

The Influence of Product Quality, Price and Brand Image on Purchase Decisions of Indosat Ooredoo Prepaid Cards in Makassar City

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ABSTRACT

The objective of this research is to analyze the influence of product quality, price, and brand image on the purchasing decisions of Indosat Ooredoo prepaid cards in Makassar City. This study employs a quantitative approach. The purposive sampling technique was used to determine the sample, consisting of 65 respondents who are users of Indosat Ooredoo prepaid cards in Makassar City. Data analysis was performed using multiple linear regression, while hypothesis testing was conducted through t-statistical tests. The results of the study indicate that: (1) Product Quality has a positive and significant influence on the purchasing decisions of Indosat Ooredoo prepaid cards. (2) Price has a positive and significant influence on the purchasing decisions of Indosat Ooredoo prepaid cards. (3) Brand Image has a positive and significant influence on the purchasing decisions of Indosat Ooredoo prepaid cards.

INTRODUCTION

As the economy continues to grow each year, information and communication technology have advanced rapidly in this era of globalization, leading to a demand for more effective communication. The sophistication of science and technology has made it easier for individuals to perform tasks and meet their needs. However, on the other hand, this progress has also led to an increased dependency on technology. One key outcome of communication technology development is the emergence of mobile phones. Nowadays, mobile phones have evolved from basic long-distance communication devices into smartphones, offering a range of advanced features. Since internet cards are closely linked to mobile phones, which have become an essential need for modern society, companies providing internet cards have a bright future. In response, businesses and organizations have begun competing to create internet starter packs containing data packages. Several companies, including Telkomsel, Indosat Ooredoo, XL, and others, are actively competing in the market by offering various internet data packages.

PT Indosat Ooredoo Hutchison Tbk is one of Indonesia's leading telecommunications service providers. The company offers communication services for mobile phone users under the brands IM3 and 3. PT Indosat Ooredoo Hutchison aims to become Indonesia's most preferred digital company. The merger of IOH has brought together two complementary businesses, PT IndosatTbk and PT Hutchison 3 Indonesia. With ongoing growth and innovation, PT Indosat Ooredoo has successfully become the second-largest mobile telecommunications company in Indonesia. The focus of this study is on individuals in Makassar City who use Indosat Ooredoo prepaid cards. Indosat Ooredoo prepaid cards are the second most widely used cards in the region, following Telkomsel. The researcher observed a phenomenon where the number of Indosat Ooredoo prepaid card users in Makassar City is relatively low compared to other brands. Most residents of Makassar City tend to favor products from Telkomsel, XL/Axis, and Smartfren over Indosat Ooredoo.

According to feedback from residents of Makassar City who have used or are currently using Indosat Ooredoo prepaid cards, several issues have been identified, such as difficulties in card registration, limited signal coverage, frequent weak signal strength, the inability to fully utilize the provided data quota, and unaffordable prices, among others.

This research seeks to assess the impact of product quality, pricing, and brand image from PT Indosat Ooredoo Hutchison on purchasing decisions. With these considerations in mind, the researcher selected the thesis title: "The Effect of Product Quality, Price, and Brand Image on Purchasing Decisions for Indosat Ooredoo Prepaid Cards in Makassar City."

LITERATURE REVIEW

Marketing

As cited by Tjiptono and Anastasia (2019), the American Marketing Association (AMA) defines marketing as a collection of activities, institutions, and processes aimed at creating, communicating, delivering, and exchanging offerings that provide value to customers, clients, partners, and society as a whole. Similarly, Daryanto (2011) describes marketing as a social and managerial process through which individuals and groups fulfill their needs and wants by creating, offering, and exchanging valuable goods or services with others.

Types of Marketing

Kotler (2015) describes several types of marketing, which are as follows:

- 1) Branding
A product or service must have an identifiable "brand" and a target market. Branding is a form of marketing that functions as long-term advertising.
- 2) Broadcast Advertising
Radio advertising is one of the most commonly used forms of paid advertising. It allows marketers to reach their audience because listeners can actively engage with the message being broadcasted.
- 3) Multi-Level Marketing
Multi-level marketing (MLM) refers to strategies that businesses use to expand their reach and sell their products directly to consumers. MLM is also known as network marketing.
- 4) Internet (Online)
Currently, the internet is one of the most widely used marketing channels. With widespread internet access, the potential market is vast. There are many ways to promote products and services online, including through websites, emails, advertisements, and more.

