to be analyzed. Consumer decisions in making purchases will be influenced by several factors that come from a business which can be controlled by the business itself. As an organization that needs to retain profitability, businesses need to consider what factors attract customers to select and purchase their goods. The company can assess and establish strategies by recognizing what affects the purchasing decision, so the company can gain more clients and maintain customers.

The quality of a product, price, and promotional activities are important factors that must be owned by a company when selling a product. It is proven by the research result of Saepuloh & Hisani (2020), with the title of "The Effect of Product Quality, Price, and Promotion on Purchasing Decisions" which claimed that those three factors are related and have a direct impact into customer purchasing decision. Based on those phenomena, there are 3 independent variables and 1 dependent variable relevant with the study. The independent variables are product quality, price, and promotion. The dependent variable is purchase decision. Therefore, the study analyzes the effect of product quality, price, and promotion toward students' purchase decision for Telkomsel products.

2. LITERATURE REVIEW

2.1 Marketing Mix

Singh & Gupta (2018), stated that marketing mix is the mixture of multiple marketing decisions that businesses use to sell its products and services. In addition, the term marketing mix refers to the combination of marketing methods used to meet the needs of consumers, but various scholars describe it

somewhat differently (Gursoy, 2017). Marketing promotes the process of trade and the growth of the company-customer relationship (Masár, 2016) which involves examining the needs and desires of consumers, designing a product or service that meets the needs and desires, providing a certain price, making it available via a specific place or distribution channel, and designing a promotion or communication campaign to raise awareness and draw interest. This process is the four P's and also known as the elements of the marketing mix, which are product, price, place, and promotion.

2.2 Product Quality

Before purchasing goods, customers will analyze items. The quality of the product is one of the things that may be a factor in purchasing a product or service by customers. Brata, et al. (2017), stated that product quality is the capacity of a product to perform its purpose. Ability is created for all products, including longevity, reliability, accuracy, ease in operating and repairing, and other valuable attributes. Moreover, in contrast to the global quality scenario, product quality is used as an intrinsic option and shows that it leads to different final decisions for the customer and the producer (Zhang, Cao, & He, 2018). The quality of the product is an important factor which determines the company's success in capturing current market share. Products are everything that can be sold to the consumer to fulfil a desire or need, including physical products, facilities, experiences, events, individuals, locations, property, organizations, data, and ideas (Kotler & Keller, 2016).

2.3 Price

Since price is a measure of an item, price is an essential factor that must be implemented by a business. Brata, et al. (2017), stated that price is one of a company's crucial achievements because the price determines how much benefit the company can earn from selling its products in the form of goods or services. In addition, price can be defined as the sum of money (monetary unit) and other (non-monetary) factors that include certain elements necessary to purchase a product or service (Tjiptono & Chandra, 2018). Supported by a statement from Novansa & Ali (2017), price is one of the most essential factors. It has a

significant impact regarding how consumers select benefits and value from their purchasing power by evaluating the most significant qualities in price decision making.

2.4 Promotion

Promotion has an important role in a business so that the business can be recognized by many people. This is supported by a statement from Brata, et al. (2017), promotion has been described as the most important practice and plays an active role in introducing, educating, and recalling the advantages of a product to persuade customers to purchase the promoted product. The purpose of promotional activities is to spread information and attract attention, as well as to build and cultivate desire in consumers to purchase the things supplied (Havidz & Mahaputra, 2020). In addition, promotion also includes the task of communicating and transmitting consumer product information and persuading target buyers to purchase the product (Limp, et al., 2018).

2.5 Purchase Decision

Purchasing decisions are decisions that involve buying or not based on the outcomes of previous activities (Saepuloh & Hisani, 2020). Purchasing decisions are actions needed by customers to buy an item. The customers' response consists of product selection, product brand selection, design alternatives, and also when purchases are made (Novansa & Ali, 2017). The method is seen as an operation consisting of selection, acquisition, and evaluation (Rossiter, 2003 in Suhaily & Darmoyo, 2017).

2.6 Hypothesis

A hypothesis test determines if a sample of data is consistent with or contradicts a hypothesis about the value of a population parameter. Thus, a hypothesis test tells if an effect is present or not, whereas an estimate tells about the size of an effect (Wiley, 2017).

