

## The Effect of Service Quality and Price on Purchasing Decision of Telkomsel Internet Services In Indonesia

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### **Abstract**

*The purpose of this research is to examine and analyze the effect of service quality and price on purchasing decisions for Telkomsel mobile internet services in Indonesia. The population used in this study were consumers who chose and used Telkomsel cellular internet services in the last month with a sample size of 105 respondents. This study uses quantitative research using a questionnaire. The analysis technique used is multiple linear regression analysis. The results of this study indicate that service quality has a positive and significant effect on purchasing decisions. Price has a positive and significant effect on purchasing decisions. As well as the quality of service and price have a simultaneous and significant effect on the quality of purchases with the dominant influence of the price variable.*

**Keywords:** *service quality, price, purchasing decision*

### **Abstrak**

Tujuan dari penelitian ini adalah untuk menguji dan menganalisis pengaruh kualitas layanan dan harga terhadap keputusan pembelian layanan internet seluler Telkomsel di Indonesia. Populasi yang digunakan dalam penelitian ini adalah konsumen yang memilih dan menggunakan layanan internet seluler Telkomsel dalam satu bulan terakhir dengan jumlah sampel 105 responden. Penelitian ini menggunakan penelitian kuantitatif dengan menggunakan kuesioner. Teknik analisis yang digunakan adalah analisis regresi linier berganda. Hasil penelitian ini menunjukkan bahwa kualitas pelayanan berpengaruh positif dan signifikan terhadap keputusan pembelian. Harga berpengaruh positif dan signifikan terhadap keputusan pembelian. Serta kualitas pelayanan dan harga berpengaruh secara simultan dan signifikan terhadap kualitas pembelian dengan pengaruh dominan variabel harga.

**Kata kunci:** *kualitas jasa, harga, keputusan pembelian.*

## **INTRODUCTION**

The phenomenon that has occurred lately is the increasing use of cellular internet services in the world. The European Telecommunications Standards Institute (ETSI) is the world's first developer of telecommunications equipment as wireless data for communication, perhaps people are more familiar with it as Long Term Evolution (LTE). LTE technology is indeed a new standard for the telecommunications world. Indonesia itself is interested in developing this LTE technology domestically, for the simple reason that it is to make it easier for the nation to access data without barriers (kominfo.go.id).

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Indonesia is one of the nations with the highest percentage of people using mobile internet services, with 212.35 million people using mobile internet services in Indonesia, making it the third-largest country in Asia in terms of the number of mobile internet users, which is constantly rising (databoks.katadata.co.id 2022). The increase in the use of cellular services was experienced by the 5 largest cellular internet service providers in Indonesia, namely Telkomsel, Indosat, XL, Smartfren, and Tri. This causes every company to compete with each other in providing the best service for its customers. A large number of enthusiasts for cellular internet services has caused each provider of cellular internet services to increase their internet speed to maintain the level of competition with their competitors. Based on the speed test results, it was found that there are 5 cellular internet services with the highest speed in Indonesia. This cellular internet service speed rating is presented in the form of a speed score in which 90 percent of the weighting is based on download speed, and 10 percent is based on upload speed.

**Table 1.** Speedtest Score of Cellular Internet Services from each Provider

Cellular Internet Service Provider	Speed Score
Telkomsel	30,49
Indosat Ooredoo	25,68
XL Axiata	23.93
Smartfren	19.03
Tri	15,52

*Source: tekno.kompas.com (2021)*

From the data above it is known that Telkomsel is the provider with the fastest internet service speed compared to other providers, with a speed level of 30.49. Judging from Telkomsel's speed score, the results of this speed score show that Telkomsel provides the best mobile internet service with its internet antennas that are spread all over Indonesia so the signal from Telkomsel's cellular internet service will remain stable even though you are in a village. A provider must have special differences that stand out. Apart from differences in network quality, each provider usually charges different prices for their products. This is characteristic of each company. Companies with the most unique characteristics will find it easier to attract consumers. Besides that, each provider also sets a variety of prices. Based on the data uploaded by detik.com, the following are the prices for cellular internet services from several providers in Indonesia:

