PURCHASE DECISION OF TELKOMSEL SIM CARD: THE EFFECT OF PRICE, PRODUCT QUALITY AND BRAND IMAGE

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Abstract - The number of mobile phone users in Indonesia reaches 270 million, exceeding the total population in Indonesia which is only 253 million. The reseacrh is to analyse the influence of price, product quality and brand image to purchase decision. The object of this research was the mobile phone users, and conducted to 208 respondents. Data collection techniques using non probability methods with random sampling by using a quantitative descriptive approach. The result of this study indicate that price has a positive and significant effect on purchasing decision, product quality has a positve and significant effect on purchasing decision, and brand image has a positive and significant effect on purchasing decisions.

Keyword: price; product quality; brand image; purchasing decision.

INTRODUCTION

Companies that have a strong brand image have alternatives to compete on price levels and product specifications. The number of mobile phone users in Indonesia reaches 270 million, exceeding the total population in Indonesia which is only 253 million. So it is not surprising that Indonesia is a very lucrative field of cellular business. Telkomsel, XL Axiata, and Indosat are the three largest GSM cellular operators in Indonesia. This highly competitive increase forced the strategists in telecommunications companies to turn their minds to compete in order to win the market. Brand image can also be a strong magnet in the competition to compete for and win the consumer market. Image as a set of beliefs, ideas and impressions that a person has towards an object.

Why has Telkomsel become a brand that has so many users even with quite expensive internet rates? if we look back from the understanding of the brand, where if a brand can meet consumer expectations or even exceed consumer expectations and provide quality assurance on every chance of use, and the brand is produced by a company that has a reputation, then consumers will be more confident in their choices and consumers will has trust in the brand, likes the brand and considers the brand as part of him. Thus, brand loyalty will be easier to form and the company will have a brand name that has strong consumer loyalty because according to Morgan & Hunt in Edris (2009), brand trust will determine consumer loyalty to the brand and trust will potentially create relationships high value.

The emergence of a wide range of products in a category with the quality of products that have become standard and can be easily imitated and owned by anyone resulted in the difficulty of a company to maintain itself as a market leader. To overcome the penetration carried out by competitors, Telkomsel must maintain its market share, one of which is with a strong brand image. Without a strong and positive brand image, it is very difficult for the company to attract new customers and maintain existing one (Rizan, 2012). Purchasing Decisions is a complex process related to consumer behavior, perception, and attitudes. So it can be said that consumers are influenced by internal or external motivations during the purchasing process (Mirabi et.al., 2015). While purchasing behavior is an important point for consumers to access and evaluate a particular product, where the intention of purchase can be changed under the influence of price or perceived quality and value.

Based on the results of a pre-survey of 100 respondents conducted as the basis of the study, then 75.9% were satisfied with telkomsel prepaid card service, in terms of price as much as 82.4% of respondents said if the tariff for the phone tends to be expensive. 85% also said that the rates charged for internet packages also tend to be expensive. However, 77.6% of respondents were satisfied with the quality of telkomsel services. In the purchase decision 76.3% of respondents will switch if there is another operator equivalent to telkomsel and 67.3% do not agree that telkomsel is the no.1 company in Indonesia but 78% of respondents feel telkomsel is an ideal card, complete and satisfying. Looking at the data obtained from the pre survey on the intention of using telkomsel providers in Ciledug, it will be very uinteresting if researchers can examine the "influence of price, product quality and brand image on the decision to purchase telkomsel sim cards"

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LITERATURE REVIEW

Purchase Decision

Consumer buyer behavior refers to the buying behavior of final consumers - individuals and households that buy goods and services for personal consumption (Kotler & Armstrong, 2012), this understanding can be interpreted that buying decision behavior refers to the final buying behavior of consumers, both individuals and households that buy goods and services for personal consumption. Purchasing decisions are a form of selection and interest to buy the most preferred brand among a number of different brands (Kotler & Keller, 2016), five stages in the purchase decision making process, including the introduction of problems, information search, alternative evaluations, purchasing decisions, post-purchase behavior. Purchasing decision is a decision-making process of purchase which includes determining what will be purchased or not make a purchase and the decision was obtained from previous activities, consumers tend to trust brands they like or know about (Kanuk, 2008). The company's brand image and price are very important for customers in choosing which products they will buy, and become consumer considerations in purchasing decisions because consumers always give various considerations in making purchases (Hasanah, 2014).