Marketing Management

Kotler and Keller (2017) define marketing management as the process of attracting, retaining, and growing the customer base in a target market by creating and delivering high-quality sales and service. Tjiptono (2016) marketing management involves how companies conduct their business to prepare, design, and distribute products, services, and ideas to meet the needs of their target markets.

Product Quality

According to Kotler and Armstrong (2016), product quality is defined by the attributes of a product or service that determine its capacity to meet customer needs. The indicators of product quality include:

- 1) Performance - the fundamental attributes of the core product being purchased.
- 2) Reliability - the likelihood of experiencing product failures.
- 3) Durability - relates to how long the product can be used before needing replacement

Price

Buchari Alma (2011) defines price as the value exchanged for the right to own or use a good or service, which may take the form of money or other measures such as commodities or services. Kotler and Keller (2019) emphasize that price conveys the company's desired market position concerning its brand and products.

Brand Image

Brand image is the collection of thoughts, emotions, and perceptions that an individual holds about an object. According to Kotler and Keller (2009), brand image is the set of beliefs and perceptions a consumer has, which is rooted in associations embedded in their memory. A brand can be represented by various elements such as logos, slogans, symbols, or color schemes that differentiate a product or service from its competitors (Sunyoto, 2012).

Purchase Decision

Handoko (2017) describes a purchase decision as a problem-solving strategy used in buying goods or services to fulfill needs and wants. This process involves recognizing needs, searching for information, evaluating purchase alternatives, and taking action to complete the transaction.

Hypothesis

A temporary statement that is an estimate or guess about what we see when we try to understand it is called a hypothesis. The hypotheses in this study are:

1. 1. Product Quality has a positive and significant effect on the decision to purchase Indosat Ooredoo Prepaid Cards in Makassar City
2. 2. Price has a positive and significant effect on the decision to purchase Indosat Ooredoo Prepaid Cards in Makassar City
3. 3. Brand Image has a positive and significant effect on the decision to purchase Indosat Ooredoo Prepaid Cards in Makassar City

