The Effect of Product Quality and Price Perception on Purchasing Decisions for Indihome Providers in Sidoarjo

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ABSTRACT	Published Online: August 10, 2023
The goal of this study was to ascertain and examine how customer perceptions of product quality and pricing influenced purchases from Sidoarjo'sIndihome providers. The dependent variable in this study is the purchase decision, while the independent variables are perceived product quality and price. This research approach employs quantitative research methodologies. 65 Indihome Provider customers in Sidoarjo served as the study's sample population. by distributing questionnaires, sampling will be done using a non-probability sampling method and a purposive sampling methodology. The partial least squares (PLS) analytical tool was used for the component-based structural equation modeling (SEM) method of data analysis. According to the study's findings, product perceptions of both quality and value influence Indihome Providers' in Sidoarjodecisions to buy.	**KEYWORDS:** Product Quality, Price Perception, Purchase Decision

1. INTRODUCTION

The ease with which people may go about their everyday lives is proof that times have changed, and this is because of the quick development of technology, which often surpasses human expectations for sophistication. Information dissemination is undoubtedly impacted by this in all aspects and fields. According to Anggraeni and Irviani (2018: 13), information is defined as "a collection of data or facts that have been organized or processed in such a way as to have meaning for the recipient." According to Hadi et al. (2020), information is defined as data that has been transformed into something more valuable for the recipient in order to aid in decision-making..

There are many companies providing services in the telecommunications sector in Indonesia, one of which is PT Telekomunikasi Indonesia (Telkom). Telkom is currently one of the companies that dominate the telecommunications industry in Indonesia. Telkom is a telecommunications service company that has the advantage of using fiber optic technology, which is able to provide high internet speeds.

This company offers a variety of service products to make it easier for Indonesians to communicate and benefit from technological developments. One of the products produced by Telkom is Indihome (Indonesia digital home),

Table 1. Percentage of Indihome Users

Year	IndiHome
2018	42,1%
2019	39,8%
2020	36,7%
2021	34,6%
2022	33,8%

Source : www.topbrand-award.com

As in table 1, where the percentage of indihome product users in the last 5 years has continued to decline. Of course, there are not a few problems that occur that make this happen, such as the emergence of similar companies that make PT Telkom have to compete so that its products still exist. PT Telkom must also adjust to several regulations issued by the government, such as the basic tariff price regulation.

Table 2. List of Provider Price Comparison in Indonesia

Name	Price	Speed	Package
Indihome	Rp.300-945	10-100 Mbps	Internet, TV, Telepon
First Media	Rp.361-3.129	15-300 Mbps	Internet, TV, Streamtainment

Biznet	Rp.325- 600	75-150 Mbps	Internet, TV, Phone

Source : www.gawaiso.com

The decrease in the percentage of indihome users is also caused by competing products that have faster network speeds and cheaper prices. Many indihome users often complain about slow network speeds and also complaints in the form of indihome prices that tend to increase and do not match the initial agreement during the subscription agreement between the user and the service provider. As in table 2, indihome, which has a price of up to 900 thousand, only has a network speed of 10-100 mbps, while competing products have a network speed of 300 mbps. From this, of course consumers will choose products that have good quality.

II. LITERATURE REVIEW
Product Quality

Product quality is one of the factors that manufacturers or businesses must take into account because it has a significant impact on consumer satisfaction concerns, which is the aim of the business' marketing activities, according to ASSUARI (2009) in S. Sani (2022). In Ellysa (2018), Armstrong defines product quality as having a value that may satisfy customers both physically and psychologically and demonstrates the traits or properties present in a thing or result. Kotler and Armstrong define "Product Quality" as an item that can be made available to the market for consideration, ownership, usage, or consumption and meet needs and wants.

Price Perception

According to (Budiastari, 2017), determining whether a procedure will produce results that are acceptable and unquestionably reasonable in another sense makes sense is how the perception of pricing fairness is defined. pricing perception is described by Chang and Wildt in Kaura (2022) as a depiction of the consumer's perceptions or subjective perceptions of the product's objective pricing. Price differences are seen to be a significant role in purchasing decisions in today's environment of increased competition, where consumers would typically choose the product or service with the lowest price. Price perception, according to Cambell in Cockril and Goode (2020: 368) in Bayu Rifa'I (2021), is a psychological component from a variety of aspects that has a significant impact on consumer responses to prices. That is why price perception is the reason for a person's decision to make a purchase.

Purchase Decision

Purchasing decisions fall under the category of consumer behavior, which is defined as the study of how individuals, groups, and organizations select, acquire, employ, and make use of products, services, concepts, or experiences in order to meet their needs and desires, including consumer purchases (Kotler and Keller, 2021: 194). Because each consumer has a distinct buying pattern, decisions about what to buy cannot be isolated from consumer nature (consumer behavior). Tjiptono claims that purchases are an element of consumer behavior in M. Marbun (2022). Consumer behavior includes both the decision-making process before and after an action that is related to the identification and acquisition of a good or service. Kotler (2011) asserts in Dumiati (2017) that consumers' decisions to buy or not to buy a product constitute their purchasing decisions.