Price

In general, consumers will be interested in a product if the company offers an affordable and competitive price compared to the price of similar products, and the price is a concept of diversity that has different meanings for each consumer in accordance with consumer characteristics (Hasanah, 2014). Prices should reflect the value consumers are willing to pay versus prices should reflect only the cost of making a product or delivering a service (Kotler & Keller, 2012), price must reflect the value of consumers willing to pay prices compared to only reflect the costs of manufacturing products or providing services, and price has two main roles in the decision-making process of buyers, namely the role of allocation and the role of information (Alma, 2011).

Product Quality

Four levels of product's quality attributes can be measured objectively, namely: low quality, average average quality, good quality and very good quality (Arumsari, 2012), and product quality is the character that a product has the ability to meet customer needs and the ability of a product to demonstrate its function includes the overall durability, reliability, accuracy, ease of operation and product repairs as well as other product attributes (Kotler & Armstrong, 2014; Kresnamurti, 2014). Dimensions of product quality: performawnce, reliability, feature, durability, and consistent.

Brand Image

Brands are perceived to distinguish from alternative brands such as symbols, names, designs, letters, or special colors that make consumers understand the brand as a whole so that customers believe in a particular brand (Nusraningrum, et.al., 2019; Astuti & Cahyadi, 2007), and brand image or brand description is descriptive about the associations and consumer beliefs about the company or its product (Kotler, 2009; Tjiptono, 2011). A number of quantitative and qualitative techniques have been developed to help uncover consumers' perceptions and associations of a particular brand, including multi-dimensional scaling, projection techniques, and so on. The image is influenced by many factors that are outside the company's control. An effective image will affect three things, namely: First, strengthening the character of the product and the proposed value. Second, conveying the character in a different way so it is not confused with the character of competitors. Third, it provides emotional strength that is more than a mental image. In order to function the image must be conveyed through every available means of communication and brand contact. There are several dimensions of brand image, namely: the strength of brand associations, the uniqueness of brand associations, and excellence brand association

Framework

Based on the previous descriptions, the following is illustrated a model (chart) conceptual framework of influence between research variables.
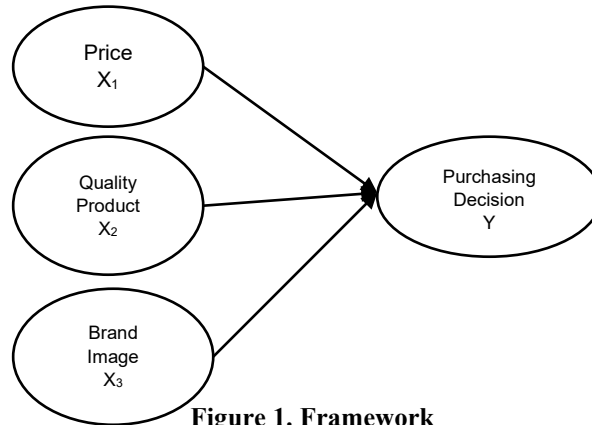
Figure 1. Framework

Hypothesis
1. Price (X_1) positive effect on Purchasing Decisions (Y_1)
2. Product Quality has a positive effect (X_2) on Purchasing Decisions (Y_1)
3. Brand Image has a positive effect (X_3) on Purchasing Decisions (Y_1)

METHODS

Research Design

In this study the authors use a causal method to determine whether there is an influence between independent variables, namely; price (X1), product quality (X2), brand image (X3) to the dependent variable, namely; the purchasing decision process (Y). The sampling technique uses nonprobability sampling because the population is unknown. Questionnaires were distributed to respondents who used Telkomsel's sim card in Jakarta. The data obtained processed using the PLS program to get accurate results. Because the analytical tool used is Structural Equation Modeling (SEM), the ideal number of samples and representatives is 100-200 depending on the number of parameters estimated. From this information, the sample used in this study was respondents with a calculation of 34 x 5 = 170 respondents. This is to avoid data that is distorted and also in accordance with the MLE estimation procedure which ranges from 100 to 200 respondents.

Data Analysis

Data analysis and interpretation for research aimed at answering research questions in order to uncover certain social phenomena. To analyze the data, the Structural Equation Modeling (SEM) of PLS 3.0 statistical software is used in the model and hypothesis assessment, structural equation modeling.