According to Nahlia & DS (2016), product quality have significant and positive impact toward purchasing decisions. Based on the explanation above, the following hypothesis can be made:

H_1 : Product quality has a significant effect toward students' purchasing decision for Telkomsel products.

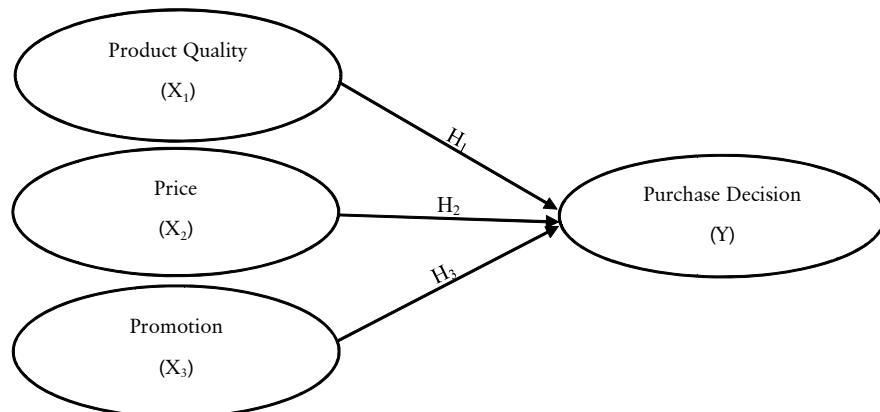
According to Saepuloh & Hisani (2020), prices have a significant effect on purchasing decisions. Based on the explanation above, the following hypothesis can be made:

H_2 : Price has a significant effect toward students' purchasing decision for Telkomsel products.

According to Saepuloh & Hisani (2020), promotion have a significant effect on purchasing decisions. Based on the explanation above, the following hypothesis can be made:

H_3 : Promotion has a significant effect toward students' purchasing decision for Telkomsel products.

Based on the proposed hypothesis, the analysis model can be described as follows:



3. RESEARCH METHODS

This research is using a quantitative method to analyze the data with the purpose to know the significant effects between product quality (X1), price (X2), and promotion (X3) toward purchase decisions. According to Brannen (2016), typically quantitative analysis is concerned with the method of enumerative

inference, one of the main aims of which is to find out how many and what type of individuals have a certain trait in the general or parent population that has been shown to occur in the sample population.

The researchers used a hypothesis to answer the problem of purchase decision in Telkomsel products. This study wants to see the effect of product quality, price, and promotion toward students' purchase decision. The purpose of this data is to find out the effect of product quality, price, and promotion toward students' purchase decision for Telkomsel products.

In this research, the population will be students of Universitas Ciputra Surabaya which are taking Business Management International major and thus, the population is 323 students. Hair et al. (2018) implied that when considering models containing five or less constructs, the minimum sample size is 100. Since the proposed model has 3 variables with 1 exogenous variable involving 21 indicators; 6 for Product Quality, 4 for Price, and 4 for Promotion, 1 endogenous variable involving 7 indicators; there are 21 indicators ($21 \times 5 = 105$) which mean that 105 is the required sample size. The researcher uses quantitative research where the data was collected through online questionnaire. The questionnaire distributed directly to the samples specifically 105 respondents. To have the respondents to complete the questionnaire, the researcher uses Likert scale with given description explained.

In this study, the researcher use quantitative method to analyze the data. Quantitative approaches, both in terms of publication and translation, are sometimes linked to a higher impact, mostly because of their wider generalization capacity. (Roni et al., 2019). In this analysis, there are two distinct methods used to collect information. The primary data as originated by the researcher for the first time by spreading questionnaires to the 105 data samples and compiling the result. Using the application of statistical analysis, the outcome will be processed. In addition, the researcher collected and analyzed secondary data from journals, books, and websites.