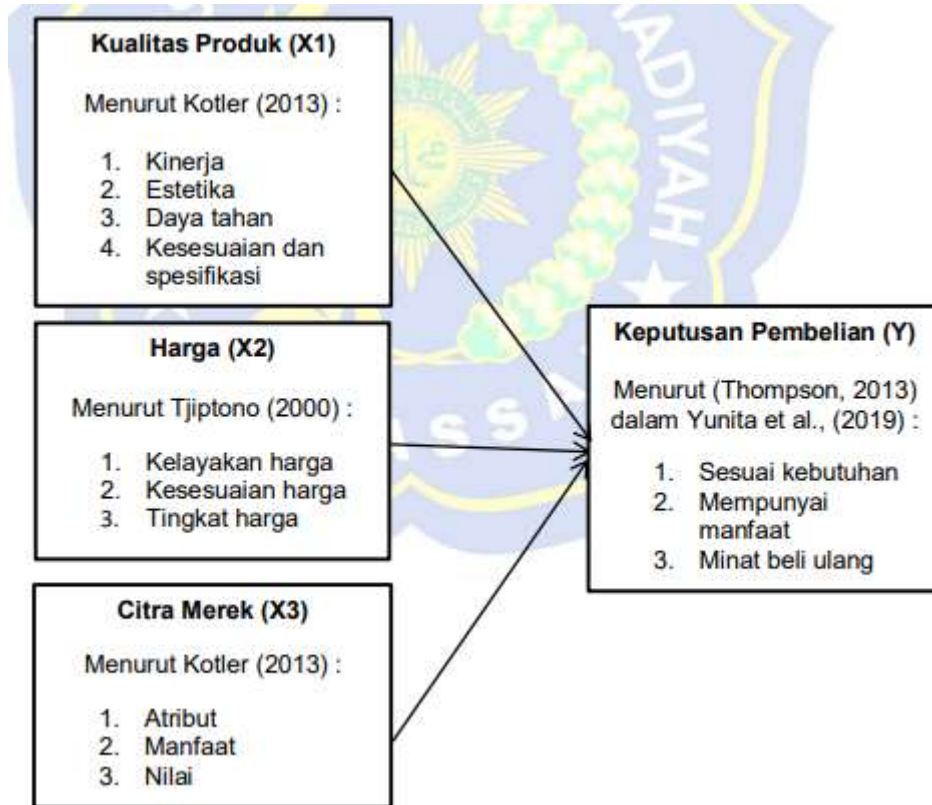


Figure 1. Conceptual Framework

METHODOLOGY

Types of Research

This research employs a quantitative approach, focusing on the statistical analysis and processing of numerical data. The data is collected from respondents in Makassar City who are either current or former users of Indosat Ooredoo prepaid cards. The study aims to explore how product quality, price, and brand image influence consumers' purchasing decisions regarding Indosat Ooredoo prepaid cards.

Research Location and Time

The research period is scheduled to start in January-February 2024. This research was conducted on Makassar City residents who use Indosat Ooredoo prepaid cards.

Data Types and Sources

Primary Data

This research uses a questionnaire to collect primary data. Primary data was collected directly from Indosat Ooredoo prepaid card users in Makassar City through the use of a question feature created in the form of a Google Form questionnaire.

Secondary Data

Data was obtained from secondary sources through research on various book publications. Secondary data was obtained from websites in the form of journals on marketing management and literature reviews of books that offer theoretical insights.

Population and Sample

The population in this study is the people of Makassar City who currently use or have used Indosat Ooredoo prepaid cards as the population for this study, while the sample obtained to be studied is 65 respondents.

Sampling Technique

This research more precisely uses the Purposive Sampling technique, which is part of Non Probability Sampling, namely subjectively aimed sampling. The sample chosen in this research was the people of Makassar City who used Indosat Ooredoo prepaid cards.

Method of collecting data

Data collection was carried out through a combination of literature review and questionnaires distributed to participants, who consist of Makassar City residents using Indosat Ooredoo prepaid cards.

Data Analysis Methods

After analyzing the data, conclusions will be drawn from the results (Suryani & Hendrayadi, 2015). SPSS software was used for data analysis, applying multiple regression to investigate the relationships. Multiple regression analysis is performed when there is more than one independent variable (Darmawan, 2018).

RESEARCH RESULT

Descriptive Analysis

Table 1. Respondents Based on Gender

No	Gender	Subtotal Respondents	Percentage (%)
1.	Male	18	27,7%
2.	Female	47	72,3%
Total		65	100%

Source: Research Results, 2024

From the 65 respondents, 18 (or 27.7%) were male, and 47 (or 72.3%) respondents were female.

Table 2. Respondents Based on Age

No	Age	Subtotal Respondents	Percentage (%)
1.	16-20 Year	34	52,3%
2.	21-25 Tahun	20	30,8%
3.	26-30 Tahun	10	15,4%
4.	>30 Tahun	1	1,5%
Total		65	100%

Source: Research Results, 2024

Based on the table results, 16-20 years old were 34 respondents or 52.3%, 21-25 years old 20 respondents or 30.8%, 26-30 years, 10 respondents or 15.4%, >30 years only 1 respondent or 1.5%.

Table 3. Respondents Based on Profession

No	Profession	Subtotal Respondents	Percentage (%)
1.	Students	48	73,8%
2.	Entrepreneurs	2	3,1%
3.	Civil servants	0	0%
4.	Private employees	3	4,6%
5.	Others	12	18,5%
Total		65	100%

Source: Research Results, 2024

Students 48 respondents or 73.8%, entrepreneurs are 2 respondents or 3.1%, civil servants are only 0 respondents or 0%, Private employees were 3 respondents or 4.6%, and other were 12 respondents or 18.5%.

Quantitative Analysis

Table 4. Validity Test Results

Variabel	Pernyataan	r counts	r table	Results
Product Quality (X1)	X1.1	0.744	0.244	Valid
	X1.2	0.701	0.244	Valid
	X1.3	0.808	0.244	Valid
	X1.4	0.771	0.244	Valid
Price (X2)	X2.1	0.730	0.244	Valid
	X2.2	0.772	0.244	Valid
	X2.3	0.86	0.244	Valid

		5		
Brand Image (X3)	X3.1	0.82	0.244	Valid
		1		
	X3.2	0.84	0.244	Valid
		6		
	X3.3	0.82	0.244	Valid
		6		
	X3.4	0.71	0.244	Valid
		6		
Purchase Decision (Y)	Y1.1	0.57	0.244	Valid
		3		
	Y1.2	0.76	0.244	Valid
		4		
	Y1.3	0.79	0.244	Valid
		1		
	Y1.4	0.75	0.244	Valid
		0		

Source: Research Results, 2024

Regarding the researcher's instrument test, the table results show that all variables have an rcount value greater than the rtable value, indicating that all statements are valid.