RESULTS AND DISCUSSION

The result of convergent validity test modification in figure 1, it can be seen that the result after doing modification or omission indicator with loading indicator below 0.60, mak all indicators have fulfilled convergent validity because it has a loading factor value above 0.60.
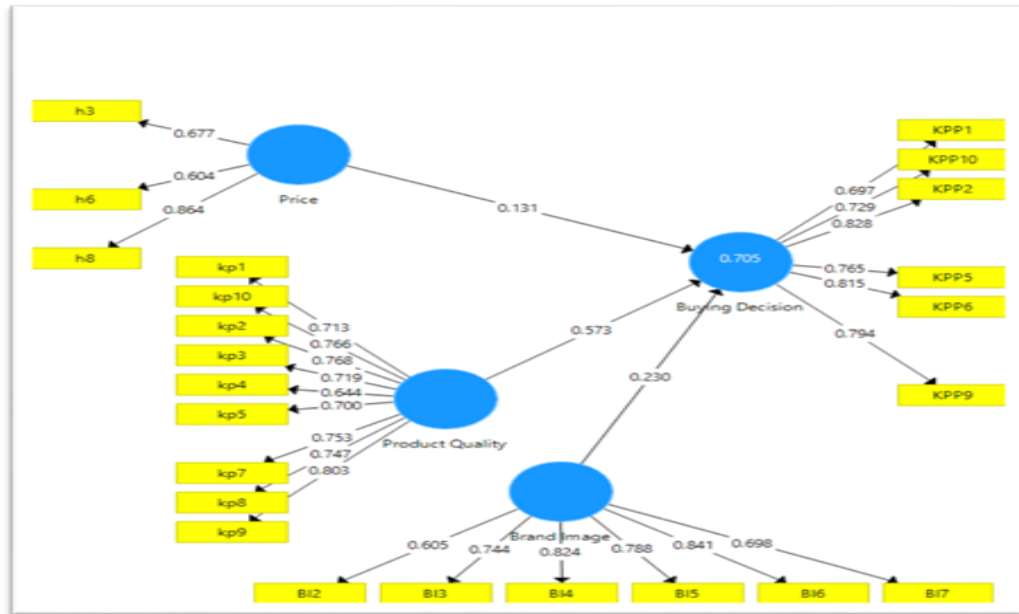
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Figure 1. Result PLS Algorithm (Modification)

Figure 1 shows the loading factor value for each indicator of each latent variable already has the largest loading factor value compared to other latent variable loading values. This means that each latent variable has a good discriminant validity where the latent variable has a meter that is highly correlated with other constructs.

Table 1. Test Discriminant Validity (Fornell Larcker)

Variable	Brand Image	Price	Purchase Decision	Product Quality
Brand Image	0,754			
Purchase Decision	0,699	0,773		
Price	0,466	0,586	0,723	
Product quality	0,711	0,816	0,606	0,736

Table 1 shows that the composite reliability test results show satisfactory values, namely all latent variables have been reliable because all latent variable values have composite reliability values > 0.70, and the AVE value on the entire construct has been greater than 0.50. So, it can be concluded that the questionnaire used as a research tool has been reliable and consistent.

Table 2. Composite Reliability & Average Variance Extracted Testing Results

Variable	Cronbach's Alpha	rho_A	Composite Reliability	Average Variance Extracted
Brand Image	0,847	0,865	0,887	0,569
Purchase Decision	0,865	0,872	0,899	0,597
Price	0,542	0,609	0,763	0,523
Product Quality	0,894	0,898	0,914	0,542

R-Square on variable price, product quality, brand image, and purchase decision 0.705. This means that 70.5% of the decision level of repurchases to consumers who purchase Telkomsel Sim Cards is influenced by price, product quality, and brand image. The remaining 0.305 or 30.5% of repurchases decision rates in Telkomsel Sim card consumers were influenced by other factors not researched in this study.

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Table 3. Endogenous Variable R²

Variable	R Square	R Square Adjusted
Purchase Decision	0,705	0,701

The research hypothesis testing was conducted using the Structural Equation Modeling (SEM) method with PLS 3.0 software. The basis for making hypotheses is to compare the magnitude of the t-table with the t-count at alpha 0.05 (5%) = 1.96. If t-table is less than alpha 1.96, the hypothesis is not accepted or rejected, and vice versa if t-table> 1.96, the hypothesis is accepted or there is a significant influence between the two variables.

Table 4. Hypothetical Test Results (Bootstrapping)

Variable	Original Sample (O)	Sample Mean (M)	Standard Deviation (Stadev)	T-Statistic	P Value
Brand Image > Purchace Decision	0,230	0,233	0,073	3,154	0,002
Price > Purchase Decision	0,131	0,138	0,054	2,439	0,015
Product Quality > Purchase Decision	0,573	0,568	0,072	7,960	0,000