### Product Quality and Purchasing Decision

As stated in Monalisa (2018), (Syarif, 2008: 45) product quality is a tactic employed by businesses to increase market share by creating a number of noteworthy distinctions between their goods and those of their rivals. Indrasari (2019) explains that consumer purchase decisions are a stage of making a selection of two or more alternative choices, quoting Schiffman and Kanuk (2008: 485). The results of a study (SelametFuadi, 2022) demonstrated that factors affecting product quality had a favorable and significant impact on purchase decisions. The findings of this study demonstrate how customer purchasing decisions can be influenced by research on product quality in relation to the degree of consumer wants and needs.

H1 :For Indihome providers in Sidoarjo, product quality has a favorable and significant impact on purchasing decisions.

Price Perception and Purchase Decision

In Imam Mahdi (2018), Beneke argues that consumer perceptions of pricing are one of the most crucial variables because they serve as extrinsic signals and give consumers the most crucial information at their disposal. The perception of pricing fairness, according to (Setiono&Holili, 2018), is described as an evaluation of a result and how a procedure will achieve a result that is acceptable and unquestionably inside a fairness in another meaning. pricing perception is described by Chang and Wildt in Kaura (2022) as a depiction of the consumer's perceptions or subjective perceptions of the product's objective pricing. Research suggests that the price perception variable has a favorable and large impact on purchasing decisions (Kembey et al., 2022). The results of this study indicate that research related to price perceptions that are in accordance with product benefits can encourage consumers to make purchasing decisions.

H2 :For Sidoarjo'sIndihome providers, price perception has a favorable and significant impact on purchasing decisions..
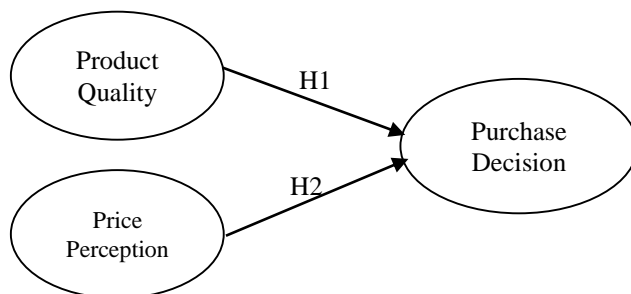
Fig 1. Conceptual Framework

III. RESEARCH METHODS

The target demographic for this study, which employs quantitative approaches, are Indihome customers in Sidoarjo. The research sample was created using a non-probability sampling strategy, a purposive sampling method, and 65 respondents. This study used a Google Form to deliver a list of questions to respondents who have used or are now using Indihome services in Sidoarjo in order to gather data. The partial least squares (PLS) analysis tool is used in the data analysis process, which employs the structural equation modeling (SEM) analysis method.

IV. RESULTS AND DISCUSSION

Of the 65 respondents who answered the questionnaire that had been distributed, it can be seen that the age of the most respondents was 15-24 years, namely 32 respondents or 49.23% and the most respondents' jobs were students as many as 32 respondents or 49.23%.

Validity and Reliability Test

The phrase "Average Variance Extracted" (AVE), which is a numerical value, indicates the amount of indicator variation carried by the hidden variable. Convergent AVE values greater than 0.5 demonstrate good validity sufficient for latent variables.

To be considered consistent in measuring latent variables, composite reliability must be more than 0.7.

Table 3. Average Extracted (AVE) and Composite Reliability

	Average Variance Extracted (AVE)	Composite Reliability
Product Quality (X1)	0,742516	0,942134
Price Perception (X2)	0,791224	0,935065
Purchase Decision (Y)	0,802953	0,938066

Source : Data Porcessed 2023

The amount of indicator variation held by the latent variable is indicated by the term "Average Variance Extracted" (AVE), which is a numerical figure. Good validity sufficiency for latent variables is shown by convergent AVE values larger than 0.5. The average variance extracted (AVE) value for each construct (variable) in reflective indicator variables reveals this. If the AVE of any construct is more than 0.5, a good model is necessary. In general, the variables in this study can be deemed to have good validity because the AVE test results for the Product Quality variable (X1) were 0.742516, the Price Perception variable (X2) was 0.791224, and the Purchasing Decision (Y) was 0.802953.

When a construct's reliability is determined by its composite reliability value, which must be more than 0.70,

the indicator is said to be consistent in measuring the latent variable. It can be concluded that all of the variables in this study are reliable based on the Composite Reliability test results, which show that the Product Quality variable (X1) is 0.935065, the Price Perception variable (X2) is 0.938066, and the Purchasing Decision (Y) is 0.942134.

Inner Model (Structural Model Testing)

The RSquare value, a goodness-of-fit model test, is used to evaluate the structural model. The R-square in the equation between the latent variables can be used to determine the inner model testing. The R2 number illustrates how well the endogenous variables (dependent / dependent) are explained by the exogenous variables (independent / free) in the model.

