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The Influence of Product Quality on Purchase Intention Through Electronic Words of Mouth in PT. Telkomsel Medan

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Abstract

The aim of this research is to discover 'The Influence of Product Quality on Purchase Intention through Electronic Words of Mouth in PT Telkomsel Medan'. This research is an associative research. The population of this research is all of Universitas Sumatera Utara (USU) students who use Telkomsel internet quota, 100 respondents were obtained using snowball sampling technique. Primary data collection was done using questionnaires, and secondary data collection is gathered using Structural Equation Modelling (SEM).

Keywords: product quality, electronic word of mouth, purchase intention

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1. Introduction

In 2017, there are three major providers in Indonesia that use GSM-based technology in Indonesia, which is PT. Telekomunikasi Indonesia Seluler Tbk. (Telkomsel), PT. Indonesian Satellite Corporation Tbk. (Indosat), and PT. Excelcomindo Pratama Tbk. (Pro XL). Followed by the emergence of new telecommunication companies that are both GSM and CDMA-based, namely Hutchison CPT (Three), Axis (Axis), PT. Telkom Indonesia (Telkom Flexi), Mobile-8 (Fren), PT. Smart Telecom (Smart), PT.). This triggers a competition among the providers or pre-paid services and making the market participants and manufacturers are attempting to win this competition.

There are many products in the various markets with varying benefits and value offered by the competitors, making it difficult for the company to seize up the market share of the competitor. Other than that, it requires a considerably high cost to enter a new market. Therefore, the company needs to make abundant efforts to increase the purchase intention.

In these past years, social networking has grown quite significant from the standpoint of the marketing world. For example, on Facebook, the marketers are able to perform a detailed targeting. According to a survey conducted by Econsultancy and

Adobe to 35.000 world marketers on how they utilize the existing marketing channels, social media still occupies the top position in 2017. Based on the data, 56% of marketers plan to raise their budget to social media. Besides social media, content marketing and personalization are chosen by many marketers.

Based on the information of the penetration survey and the behavior of Indonesia internet user performed by Asosiasi Penyelenggara Jasa Internet Indonesia (APJII) in 2016, it is found the penetration of internet user, based on the age, university students are the most internet users of 89.7%, students of 68.9%, office employees of 58.4%, housewife of 25.3%, and others of 6.7%.

The 'Indonesia Genggam Internet' is an inspirational movement which invites the people in Indonesia to be aware of the benefits of the internet. This program is launched on March 24, 2014, to resolve the problem of internet ignorance in Indonesia. Included in the program, there is a data package deliberately created by PT Telekomunikasi Selular (Telkomsel) with cheaper price and fewer data quota compared to the other data packages to support the 'Indonesia Genggam Internet' program, the name of the package is Paket Data Burnet.

2. Literature Review

2.1. Quality

Kotler and Keller (2014:131) explained quality is a totality of the feature and characteristic of the product or service which are able to satisfy the needs. Next, according to Goetsch & Davis (1994) and Tjiptono & Diana (2003), the definition of quality is a dynamic condition associated with product, service, human, and environment which is fulfilling or exceeding the expectation. Moreover, quality is an ever-changing condition for example what is considered the current quality is considered less qualified in the future (Tjiptono dan Diana, 2003).

2.2. Electronic words of mouth

As stated by Livin et al. (2008) in Jeong and Jang (2011), electronic words of mouth (EWOM) is the information of communication leads to the customers through the internet-based technology affiliated with the utilization or the characteristic of a certain product or service. Furthermore, Henning–Thurau, et al. (2004) postulated in their research, EWOM is a positive or negative statement made by the potential

2.3. Purchase intention

Purchase intention is a desire of a customer on fulfilling the needs and a hidden wish in the mind of the customer. The purchase intention of the customers has always concealed in every individual that no one is able to know what the customers want and expect (Malik et al., 2013). Furthermore, Rehman et al. (2014) mentioned the measurement steps in using the AIDA model, which are: (1) Awareness, (2) Interest, (3) Desire, and (4) Action.

the research framework of the kind of thinking that provides the basis this research to its full implementation is from the background the problems and of a study jointly conducted theoretically that which is purposed to a committee to discuss and gave the background about the product quality against purchase intention through e-words of mouth.
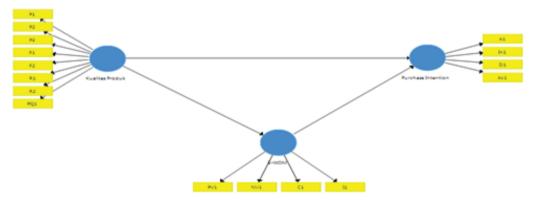

Figure 1: Research framework (SmartPLS 4.0).

2.4. Hypothesis

Based on hypothesis can be written hypothesis in this research are:

1. Product quality variables consisting of performance, features, reliability, perceived quality have a significant effect on e-word of mouth of Telkomsel product.

2. e-word of mouth against the purchase intention of Telkomsel's products.

3. product quality variables consisting of performance, features, reliability, a perception of quality to purchase intention of Telkomsel product.