**Table 2.** Price Data for Several Cellular Internet Service Packages in Indonesia

Package	Telkomsel	Indosat	Smartfren	XL
Price (In Rupiah units)	60,000	60,000	60,000	59,000
Main Quota	1GB	2GB	2GB	5GB
4G Quota Bonus	1GB	1GB		
Chat Quota	2GB	2GB	4GB	
Night Quota		6GB	10GB	5GB
Streaming Quota	2GB			
Total Quota	6GB	11GB	16GB	10GB
Active period	30 days	30 days	30 days	30 days

*Source: detik.com (2021)*

From the data above it can be seen that the Telkomsel provider costs Rp. 60,000 can get a quota of 6 GB, then Smartfren costs Rp. 60,000 can get a quota of 11 GB, Indosat costs Rp. 60,000 can get a

quota of 16 GB, and XL for Rp. 59,000 can get a quota of 10 GB. So if you look at this data, it is found that Telkomsel is the provider with the most expensive package prices. Even though Telkomsel is known for its expensive price, it has been proven that the quality of services provided by Telkomsel is quite good. Mobile internet service is very easy to use. Users only need to buy the available internet packages so they can use this service anywhere and anytime. This is one of the reasons for the increase in cellular internet service users. Therefore, it is known that the mobile internet service with the most users is Telkomsel, with the largest number of users of 169.2 million users. Telkomsel mobile internet services in Indonesia are widespread. Telkomsel is well-known among Indonesians because the internet speed it provides is very good. Apart from that, buying Telkomsel internet packages is also very easy. Based on this, it can be concluded that Telkomsel has good internet service quality so it becomes one of the influences on consumer choice decisions.

The phenomenon of cellular internet service users in Indonesia is dominated by people aged 15-24 with the largest percentage. It's not uncommon for people who don't recognize the internet these days, based on data released by (kominfo.go.id) 98% out of 100% of Indonesian children and youth know and use the internet then the statistics center reports that as many as 78.18% of households in Indonesia have used the internet in 2020, this number has increased compared to the previous year which amounted to 73.75%. Therefore, this research objectives to explore the effect of price and service quality on purchasing decision for the Telkomsel data service package.

## LITERATURE REVIEW

Purchasing decision is a process It includes several stages of decision-making where consumers will buy (Kotler and Keller, 2016) . Consumer purchasing decisions are also defined as a process where consumers know their needs and look for information about certain products and brands (Tjiptono and Gregory, 2016). Alma (2016) defines purchasing decisions as decision that is influenced by the process, finance, technology, politics, culture, price, and others. From the definition above it can be concluded that the decision to purchase is a decision where before Making decisions must go through the right process. According to Kotler and Keller (2016) service quality is defined as the totality of features and characteristics of a product or service that can meet stated or implied needs.

Service quality has been interpreted as the totality of features and the character of a product or service that can meet the needs stated or implied (Kotler and Keller 2016). According to (Tjiptono and Gregory, 2016) Service quality is a measure of how good the service level given can be by consumer expectations. Lupiyoadi (2013) states that service quality can be interpreted as a result of service or service activities, which are where services are provided to meet consumer needs.

Price is the amount of money spent on a product or service (Kotler and Armstrong, 2018). According to Tjiptono (2015) Price is a unit of size exchanged to obtain ownership rights or use of an item or service. Alma (2016) defines the price is the value of an item expressed by money. From the definition above it can be concluded that the price is a measure that will be issued by consumers using money for a certain product or service according to the consumer's desire. Based on the explanation above, the hypotheses proposed in this study include:

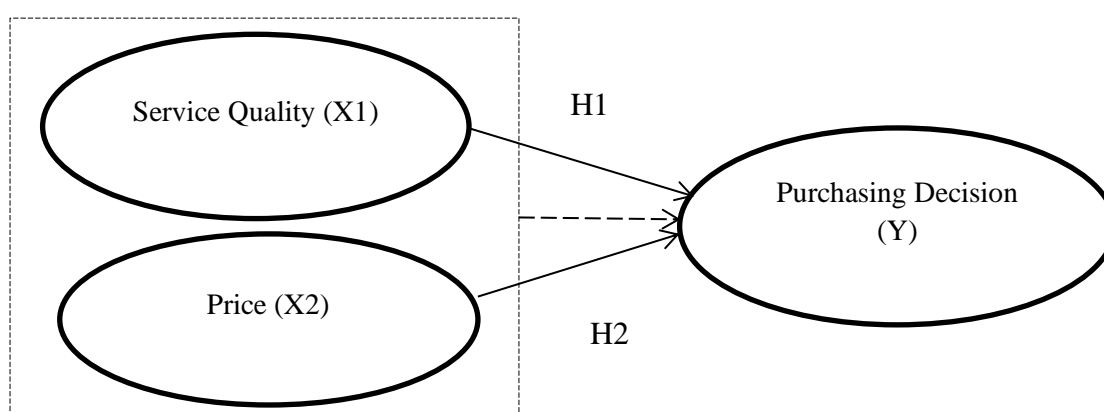
In this study, it was suspected that the quality of service affects the decision to vote. This is because the better the quality of the service provided it will higher the decision to choose what will be made by consumers. This allegation is reinforced by several studies previous. Based on previous research Fanly (2015), Nasir (2017), Widagda (2018), Nizardy (2021), Nugrahanto et al, (2021), stated that the quality of service positive and significant effect on the decision to vote. Based on this basis, in service quality research against the decision to choose a hypothesis as follows:

**H1:** Service quality significant affect purchasing decision

In this study it was suspected that prices had an effect against the decision to choose. This is caused by the higher the price, the better the quality of the service given so that the higher the decision to choose the one to be made by consumers. This allegation is reinforced with several Previous research. Based on Darmansah's research and Yosepha (2020), Hadiyat (2021), Kambey (2022), Sofina (2022)state that prices have an effect positive and significant to the decision to vote. Based on this basis, the price research on the decision to choose to be made a hypothesis as follows:

**H2:** Price significantly affects purchasing decision

Based on research conducted by Syamsudin (2017) and Fanly (2015) state that service quality and price simultaneously affect positively and significant the decision to vote. Based on this basis, in service quality research and the price of the decision to choose is made hypothesis as follows:

**H3:** Service quality and price simultaneously affect purchasing decision

**Figure 1.** Research Framework

## RESEARCH METHODS

The type of research used in this research is quantitative research. The population used in this study was the consumers of Telkomsel's data service package in Malang City using a sample of 105 respondents that chosen using a purposive sampling technique. The data measurement technique used in this study used a likert scale using a questionnaire through google form and then calculated using the SPSS program. Instrument testing in this study used validity tests and reliability tests. The classical assumption test uses a normality test, linearity test, multicollinearity test, and heteroscedasticity test. Hypothesis testing uses a multiple linear regression test, f-test, t-test, and coefficient of determination test.

## RESULTS AND DISCUSSION

The results of respondents' characteristics showed that respondents in this study had more female with an age range of 15 - 24 years. Details of respondents' demographics can be seen in the following table:

**Table 3.** Characteristics of Respondents

Category	Item	Total (105)	Percentage
Gender	Man	24	23%
	Woman	81	77%

Category	Item	Total (105)	Percentage
Age	15 years	6	5%
	16 years	1	1%
	17 years	2	2%
	18 years	11	10%
	19 years	12	11%
	20 years	5	5%
	21 years	10	9%
	22 years	34	33%
	23 years	17	17%
Tenure	24 years	7	7%
	< 1	9	13,8%
	1-3	20	30,8%
	4-6	21	32,3%
	> 6	15	23,1%

Source: Data processed by the author (2022)

The validity test was carried out to test that the instruments used in the study were valid. An instrument will be said to be valid if the value of R count > R table. Following are the results of the validity test in this study:

**Table 4.** Validity Test Results

Variable	Item	R-count	R-table (5%)	Information
Service Quality (X1)	X1.1	0.587	0.3610	Valid
	X1.2	0.597	0.3610	Valid
	X1.3	0.566	0.3610	Valid
	X1.4	0.667	0.3610	Valid
	X1.5	0.707	0.3610	Valid
	X1.6	0.733	0.3610	Valid
	X1.7	0.752	0.3610	Valid
	X1.8	0.800	0.3610	Valid
	X1.9	0.826	0.3610	Valid
	X1.10	0.635	0.3610	Valid
	X1.11	0.819	0.3610	Valid
	X1.12	0.500	0.3610	Valid
	X1.13	0.626	0.3610	Valid
	X1.14	0.567	0.3610	Valid
	X1.15	0.531	0.3610	Valid
Price (X2)	X2.1	0.877	0.3610	Valid
	X2.2	0.888	0.3610	Valid
	X2.3	0.611	0.3610	Valid
Purchase Decision (Y)	Y1	0.849	0.3610	Valid
	Y2	0.711	0.3610	Valid
	Y3	0.830	0.3610	Valid

From the table above it can be seen that the results of all research instruments are valid, so that all of these instruments can be used to measure variables in this study. A reliability test is used to test that the instrument used is reliable. An instrument will be said to be reliable if the Alpha Cronbach coefficient is > 0.6. The following are the results of the variable reliability test:

**Table 5.** Variable Reliability Test

No	Variable	Cronbach's Alpha	Reliable minimum limit	Information
1	Quality of Service (X1)	0.757	0.60	Reliable
2	Price (X2)	0.826	0.60	Reliable
3	Purchase Decision (Y)	0.826	0.60	Reliable

Source: Data processed (2022)

The normality test aims to test the confounding variable or what is commonly called the residual in the regression model whether it has a normal distribution or not. In this test, it can be said to be normal if the significant value is  $\geq 0.05$ . Following are the results of the normality test in this study:

**Table 6.** Normality Test

		Unstandardized Residual
	Mean	0.000000
Normal Parameters	Std. Deviation	5.62662631
Most Extreme Differences	Absolute	0.095
Customer Satisfaction (Y)	Positive	0.056
	Negative	-0.015
	Test Statistic	0.972
	Asymp. Sig. (2-tailed)	0.301

Source: Data processed (2022)

Based on the table above, it can be seen that the asymp value. Sig. (2-tailed) is greater than 0.05 ( $0.096 > 0.050$ ), so it can be concluded that the data above is normally distributed. The heteroscedasticity test aims to test whether in a regression model there is an inequality of variance from the residuals of another observation. Heteroscedasticity symptoms themselves appear if the significant value is  $\leq 0.05$ . Following are the results of the heteroscedasticity test in this study:

**Table 7.** Heteroscedasticity Test Results

Variables	Sig.	Information
Quality of Service (X1)	0.504	Heteroscedasticity does not occur
Price (X2)	0.356	Heteroscedasticity does not occur

Source: Data processed (2022)

The table above shows that the significance value of the service quality variable (X1) is 0.504 and the price variable (X2) is 0.536. So, it can be concluded that there is no heteroscedasticity in the variables. The multicollinearity test aims to test whether the regression model found a correlation between the independent variables. If the Variance Inflation Factor (VIF) value is  $\leq 10$  and the tolerance value is  $\leq 10$ , the regression is free from multicollinearity. The following are the results of the multicollinearity test in this study:

**Table 8.** Multicollinearity Test

Variable	Tolerance	VIF	Information
Quality of Service (X1)	0.398	2,514	There is no multicollinearity
Price (X2)	0.398	2,514	There is no multicollinearity

Source: Data processed (2022)

The table above shows that the tolerance value is  $\geq 10$ , so it can be concluded that there is no multicollinearity. Multiple linear regression analysis is used to determine how much influence the independent variables have on the dependent variable. In this study are the quality of service, price, and purchasing decision. The results of multiple linear regression on the effect of service quality and price on the decision to choose Telkomsel cellular internet services in Indonesia are as follows:

**Table 9.** Multiple Linear Regression Test

Variable	Unstandardized Coefficients		Standardized Coefficients	T statistic	Sig
	B	Std. Error	Beta		
Constant	2.753	1.259		2.186	0.031
Service Quality	0.079	0.032	0.306	2.468	0.015
Price	0.379	0.135	0.346	2.798	0.006

Source: Data processed (2022)