Table 5. Reliable Test Results

Variable	<i>Cronbach Alpha</i>	Standard Reliable	Results
Product Quality	0,741	0,60	Reliable
Price	0,696	0,60	Reliable
Brand Image	0,811	0,60	Reliable
Purchase Decision	0,692	0,60	Reliable

Source: Research Results, 2024

The results of the reliability test have a Cronbanch Alpha value > 0.60, which indicates that the indicators are considered reliable.

Classic Assumption Test

Table 6. Normality Test

		Unstandardized Residual
N		65
Normal Parameters^{a,b}	Mean	.0000000
	Std. Deviation	1.35854363
Most Extreme Differences	Absolute	.088
	Positive	.075
	Negative	-.088

Test Statistic	.088
Asymp. Sig. (2-tailed)	.200^{c,d}

Source: Research Results, 2024

Moreover, based on the table results, the Asymp.sig.(2-tailed) value was 0.200, which is greater than 0.05, meaning the data in the regression model follows a normal distribution.

Table 7. Multicollinearity Test

Variable	Tolerance	VIF	Results
Product Quality	0,391	2,556	Multicollinearity does not occur
Price	0,567	1,765	Multicollinearity does not occur
Brand Image	0,359	2,783	Multicollinearity does not occur

Source: Research Results, 2024

The tolerance and VIF values are as follows: 0.391 and 2.556 for product quality, 0.567 and 1.765 for price, and 0.359 and 2.783 for brand image, as shown in the table above. Since the tolerance value is ≥ 0.1 and the VIF is ≤ 10 , there is no evidence of multicollinearity.

Table 8. Multicollinearity Test

Coefficients^a					
Model	Unstandardized Coefficients		Standardized Coefficients	T	sig.
	B	Std. Error	Beta		
1 (Constant)	2.133	.970		2.198	.032
Product Quality	-.050	.090	-.113	-.556	.580
Price	-.007	.085	-.013	-.078	.938
Brand Image	-.017	.089	-.041	-.195	.846

Source: Research Results, 2024

The significance (Sig) probability value for the variables of product quality, price, and brand image is greater than 0.05, indicating that the regression model does not exhibit signs of heteroscedasticity.

Table 9. Linearity Test

Variable	Sig. Linearity
Product Quality	.000
Price	.000
Brand Image	.000

Source: Research Results, 2024

Based on the table result, a value of $0.000 < 0.05$ is obtained. It can be concluded that there is a significant linear relationship.

Model Determination Test

Table 10. Coefficient of Determination Test Results (Adjusted R2)

model	R	R	Adjusted	Std. Error of the
		Squar e	R Square	Estimate
1	.743 ^a	.553	.531	1.39155

Source: Research Results, 2024

Based on table results the R Square value for product quality, price and brand image were 0.553 or 55.3% influence purchasing decisions variable.

Table 11. Simultaneous Test Results (F Test)

Model		Sum of Square s	d f	Mean Squar e	F	Sig.
1	Regres sion	145.879	3	48.626	25.1 12	.000 ^b
	Residu al	118.121	61	1.936		
Total		264.000	64			

Source: Research Results, 2024

Based on table results the significance level is $0.000 < 0.05$, it can be said that the value of $F_{count} > F_{table}$ ($25.112 > 3.15$). F_{table} obtained a value of 3.15 (obtained from the F_{table} value). This proves that the combination of product quality, price and brand image influences purchasing decisions.