4. product quality variables consisting of performance, features, reliability, perceived quality of purchase intention through e-word of mouth.th.

3. Research Methods

This research is a quantitative descriptive research. According to Nawawi (2003), a descriptive method is a research method focused on the actual problems or phenomena at the time of the research is conducted. Quantitative research is an approach to empirical study to gather, analyze, and present the data in numerical rather than narrative. This research is conducted by using survey approach. Sampling technique is the snowball sampling technique. Snowball sampling technique is a non-probability sampling technique (samples with different probabilities). Moreover, Abdillah and Jogiyanto (2015) uttered Partial Least Squares (PLS) analysis is a multivariate statistical technique which compares the multiple dependent variables and the multiple independent variables. PLS is variance-based Structural Equation Analysis (SEM) which can simultaneously perform the measurement model test as well as the structural model test. The formation of path diagram in the SEM process is the visualization from the conceptual framework so as to make it easier to understand and learn. Besides, path diagram will be tested through the goodness of fit to see the suitability of the model with the existing reality (Sinulingga, 2013). The formation of path diagram should consider the exogenous or endogen variables construct with the manifest variable of each latent variable.

4. Result

The descriptive analysis in this research is the description or explanation of the primary data gathering in the form of a questionnaire filled by the respondents. The characteristic of the respondents includes gender, age, and the duration of using Telkomsel.

This research is using the Structural Equation Model (SEM). The software used in this research is SmartPLS. The theoretical method illustrated in the path diagram will be analyzed based on the obtained data. In a reflective construct, reliability testing and indicator validity are performed using the loading factor. Each indicator measures the value of its loading factor in each construct. The value of loading factor is expected to reach more than 0.7. However, in exploratory studies, a value greater than 0.5 is considered adequate (Ghozali, 2014). The loading factor value of each indicator to each construct is measured using the algorithm of the SmartPLS program.

1. product quality variable value loading factor on performance dimension is (0.954); (0.934); (0.825). The featured dimension is (0.781); (0.823). Reliability dimension is (0.967); (0.926). Perceived Quality dimension is (0.842)

2. E-WOM variable loading factor values on Intensity dimension (0.862), Positive Velance (0.942), Content (0.935), Negative Velance (0.896)

3. Variable Purchase Intention value loading factor on Awareness dimension (0.950), Interest (0.979), Desire (0.955), Action (0.939) the conclusion that all indicators have met the criteria of reliability and validity of indicators against each construct.

The value of R Square for the EWOM variable is 58.4%, meaning it belongs to the strong category. Meanwhile, the remaining 41.6% is explained by other variables. Next, the value of R Square for Purchase Intention variable is 81.6%, which means it belongs to the strong category. Meanwhile, the remaining 18.4% is explained by other variables.

Following are the discussions of each hypothesis based on the result test:

1. The influence of EWOM on Purchase Intention is $p = 0.00 < 0.05$, this means there is a positive and significant influence between EWOM and Purchase Intention. It can be interpreted that customer involvement is positively affecting purchase intention of a product. Chatterjee (2001) also stated that EWOM can effectively reduce the risk when a customer purchase a product or service, thus their purchase intention and decision-making can be influenced further.

2. The influence of Product Quality on EWOM is ($p = 0.00 < 0.05$), this means there is a positive and significant influence between Product Quality and EWOM. It is because the product quality is able to positively affect electronic words of mouth of the customers on a product. The product offered by Telkomsel is able to show its quality. For instance, when it rains the quality of Telkomsel network is no disappointing because it can still be used despite the bad weather. This because the product quality is not able to affect electronic words of out, therefore other driving factors is needed, such as corporate image, as a mediator to trigger the purchase decision. This result is not in line with a study by Damayana, (2014), in which the perceived quality has a better quality compared to other operators.

3. The influence of Product Quality on Purchase Intention is $p = 0.009 < 0.05$, this means there is a positive and significant influence between Product Quality and Purchase Intention. A good quality can increase the purchase decision of the

customers on the product or service. It is in line with the result of a study performed by Shaharudin (2011), who revealed to find the level product decision is based on eight dimensions of framework quality and the relationship to the customer purchase behavior. Furthermore, this study supports an opinion of Tjiptono (2008), product quality is a combination of the nature and characteristic which determined the extent to which an output can meet the customers' needs or assess the extent to which the nature and characteristic fulfill the customers' necessity. Next, this result is in line with a study by Anwar (2015), who postulated Product Quality is significantly and positively affecting Purchase Decision. Lastly, this research result is in line with a study result of Anis (2015), posited product quality is positively affecting purchase decision.

5. Conclusion

Based on the research result discussed in the previous chapter on the effect of product quality on purchase decision through electronic words of mouth, then it can be concluded as follows:

1. EWOM is positively and significantly affecting Purchase Intention in Telkomsel Medan.

2. Product Quality is positively and significantly affecting E-WOM in Telkomsel Medan.

3. Product Quality is positively and significantly affecting Purchase Intention in Telkomsel Medan.

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