The table above shows that the constant value is 2.753 and shows greater than 0.05, so the regression equation is formed as follows:

$$Y = a + b_1X_1 + b_2X_2 + e \quad (1)$$

$$\text{Where } Y = 2.753 + 0.079X_1 + 0.379X_2 + e$$

The results of the analysis state that the regression coefficient for service quality is positive, which can be interpreted that the better the quality of services provided, the more confident consumers will be in deciding to choose. So, it can be concluded that the better the quality of the services provided, the more stable the level of decision-making by consumers. The results of the analysis state that the regression coefficient for the price is positive, which can be interpreted that the more appropriate the price given, the stronger the consumer's decision to choose. Hypotheses testing is used to determine whether there is a significant influence between the independent variables on the dependent variable. If the value of  $t \text{ count} > t \text{ table}$ , then the independent variables individually affect the dependent variable. Likewise, the significance level is  $< 0.05$  ( $\alpha$ ). Following are the results of the t-test in this study:

**Table 10.** Hypotheses Result

Variable	T-Count	T-Table	Sig	Information
Service quality $\rightarrow$ purchasing decision	2,468	1.982815	0.15	H1 is accepted
Price $\rightarrow$ purchasing decision	2,798		0.06	H2 is accepted

Source: Data processed (2022)



Based on table 10, it can be concluded that service quality has a positive and significant effect on purchasing decision of Telkomsel cellular internet. This is confirmed by the research conducted by Ani *et al* (2021), Fanly and Bode (2015), Fitori and Hidayat (2020), Nasir (2017), Nizardy and Utomo (2021), Nugrahanto *et al* (2021), and Widagda and Apriatni (2018). T-count for the influence of the quality variable on the decision Choosing 2,468 means greater than T-table 1,982815. This means that H1 is accepted so it can be concluded that quality Service partially has a positive and significant effect on the decision to choose Telkomsel's cellular internet service in Indonesia.

Price has a positive and significant effect on the decision to choose Telkomsel cellular internet. This is confirmed by the research conducted by (2019),Trang and Manampiring (2016), Judge (2015), Sejati and Yahya (2016), Primary and Santoso (2018), Mardiasih (2019),Winadi and Tyas (2015), and Kiswanto *et al* (2019). Hypothesis 2 (Effect of Price on Voting Decisions) T-count for the influence of service quality variables on the decision to vote for 2.798 means greater than t-table 1,982815. This means that H2 is accepted so that it can be concluded that Prices partially have a positive and significant effect on the decision to choose Telkomsel's cellular internet service in Indonesia.

F-test analysis used to se if both of variable used in this study affect purchasing decision. If the value of F count  $>$  F table, then the hypothesis is accepted, meaning that service quality and price simultaneously have a positive and significant effect on the decision to choose. Following are the results of the F test in this study:

**Table 11.** F Test Results

Model		Sum of Squares	df	MeanSquare	F	Sig.
1	Regression	167,073	2	83,536	30,965	,000b
	Residual	275,175	102	2,698		
	Total	442,248	104			

*Source: Data processed (2022)*

The table above shows that hypothesis 3 is accepted, so it can be concluded that service quality and price simultaneously have a positive and significant effect on the quality of Telkomsel's mobile internet service. This is reinforced by research conducted by Syamsudin (2017) and Fanly (2015) This can be seen through the Sig value. that is equal 0,000 which is smaller than the level of significance is 0.05 ( $\alpha$ ). In addition, it can also be proven through a comparison between F-count value which is worth 30,965 which is greater than the F- value a table of 3.09. The F-table value is obtained through Appendix Statistics Table F with provisions  $\alpha = 0.05$ , DF1 value 2, and DF 2 value is 102. Thus, you can interpret that H3 is accepted which means it can be concluded that the service quality and price simultaneously have an effect positive and significant to the decision to choose internet services Telkomsel cellular.

## CONCLUSION

Based on the results of the research and discussion conducted, this research result was service quality has a positive and significant effect on the purchasing decision. The existence of a significant influence indicates that the better the quality of the services provided, the more stable the purchasing decision. Price has a positive and significant effect on the purchasing decision. The existence of a significant influence indicates that the more appropriate the price offered, the more stable the decision to choose it. Moreover, service quality and price simultaneously have a significant positive effect on the purchasing decision of Telkomsel's mobile internet service.



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