The Influence of Product Quality and Price on Indihome Product Purchase Decisions at PT. Telkom Indonesia South Tangerang

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Article Information	Abstract

Abstract. This research is to determine the effect of product quality and price on purchasing decisions. This type of research is quantitative research with an associative approach. The population is 4,346 consumers who purchased Indihome products in 2021 at PT. Telkom Indonesia South Tangerang, with a total sample of 98 respondents taken using the Purposive Sampling method using the Slovin formula. The instrument tests used are Validity Test and Reliability Test. The classical assumption tests used include the Normality Test, Multicollinearity Test, and Heteroscedasticity Test. And Verification Research Analysis includes Simple Linear Regression Analysis, Multiple Linear Regression Analysis, Correlation Coefficient and Determination Coefficient. Hypothesis tests used (t test) and (f test). The results of this research show that product quality partially has a significant effect on purchasing decisions with a tcount of 8.966 > ttable value 1.985 and price partially has a significant effect on purchasing decisions with a tcount of 5.654 > ttable value 1.985. Simultaneously, the results of data processing show that product quality and price have a positive and significant influence on purchasing decisions for Indihome products at PT. Telkom Indonesia South Tangerang, by obtaining a value of Fcount > Ftable 40.468 > 3.09. With the value of the multiple regression equation $Y = 10.138 + 0.645X_1 + 0.090X_2$. With a coefficient of determination of R^2 of 46.0%. Then the rest is influenced by other factors.

1. INTRODUCTION

The internet has become a part of life for most of the world's population. From searching for information, working, shopping or using social media to greet friends, relatives and family. Currently, Indonesia is the country with the 4th largest number of internet users in the world and has internet penetration of 73.7% of the total population or 202.6 million users.

PT. Telkom is a State-Owned Enterprise (BUMN) which operates in the field of information and communication technology services and telecommunications networks in Indonesia. Telkom's majority shareholder is the Government of the Republic of Indonesia amounting to 52.09%, while the remaining 47.91% is controlled by the public. Telkom shares are traded on the Indonesia Stock Exchange with the code "TLKM" and the New York Stock Exchange with the code "TLK".

Current telecommunications developments make PT. Telkom innovates and develops its products, where PT. Telkom is a company that provides various communication facilities to meet the needs of the telecommunications industry community, providing various services (multi-services) to its consumers, namely voice (telephone), data (internet) and images (usee-tv) in one access network or known for its triple-play service called Indihome. Indihome is a triple-play service from Telkom which consists of internet on fiber or high speed internet, telephone (landline telephone), and iptv (usee tv cable). The release of this Indihome product is in connection with the start of the switch of the Telkom network from copper cables to fiber optic cables. However, there are still many potential consumers of this Indihome product who don't know what Indihome is and the various advantages and facilities that come from using Indihome. Indihome is a bundling product so the price is offered to consumers. For most areas of Indonesia, Indihome will be served using 100% fiber, meaning fiber optic cables are installed all the way to the consumer's home.

The purchasing decision is one of the stages in the purchasing decision process before post-purchase behavior. Before entering the purchasing decision stage, consumers are faced with several alternative choices, so that at this stage consumers will act according to the choices that have been identified and decide to buy a product or service. Purchasing decisions are actions taken by consumers to buy the product.

Based on observations made, there were fluctuations in increases and decreases in Indihome sales at PT. Telkom Indonesia South Tangerang.. In 2018 the number of Indihome sales reached 3,985 consumers, increasing to 4,764 consumers in 2019 and peaked in 2020, when during the Covid 19 pandemic many employees had to work at home and teachers, lecturers and students carried out online learning processes, This made them interested in using Indihome products and there was even an increase in the number of Indihome sales to reach 6,853 consumers from 2019 to 2020. However, there was the most significant decline in 2021, namely down to 4,346 consumers from sales in 2020. Number of Indihome Sales in PT. Telkom Indonesia South Tangerang, which fluctuates every year, cannot be separated from factors that are thought to influence such as product quality and price which influence purchasing decisions to choose Indihome as their choice.