3.1 Results

The research objects of this research are International Business Management-International Class (IBM-IC) Students' in Universitas Ciputra Surabaya that

use Telkomsel Products as their phone service providers. The researcher spread the online questionnaire to 105 respondents. The results of descriptive analysis from respondents based on IBM-IC batch distribution and the total of the respondents who participated in this research. IBM-IC batch will be used as the characteristics of the respondents for this research. Based on the data, IBM-IC batch distribution of the respondents who take part in this research are mostly from the 2017 batch. However, 2019 batch respondents was more than the 2015 and 2016 batches. Moreover, 2018 and 2019 batches respondents almost have the same percentage. Descriptive analysis results based on age percentage. Age percentage will be used as the characteristic of the respondents for this research. Based on the data, most of the respondents are 20-21 years old (60 respondents). However, respondents who are 17-19 years old are more than those aged 22 years old.

3.2 Validity and Reliability Test

The validation test uses the Pearson correlation. The results of validity test is that all the significance result for those four variables are ≤ 0.05 . Thus, all the variables are valid, and it is useful for the researcher. The reliability test is using Cronbach's Alpha method. If the reliability coefficient is > 0.6 then it is reliable. Meanwhile, if the reliability coefficient is < 0.06 , then it is not reliable. From the reliability test result of the 105 respondents, it can be concluded that all the variables used by the researcher are reliable because the Cronbach's Alpha coefficient show > 0.6 , thus the values can be used for research.

3.3 Classical Assumption Tests

The normality test is using the Kolmogorov-Smirnov method. The normality test results in > 0.05 (0.200), which can be defined as a normally distributed residual. The autocorrelation test is using the Durbin-Watson method (DW test). The Durbin-Watson result is 2.155 with a total sample of 105 ($n=105$) and the independent variable is 3 ($k=3$). That result is showing that it matches the criteria in $DU < DW < 4-DU$, because the result number is in

between $1.7411 < 2.130 < 2.2589$, which means that there is no autocorrelation in this research. The VIF value for Product Quality is 1.579 with a tolerance value of 0.633, the VIF for Price is 2.133 with tolerance 0.469, the VIF for Promotion is 2.162 with tolerance 0.463. The VIF values in those three independent variables are below 0.8, which can be assumed that there is no multicollinearity in this research. The heteroscedasticity test is using the Glejser method. The three variables have a significance level of more than 0.05 where the product quality got 0.608; price got 0.178, and promotion got 0.356. This indicates that there is no heteroscedasticity in this research. The independent variables have significant linearity value of less than 0.05 and thus it can be stated that product quality variable (X_1), price (X_2), and promotion variable (X_3) have a linear correlation with the dependent variable, which is the purchase decision (Y).

3.4 Multiple Regression Analysis

$$Y = 1.706 + 0.128X_1 + 0.235X_2 + 0.272X_3$$

The effect of product quality (X_1) to purchase decision (Y) based on the regression coefficient value is 0.128, or if there is an improvement in value of product quality, then the purchase decision will increase. The effect of the price (X_2) to purchase decision (Y), based on the regression coefficient value is 0.235, or if there is an improvement in value of price, then the purchase decision will increase. The effect of the promotion (X_3) to purchase decision (Y) based on the regression coefficient value is 0.272, or if there is an improvement in value of promotion, then the purchase decision will increase.

3.5 Correlation Coefficient Analysis (R) and Determination Coefficient (R²)

The correlation coefficient value (R) is 0.699 (69.9%), which indicates the strong relationship between independent variables towards dependent variables. Moreover, the coefficient of determinant (R_2) is 0.488 (48.8%), which means that 48.8% of the purchase decision (Y) is affected by product quality (X_1), price

(X_2), and promotion variable (X_3) whereas, the remaining 51.2% is affected by other variables.

3.6 F-Test

The significance value of the F-test is $0.001 < 0.05$. This means, product quality (X_1), price variable (X_2), and the promotion variable (X_3) simultaneously affect purchase decision (Y).

3.7 t-Test

The result of t-test defines that the significance level of product quality (X_1) is $0.058 > 0.05$, which can be concluded that product quality does not significantly affect purchase decision (Y). The significance level of price (X_2) is $0.006 < 0.05$, which can be concluded that price significantly affects purchase decision (Y). The significance level of promotion (X_3) is $0.002 < 0.05$, which can be concluded that promotion significantly affects purchase decision (Y).