Price has a significant effect on Purchasing Decisions. Because, T statistic> T table (2,439> 1.96) and hypothesis are accepted, meaning that if the price is well informed, it can increase the desire of consumers to decide their choice of product. Conversely, if the price is not well informed, the level of willingness to buy to decide on a choice of product will also decrease. Product Quality has a significant effect on Purchasing Decisions. Because, T statistic> T table (7,960> 1.96) and hypothesis are accepted, meaning that if the quality of the product knows a good place, it can increase the desire of consumers to decide their choice of a product Conversely, if the quality of the product chooses an unfavorable location, the level of desire to buy the product will decrease. Brand Image has a significant effect on Purchasing Decisions. Because, T statistic> T table (3.154> 1.96) and hypothesis are accepted, meaning that if the brand image is perceived well, then it can increase the customer's desire to decide on the choice of the product. Conversely, if the brand image is perceived as not good, the level of customer desire to decide on a purchase of the product will also decrease.
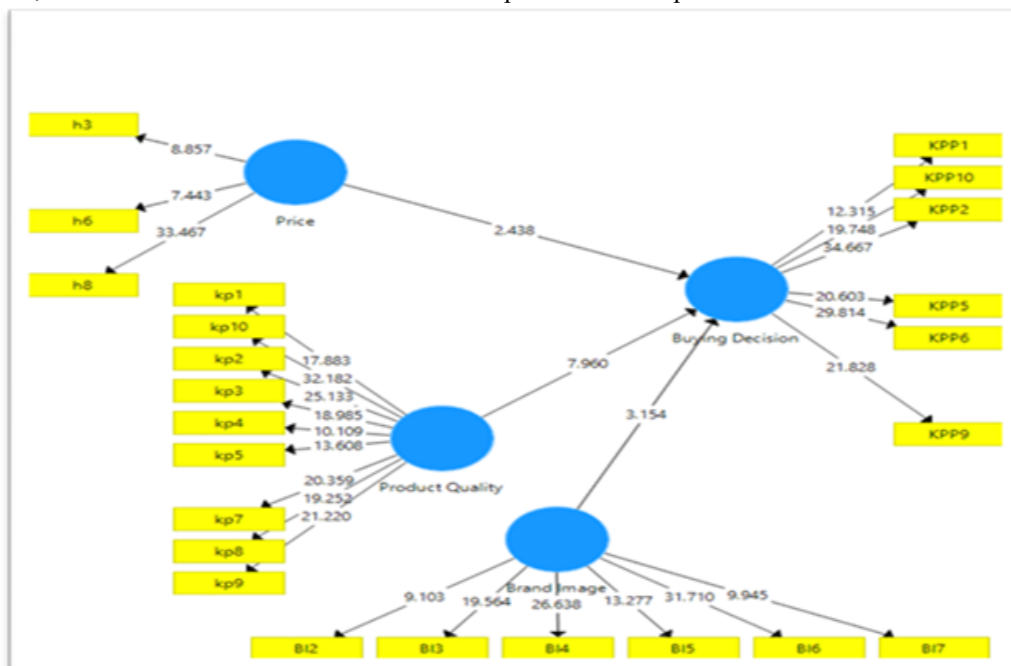

Figure 2. Boostrapping Result

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Based on the hypothetical test results showed that price variables have an effect and significant effect on the purchase decision on telkomsel sim cards. This research is proven to be in line with previous research which stated that prices have a positive and significant influence on purchasing decisions (Fernandes, 2014; Mongi et al., 2013; Andreti et. al., 2013). based on the results of respondents' answers obtained high results, it was concluded that the price of telkomsel sim cards offered is more varied when compared with other operators so that the price contributes to purchasing decision making.

Product quality has a significant positive effect on purchasing decisions. Here can be seen the quality of the product is the ability of a product to provide performance results that match or even exceed what the customer expects. Thus influencing consumers towards purchasing decisions (Ali et al. 2018; Nusraningrum, et.al., 2019).

Brand image berpengaruh signifikan positif terhadap Keputusan Pembelian. Karena apabila pelanggan mendapatkan layanan yang baik akan kepuasan terhadap suatu produk dan mendapatkan kenyamanan terhadap suatu produk maka dapat dinyatakan berpengaruh positif, namun apabila pelanggan menyebarkan pendapatnya tentang ketidakpuasan atau keburukan tentang suatu produk maka dapat dinyatakan bahwa negatif Nurmahdi dkk, 2018; Nusraningrum, dkk., 2019)

CONCLUSIONS

Price has a positive and significant effect on purchase decision, it can be interpreted that the price offered is in accordance with the benefits obtained by consumers. Product quality has a positive effect cant on purchase decision that Telkomsel's sim card products are in line with consumer expectations. Brand Image has a positive and significant effect on purchase decision, it can be said that telkomsel's aim card brand image the better the consumer purchasing decision is higher. Companies must maintain the benefits of these products that are considered good by consumers at prices that have been set by the company. Maintaining Telkomsel's sim card products in accordance with consumer expectations so as not to switch to other products, and maintain the reputation or company image so that it is always well known by consumers so that it can get significant revenue increases.

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