Product quality is the main driving factor for purchasing decisions. According to Kotler and Armstrong (2017:299), product quality is the ability of a product to carry out its function, which includes product life, reliability, ease of use and ease of repair, as well as other values. According to Kotler and Armstrong (2017:349), product quality indicators consist of 7, namely performance, features or characteristics, reliability, conformity to specifications, durability, aesthetics, maintainability

According to report data from observations, disruptions to Indihome products increased in 2021. The most significant disruption reports occurred in September 2021, 26 customers reported in the morning, 30 customers reported in the afternoon and 44 customers reported in the evening. The disruption was due to the Java, Sumatra and Kalimantan (Jasuka) submarine cable communication system for the Batam

- Pontianak section experiencing problems. Disruptions to Indihome products are influenced by various factors such as changing the network from copper cables to fiber optics and others.

Apart from product quality, price is one of the factors that consumers consider before buying a product. According to Kotler and Armstrong (2016:345), price can be defined narrowly as the amount charged for a product or service. It can be broadly defined as price, namely the amount of value that consumers exchange for the benefits of owning and using a product or service, so that the Company can obtain a reasonable profit by being paid for the consumer value it creates.

From previous observations, several consumers think that Indihome sells products at prices that are slightly more expensive than other providers. This can be seen in the following table.

Table 1. Comparison of Indihome Prices with other Providers in 2021

Provider/Kecepatan	30 Mbps	50 Mbps	100 Mbps
MNC Play	Rp 369.000	Rp 499.000	Rp 879.000
Indihome	Rp 450.000	Rp 590.000	Rp. 945.000
Oxygen	-	Rp 306.000	Rp 414.000
My Republic	Rp 329.000	Rp 389.000	Rp 439.000

Sources: *www.pricebook.co.id* (processed 2023)

Based on the above, from 30 MBPS to 100 MBPS, it can be seen that Indihome product prices are more expensive compared to prices at other providers. Therefore, Telkom's current challenge is to provide quality products and appropriate prices to increase sales of these products to consumers, increase market penetration, and be able to compete in the multi-service business.

Based on the description above, the aim of this research is to analyze the influence of product quality and price on purchasing decisions for Indihome products at PT. Telkom Indonesia South Tangerang, both partially and simultaneously.

2. METHOD

The type of research used is quantitative method research with an associative approach which aims to find out how a variable has a relationship with existing variables. This research includes three variables, namely: Product Quality (X1), Price (X2) and Purchase Decision (Y), and the research object is consumers who buy Indihome products at PT. Telkom Indonesia South Tangerang. The population is all consumers who purchased Indihome products in January – December 2021 with a total of 4,346 consumers. The sample size calculation in this study used the Slovin formula with an error margin of 10% so that the sample used was 98 people.

The data collection techniques used in this research were questionnaires, observation and literature study. The instrument tests used are Validity Test and Reliability Test. The classical assumption tests used include the Normality Test, Multicollinearity Test, and Heteroscedasticity Test. And Verification Research Analysis includes Simple Linear Regression Analysis, Multiple Linear Regression Analysis, Correlation Coefficient and Determination Coefficient. Hypothesis tests used (t test) and (f test). In hypothesis testing, SPSS version 25 software was used.

3. RESULT AND DISCUSSION
Validity test

Based on data processing from the validity test results, it was found that all statement items used in this study had a correlation coefficient greater than rtable = 0.198 so that all statement items were said to be valid.

Reliability Test

The Reliability Test of the Product Quality Variable (X1) produces a Cronbach's alpha value of 0.155 and the Price variable (X2) produces a Cronbach's alpha value of 0.238 and the Purchase Decision variable (Y) produces a Cronbach's alpha value of 0.326. So it can be stated that all instruments.

Normality test

Based on data processing, the probability value p or Asymp.Sig is known. (2-tailed) of 0.200. Because the probability value p is 0.200, so Asymp.Sig (2-tailed) is > 0.05, there is no normal distribution disturbance.