4. DISCUSSION

The t-test result with the significant level of product quality is $0.058 < 0.05$, which means that the variable product quality has not significantly influence the variable purchase decision. Therefore, the relationship between product quality and purchase decision is not having a strong relationship, which means when there is an increase in value of product quality, the customer's purchase decision to Telkomsel products will not follow the increase. So that the hypothesis H_1 stated as, "Product quality has a significant effect toward students' purchasing decision for Telkomsel products" is rejected.

The research conducted by Brata, et al. (2017), with the title "The Influence of Quality Products, Price, Promotion, and Location to Product Purchase Decision on Nitchi at PT Jaya Swarasa Agung in Central Jakarta" has results that show product quality having a strong correlation coefficient value to the purchase decision. However, the research results in this study are not the same. In this study, product quality does not have significant effect toward purchase decision. The result is proven by previous research, such as Shaharudin, et al.

(2011), with the title “The Relationship between Product Quality and Purchase Intention: The Case of Malaysia’s National Motorcycle/Scooter Manufacturer”. This research states that there are different objectives and priorities, or how situation which generated the “need” is not completely known, and the effects of any change are not totally predictable. Another possible cause is that in the purchasing of Telkomsel goods, customers may not position quality as their most important factor. While high quality Telkomsel products have been recognized, it is still insufficient enough to set a better behavioral purpose that can push the consumer to purchase Telkomsel products.

The variable price to purchase decision has the significance value of 0.006, which is smaller than 0.05. As the impact, there will be a significant influence from to the variable price towards purchase decision. Therefore, the second hypothesis (H_2) that stated “Price has a significant effect toward students’ purchasing decision for Telkomsel products” is accepted.

Besides the statistical analysis, another analysis came from the research of Nahlia & DS (2016), stating that price have significant effect towards purchase decision. According to the previous research by Saepuloh & Hisani (2020), the researchers also found the same result in which the variable price has significant influence and positive relationship.

According to the value shown in the t-test from the variable promotion to purchase decision, the significance level of promotion is $0.002 < 0.05$, which indicates that the variable promotion has significant influence on the variable purchase decision. Therefore, the third hypothesis (H_3) that stated “Promotion has a significant effect toward students’ purchasing decision for Telkomsel products” is accepted.

In the research by Nahlia & DS (2016), the researchers mentioned the same result, in which promotion is positively related to the variable purchase decision. Another research by Limpo, et al. (2018) also gave the same outcome in which the promotion has a positive relation towards the purchase decision.

5. CONCLUSION

Based on the data, findings, discussion, and hypotheses that have been mentioned in the previous points regarding to the effect of Product Quality,

Price, and Promotion toward students' Purchase Decision on Telkomsel products in Universitas Ciputra Surabaya, the conclusion of this research results is that Product Quality does not significantly influence toward the students' purchase decision in Universitas Ciputra Surabaya. Therefore, the first hypothesis (H_1) is rejected. Price significantly influence toward the students' purchase decision in Universitas Ciputra Surabaya. Therefore, the second hypothesis (H_2) is accepted. Promotion significantly influences toward the students' purchase decision in Universitas Ciputra Surabaya. Therefore, the third hypothesis (H_3) is accepted.

For Telkomsel Company, it should better adjust product quality with people's purchasing power, which will affect purchasing decisions. This is intended to maintain purchasing decisions. Especially in the pandemic situation, Telkomsel company should be more focusing on their promotion activity and adding more promotion to internet data packages since people tend to stay at home during this pandemic. To add more suggestion, Telkomsel can pay more attention and manage every potential possessed by individuals as prospective employees who will be placed in a marketing division so that everyone has high self-efficacy. For further researcher, this study is aimed to have knowledge and understanding about the effect of product quality, price, and promotion towards the purchase decision of Telkomsel. Moreover, the results of this study can be used as reference by increasing the number of variables that have a direct effect on purchasing decisions. Further researchers can have deeper examination regarding product quality variable on purchase decisions.

In this research, there are a few limitations and gaps that inhibit the maximum review at the time of implementation. The sample of this research was only using IBM-IC's students in Universitas Ciputra Surabaya. If the scope is expanded, the data result would be richer and more accurate.

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