Table 4. R-Square.

	R-Square
Product Quality (X1)	
Price Perception (X2)	
Purchase Decision (Y)	0,516136

Source : Data Processed 2023

R2 is equal to 0.516136. According to this interpretation, the model can account for the phenomenon of purchasing decisions that are influenced by independent variables such as product quality and price perception with a variance of 51.61%, with the remaining 48.39% being explained by factors not included in this study (other than product quality and price perception).

Hypothesis Testing

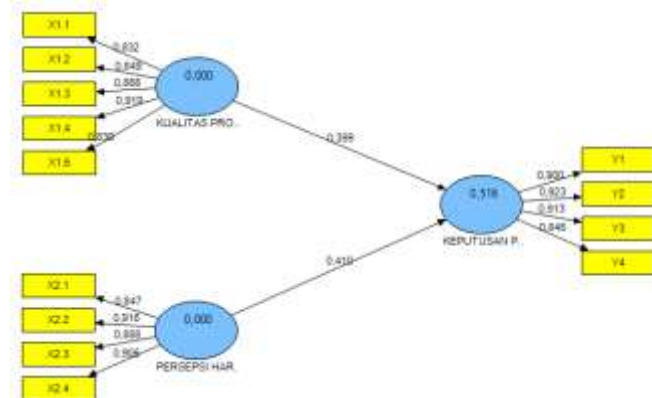The following figure 2 illustrates the importance of the Bootsrapping T-Statistic value results.

Fig. 2 : T-Statistic Bootstraping
Source : Data Processed 2023

The magnitude of the factor loading value for each indicator, which is located above the arrow between the variable and the indicator, as well as the magnitude of the path coefficients, which are located above the arrow line connecting the exogenous variables and the endogenous variables, can both be seen in the PLS output image shown above. Additionally, the quantity of R-Square that is directly

inside the circle denoting the endogenous variable (Purchase Decision variable) can be viewed.

Table 5. Path Coefficients (Mean, STDEV, T-Values, P-Values)

	Path Coefficient (o)	Sample Mean (M)	Standard Deviation (STDEV)	T-Statistics(|O/STERR|)	P Values
Product Quality (X1)->Purchase Decision (Y)	0,399445	0,395241	0,112166	3,561207	0,001
Price Perception (X2)->Purchase Decision (Y)	0,409620	0,411034	0,110987	3,690708	0,000

Source : Data Processed 2023

IV. DISCUSSION

The Effect of Product Quality (X1) on Purchasing Decisions (Y) for Indihome Providers in Sidoarjo

According to the findings of the research, Product Quality Has a Positive and Significant Effect on Sidoarjo'sIndihome Providers' Purchasing Decisions. These findings show that consumers in Sidoarjo believe the Indihome provider's products are of good quality, and as a result, they choose to buy from them because they offer good reliability, long durability, and performance. The various aspects of a product are the most significant predictor of its quality, according to the findings of the Outer Loadings research. Because they offer various characteristics, buyers are advised to use Indihome suppliers in Sidoarjo while making their purchasing decisions. The findings of this study's discussion demonstrate that consumers are more motivated to make purchases when a product's quality is higher or better..

The results of this study are in line with Slamet Fuadi, (2022), Muhammad David Bagus Rahendra, (2022), Aulia Nur Rahmawati, (2021) which states that Product Quality has a positive and significant effect on Purchasing Decisions..

The Effect of Price Perception (X2) on Purchasing Decisions (Y) for Indihome Providers in Sidoarjo

According to the findings of the research, Price Perception has a positive and significant impact on Sidoarjo'sIndihome Providers' purchasing decisions. This demonstrates that customers in Sidoarjo have a positive opinion of Provider Indihome's pricing, as evidenced by the fact that customers buy Provider Indihome products because the prices are reasonable, the costs are reasonable given the benefits received, and the costs are reasonable given the provider's ability or competitiveness. The price in relation to product quality is the most significant indicator for price perception, as shown by the findings of the Outer Loadings research. Consequently, when choosing an Indihome Provider in Sidoarjo,Customers are urged to purchase Indihome suppliers

since the cost reflects the caliber of the goods. The findings of this study's discussion demonstrate that a high level of consumer interest in purchase decisions will result from a price that is commensurate with the quality of the product offered by the Indihome supplier.

The results of this study are in line with Slamet Fuadi, (2022), Muhammad David Bagus Rahendra, (2022), Aulia Nur Rahmawati, (2021) which states that Price Perspsi has a positive and significant effect on Purchasing Decisions.

V. CONCLUSION

The following conclusions can be taken from data analysis findings and earlier talks regarding the impact of product quality and price perceptions on purchasing decisions for Indihome providers in Sidoarjo.:

1. Product quality contributes to the Indihome Provider Purchasing Decision in Sidoarjo. This shows that the higher or better the product quality, the higher the consumer's purchasing decision.

2. Price Perception contributes to the purchase decision of Provider Indihome in Sidoarjo. This shows that the better or higher the price perception, the higher the consumer's purchasing decision.

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