Multicollinearity Test

Based on calculations, the VIF value of the product quality variable is 1.832 and the VIF value of the price variable is 1.807. Because each VIF value is not greater than 10, there are no symptoms of severe multicollinearity.

Heteroscedasticity Test
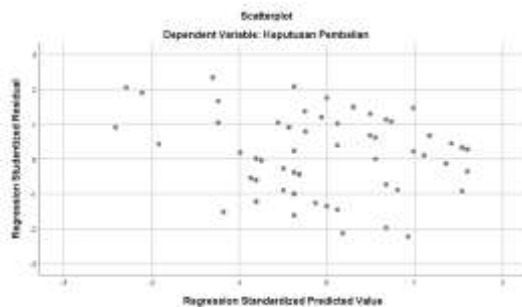
Source: Data primer processed by SPSS 25, 2023

Based on the picture above, it is explained that there is no clear pattern, and the points are spread above and below the number 0 on the Y axis, so heteroscedasticity does not occur.

Descriptive Analysis Test

Table 2. Respondent Response Interval Scale

Category Criteria or Interpretation	Interval Scale
Strongly Disagree or Very Unfavorable	1,00 – 1,79
Disagree or Unfavorable	1,80 – 2,59
Doubtful or Not Good	2,60 – 3,39
Agree or OK	3,40 – 4,19
Strongly Agree or Very Good	4,20 – 5,00

Source: Sugiyono (2016:92)

Based on the questionnaire, statements on the product quality variable obtained an average variable value of 3.67, including a scale range of 3.40-4.19 with good criteria, statements on the price variable obtained an average value of 3.67, including a scale range of 3.40. -4.19 with good criteria, while the purchasing decision variable statement obtained an average value of 3.71, including the scale range of 3.40-4.19 with good criteria.

Simple Linear Regression Analysis Test

Based on the calculation results contained in the product quality variable, the simple linear regression equation coefficient Y = 11.198 + 0.707X1 + e is obtained, so it can be concluded:

a. A constant of 11.198 means that if the Product Quality value is 0, then the Purchase Decision level is 11.19

b. The Product Quality regression coefficient is 0.707, meaning that if Product Quality increases by one unit, Purchasing Decisions will increase by 0.707 units assuming other independent variables have a fixed value and vice versa.

Based on the calculation results contained in the price variable, the simple linear regression equation coefficient Y = 18.300 + 0.514X2 + e is obtained, so it can be concluded:

a. A constant of 18,300 means that if the price value is 0, then the Purchase Decision level is 18,300
b. The price regression coefficient is 0.514, meaning that if the price increases by one unit, purchasing decisions will increase by 0.514 units assuming that the other independent variables have a fixed value, and vice versa.

Multiple Linear Regression Analysis Test

Table 3. Multiple linear regression

		Unstandardized Coefficients		Standardized Coefficients			Collinearity Statistics	
Model		B	Std. Error	Beta	t	Sig.	Tolerance	VIF
1	(Constant)	10,138	3,153		3,215	0,002		
	Product quality	0,645	0,106	0,616	6,081	0,000	0,553	1,807
	Price	0,090	0,104	0,088	0,868	0,388	0,553	1,807
a. Dependent Variable: Keputusan Pembelian								

Source: Data primer processed by SPSS 25, 2023

Based on the above, the multiple linear regression equation is obtained $Y = 10.138 + 0.645X1 + 0.090X2$, so it can be concluded:

a. Constant (bo) = 10.138, this shows the constant level, where if the product quality and price variables are 0, then the purchasing decision of Indihome consumers at PT. Telkom Indonesia South Tangerang amounted to 10,138.
b. The coefficient value of product quality is 0.645, this shows that the product quality variable has a positive influence on purchasing decisions, or in other words, if the product quality variable increases then the purchasing decision of Indihome consumers at PT. Telkom Indonesia South Tangerang will increase by 0.645 assuming other variables remain constant
c. The coefficient value of price is 0.090, which is positive. This shows that the price variable has a positive influence on purchasing decisions, or in other words, if the price variable increases then the purchasing decisions of Indihome consumers at PT. Telkom Indonesia South Tangerang will increase by 0.090 assuming other variables remain constant.