Multiple Linear Regression Analysis

Table 12. Multiple Linear Regression Analysis Results

		Coefficients ^a				
Model		Unstandardi zed Coefficient s	Standard ized Coefficie nts	t	Sig .	
		B	Std Err or			Beta
1	(Constan t)	4.103	1.42 0	2.88 9	.005	
	Kualit as Produ k	.199	.132	.207	1.51 0	.136
	Harga	.106	.124	.097	.853	.397
	Citr a	.461	.131	.504	3.52 7	.001
	Mer ek					

Source: Research Results, 2024

Based on table 4.12, the multiple linear regression equation is as follows:

$$Y = 4,103 + 0,199X_1 + 0,106X_2 + 0,461X_3 + E$$

- The constant is 4.103, indicating that when the independent variables (product quality, price, and brand image) are set to 0, the base level of purchasing decisions for Indosat Ooredoo prepaid cards is 4.103.
- The regression coefficient for product quality (X1) is 0.199, meaning that for every 1-point increase in product quality, purchasing decisions rise by 0.199.
- The regression coefficient for price (X2) is 0.106, meaning that a 1-point increase in price leads to a 0.106 increase in purchasing decisions.
- The coefficient for brand image (X3) is 0.461, meaning that a 1-point increase in brand image results in a 0.461 rise in purchasing decisions.

Table 13. T Statistical Test Results

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1 (Constant)	6.016	1.477		4.074	.000
Product Quality	.626	.092	.652	6.820	.000

Source: Research Results, 2024

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1 (Constant)	8.803	1.424		6.181	.000
Price	.591	.116	.541	5.111	.000

Source: Research Results, 2024

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error			
1 (Constant)	5.303	1.293		4.101	.000

Brand Image	.663	.079	.725	8.349	.000
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Source: Research Results, 2024

Based on the table t test result is as follows :

- a. a. The significance probability for product quality (X1) is 0.000, which is less than 0.05, with a t-value of 6.820, exceeding the critical value of 1.999.
- b. The significance probability for price (X2) is 0.000, which is less than 0.05, with a t-value of 5.111, also greater than 1.999.
- c. The significance probability for brand image (X3) is 0.000, less than 0.05, with a t-value of 8.349, higher than 1.999.

DISCUSSION

The Influence of Product Quality on Purchasing Decisions

Product quality significantly influences purchasing decisions in a positive way. According to the t-test results, the product quality variable demonstrates a notable impact on purchasing decisions, with a t-value of 6.820, which exceeds the critical value of 1.999, and a significance level of 0.000, which is less than 0.05 (indicating that H1 is accepted and H0 is rejected). In this research, product quality is measured through indicators such as performance, aesthetics, durability, and specifications. These findings are consistent with previous studies conducted by Vera Agusta Mei Utami and Suhermin (2016), as well as Riyono and Gigih Erlik Budiharja (2016). Their research also highlights that product quality exerts a positive and significant influence on purchasing decisions. When the quality of a product exceeds consumer expectations, it is perceived as being of ideal quality.

The Influence of Price on Purchasing Decisions

Price also positively and significantly affects purchasing decisions. The t-test confirms that the price variable has a significant influence, with a t-value of 5.111, higher than the critical value of 1.999, and a significance level of 0.000, which is below 0.05 (H2 is accepted and H0 is rejected). In this study, price was evaluated using indicators such as price appropriateness, price suitability, and price level, all of which impact purchasing decisions. These results align with previous research by Gagas Agassi Pangdugi and Ce Gunawan (2021), and Ody Yustiawan and Prijati (2016), which also concluded that price significantly influences purchasing decisions. When consumers find that the product meets their budget and expectations, they are more likely to make a purchase.

The Influence of Brand Image on Purchasing Decisions

Brand image plays a similarly positive and significant role in influencing purchasing decisions. The t-test reveals that the brand image variable significantly impacts purchasing decisions, with a t-value of 8.349, surpassing the critical value of 1.999, and a significance level of 0.000, less than 0.05 (H3 is accepted and H0 is rejected). In this study, brand image is assessed using indicators such as attributes, benefits, and value, all of which affect purchasing decisions.

These findings are in line with previous research by Sofina and Finisica Dwijayati Patrikha (2022) and Daniel Reven and Augusty Tae Ferdinand (2017), which both concluded that brand image positively and significantly affects purchasing decisions. Consumers are more inclined to make quicker decisions when the product has a strong brand image, and they are more likely to prefer products from well-regarded brands.

CONCLUSIONS AND RECOMMENDATIONS

In conclusion, the analysis shows that product quality, price, and brand image all have a positive influence on purchasing decisions. As a business entity, Indosat Ooredoo can focus on enhancing product quality, competitive pricing, and strengthening its brand image to attract customers and drive purchasing decisions.

ADVANCED RESEARCH

Researchers hope for further research with more diverse variables and objects on this discourse.

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