Determination Coefficient Analysis Test (R^2)

Table 4. Coefficient of Determination

			Adjusted	
		R	R	Std. Error of
Model	R	Square	Square	the Estimate
1	.678a	0,460	0,449	1,632
a. Predictors: (Constant), Price, Product quality				
b. Dependent Variable: Buying decision				

Source: Data primer processed by SPSS 25, 2023

Based on the results of the table above, it can be concluded:

a. The coefficient of determination R^2 is located in the R-Square column at 0.460, which means the relationship between Product Quality (X1) and Price (X2) on Purchasing Decisions (Y) is 46.0%. This means that there is a strong relationship between variables.
b. The Adjusted R square value is 0.449. This value means that all independent variables, namely product quality and price, simultaneously influence the purchasing decision variable by 44.9%, the remaining 55.1% is influenced by other factors.

Partial Significant Test (t-test)

Table 5. Product Quality t test

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	11,198	2,903		3,858	0,000
	Product quality	0,707	0,079	0,675	8,966	0,000
a. Dependent Variable: Buying decision						

Source: Data primer processed by SPSS 25, 2023

Based on the table above, it can be concluded that, the value of tcount is 8.966 > ttable 1.985 and Sig 0.000 < 0.05, then product quality has a significant influence on purchasing decisions.

Tabel 6. Price t test

Coefficients^a

		Unstandardized Coefficients		Standardized Coefficients		
Model		B	Std. Error	Beta	t	Sig.
1	(Constant)	18,300	3,345		5,470	0,000
	Price	0,514	0,091	0,500	5,654	0,000
a. Dependent Variable: Buying decision						

Source: Data primer processed by SPSS 25, 2022

Based on the table above, it can be concluded that the value of tcount is 5.654 > ttable 1.985 and Sig 0.000 < 0.05, so price has a significant influence on purchasing decisions. From the results of this partial hypothesis testing, it shows that product quality is the most dominant variable among other variables to influence Indihome Consumer Purchasing Decisions at PT. Telkom Indonesia South Tangerang.

Simultaneous Significant Test (F-Test)

Tabel 7. Test the Simultaneous Effect with the F Test

ANOVA^a

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	215,614	2	107,807	40,468	.000^b
	Residual	253,080	95	2,664		
	Total	468,694	97			
a. Dependent Variable: Buying decision						
b. Predictors: (Constant), Price, Product quality						

Source: Data primer processed by SPSS 25, 2022

Based on the table above, the Sig value is known. is 0.000 and the calculated F value = 40.468. Because Sig. 0.000 < 0.05 and $Fhitung$ = 40.468. > $Ftabel$ = 3.09, it is concluded that the simultaneous influence of all independent variables, namely product quality and price is statistically significant on purchasing decisions.

4. DISCUSSION AND CONCLUSIONS
Discussion

Based on the results of this research, it is known that Product Quality (X1) in Indihome products at PT. Telkom Indonesia South Tangerang has a significant influence on purchasing decisions. This is proven by the tcount of 8.966 > ttable value of 1.985 and a significant value (0.000 <0.05). This shows that the quality variable has a positive and significant effect on consumer purchasing decision variables. And the hypothesis stated previously was accepted, that quality has a positive and significant influence on purchasing decisions for Indihome products at PT. Telkom Indonesia South Tangerang. The dimension

that has the largest score is (Maintainability), namely with a score of 3.89 (agree), on the instrument "I buy Indihome products because the product quality is guaranteed to be good". This is related to high quality and guaranteed good quality, which has succeeded in creating consumer purchasing decisions. This must be maintained and continuously improved. And for Dimensions (Durability), namely with a score of 3.44 (agree) on the instrument "I am happy with Indihome products even though in rainy conditions the network remains stable" The majority of consumers agree that it still needs to be paid more attention, because this instrument has the lowest score which will make consumers consumers feel disappointed with the quality of the product.

This research supports the findings of a study conducted by Nurmin Arianto, Giovanni (2020) that product quality has a positive and significant effect on purchasing decisions. This is in line with the theory put forward by Kotler and Armstrong (2017: 299), "Product quality is the ability of a product to carry out its function, which includes product life, reliability, ease of use and ease of repair, as well as other values. Product quality can be measured in two ways, namely an internal point of view and an external point of view."

Based on the results of this research, it is known that the price (X2) of Indihome products at PT. Telkom Indonesia South Tangerang has a significant influence on purchasing decisions. This is proven by the tcount value of 5.654 > ttable value of 1.985 and a significance value of 0.000 < 0.05. This shows that the price variable has a positive and significant effect on consumer purchasing decision variables. And the hypothesis stated previously was accepted, that quality has a positive and significant influence on purchasing decisions for Indihome products at PT. Telkom Indonesia South Tangerang. The dimension that has the largest score is (Affordability of price), namely with a score of 3.79 (agree) on the instrument "I bought Indihome because the price offered is quite affordable" this is related to the price being quite affordable, it has succeeded in creating a decision consumer purchases. This must be maintained and continuously improved. And for Dimensions (Adjusting price to product quality), namely with a score of 3.47 (agree) on the instrument "I feel that Indihome prices have other good benefits compared to other providers". The majority of consumers agree that it is still necessary to pay more attention, because this instrument has the lowest score which will make consumers feel that the price given by Indihome does not match the quality of its products.

This research supports the findings of a study conducted by Henita Sri Muliani, Aris Ariyanto, et al (2020) that product price does not have a positive and significant effect on purchasing decisions. This is in line with the theory put forward by Kotler and Armstrong (2012: 345) that price is the amount of money charged for a product or service. or broadly defined as price, namely the amount of value that consumers exchange for the benefits of owning and using a product or service, so that the Company can obtain a reasonable profit by being paid for the consumer value it creates.

Based on the research results, it can be concluded that product quality (X1) and price (X2) partially or simultaneously show a significant influence on purchasing decisions for Indihome products at PT. Telkom Indonesia South Tangerang. This is proven by F_{hitung} of 40.468 > F_{tabel} = 3.09 and a significant value (0.000 < 0.05). The dimension that has the largest score is (Number of purchases), namely with a score of 3.83 (agree) on the instrument "I decided to buy Indihome products because the number of uses of Indihome is very large". This is related to the right choice for consumers to choose Indihome as their internet provider. , has succeeded in creating consumer purchasing decisions. This must be maintained and continuously improved. And for the Dimension (Brand Selection), namely with a score of 3.60 (agree) on the instrument "I evaluated several internet providers that Indihome products are the best choice". The majority of consumers agree that it is still necessary to pay more attention, because this instrument has the lowest score which will make consumers feel that it is not suitable in terms of product quality and price provided by Indihome.

This research supports the findings of a study conducted by Habibah & Sumiarti, (2016) that simultaneously price and product quality influence purchasing decisions. Apart from that, it is in line with the research of Agus Dwi Cahya, et al (2021) which states that partially or simultaneously it shows that product quality and price variables have a significant influence on purchasing decisions.

Conclusion

Based on the results and discussions that have been presented, the following conclusions are drawn:

a. Product quality partially has a significant effect on purchasing decisions. With a t count of 8.966 > t table value of 1.985 and a significant value (0.000 < 0.05). This shows that the product quality variable partially has a significant effect on the Indihome Product Purchase Decision variable at PT. Telkom Indonesia South Tangerang.

b. Price partially has a significant effect on purchasing decisions. With a tcount value of 5.654 > ttable value of 1.985 and a significance value of 0.000 > 0.05. This shows that the price variable partially has a significant effect on the Indihome Product Purchase Decision variable at PT. Telkom Indonesia South Tangerang.

c. Product Quality and Price simultaneously have a positive influence on Indihome Product Purchasing Decisions at PT. Telkom Indonesia South Tangerang.

Acknowledgement

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