

ANALYSIS OF FACTORS THAT AFFECT STUDENTS AND COLLEGE STUDENT ON THEIR DECISION TO BUY PRODUCTS THROUGH ONLINE APPLICATIONS IN SEMARANG

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ABSTRACT

This study analyzes the factors that affect students and college students in online purchasing decisions in Semarang. The growth of various online companies (shops) today is like mushrooms that grow in the rainy season. The business of buying and selling goods and services online provides many benefits for consumers and online shop owners. But along with the growth of online trading, complaints from consumers also increased.

This study aims to determine and analyze the influence of perceived prices, promotions and reputation on online purchasing decisions. This study uses validity and reliability test methods, classic assumption and multiple linear regression tests such as t test, f test and multiple correlation test and determination (data were processed using SPSS 24.0 software).

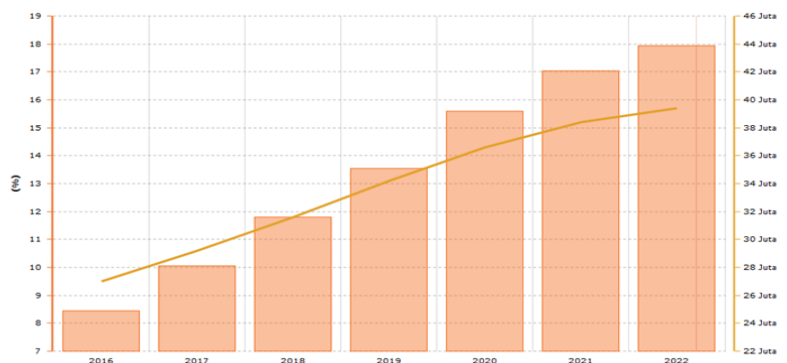
The results obtained from this study are perceptions of price, promotion and reputation variable affect online purchasing decisions.

Keywords: *reputation, price perception, promotion, purchasing decisions, online trade*

INTRODUCTION

There are many types of online buying and selling services, both from within the country and abroad such as alibaba.com, bukalapak.com, inkuiri.com, OLX.com, jakartanotebook.com and many more. The service providers provide convenience and easy transaction using the application in terms of offering, payment and distribution of goods.

Figure 1.
Projections for online buying and selling in Indonesia in 2016 – 2022



Source: BKPM Republic of Indonesia, 2018

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Figure 1 shows that online-based buying and selling potential in Indonesia is still open. Graph of sales transactions has increased from year to year. Starting in 2016 online buying and selling services has shown fierce competition. People who join this kind of business are getting increased.

On the other hand, complaints about online transactions also increased. Indonesian Consumers Foundation (YLKI) noted that during 2017, consumers mostly complained about their experience while doing online transaction. From 642 general complaints since January-November 2017, YLKI received 101 (16%) complaints from online shopping. The number of complaints related to online shopping has doubled compared to 2016. In 2016, the number of online complaints was only 8%. This number is higher than consumer complaints about banks services that were previously in first place. During 2017, complaints against banks were only 83 complaints, or 13%. "Currently, online shopping complaint is the highest" said Tulus Abadi, YLKI chairman (in Bayu, 2018). Furthermore, it was informed that consumers often complained about the slow response of complaints (44%), receipt of goods (36%), adverse system (20%), no *refund* (17%), suspected fraud (11%), items purchased did not appropriate (9%), suspected cyber crime (8%). There are also complaints about product defects (6%), services (2%), prices (1%), information (1%), and late receipt of goods (1%).

In Indonesia, students and college students are one of the largest segments that are ready to become sales targets for online buying and selling providers. The items offered are targeting the millennial generation. The fact that these generation is still looking for identity is the reason that they are become *potential buyers* in Indonesia. Students and college students often want good items at affordable prices. The consumerism lifestyle that engulfed the world contributed to the lifestyle of students and college students in Indonesia.

The questions that come up from this study are; how does price perception affect the decision to buy online? How does promotion affect the decision to buy online? And how does reputation affect the decision to buy online? While the purpose of this study was to know and to analyze the effect of price perceptions on online purchase decisions, to know and to analyze the effect of promotion on online purchase decisions and to know and to analyze the effect of reputation on online purchase decisions.

LITERATURE REVIEW AND HYPOTHESIS DEVELOPMENT

Purchase decisions that were made by consumers are determined through many considerations. Choosing the goods or services to be purchased requires information related to products or services. Purchase decision errors will harm the consumer.

Price is one of the factors that affect the interest of consumers to get the goods or services. The price perception offered by the seller is often being considered by consumers to determine what they choose.

Consumer interest in buying products and services is often influenced by promotions from the sellers. The power of promotion can make the consumer to buy the product because the consumers is trying to get the benefits from the promotion.

While choosing the product, the consumers often see the reputation of the store (vendor) that sells the product. The better reputation of the store or vendor, the more it will be chosen by consumers to buy their products.

Consumer's price perception has an important influence to determine the decision to buy goods and services. According to Harwani and Pradita (2017) in their study, price perception affects purchase decisions. Ruslim and Tumewu (2015) emphasized that price perceptions affect consumer purchase decisions. Therefore:

H1: There is an Influence of Price Perception on Purchase Decisions.

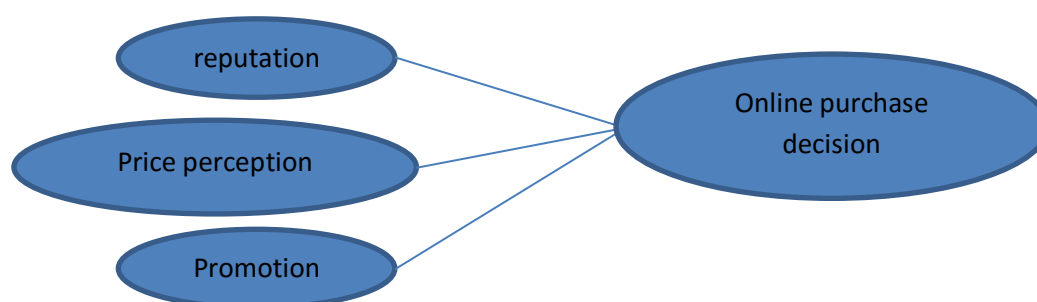
A good promotion will have positive effect on the company and consumers. Study conducted by Brata *et al.* (2017) shows that promotion affect purchase decisions. Furthermore, Shrestha (2015) confirmed that sales promotions have a significant effect on purchase decisions. Therefore:

H2: There is an Influence of Promotion on Purchase Decisions.

The reputation of online stores is one of the references for consumers to buy goods and services. Jung and Seock (2016) in their study said that corporate reputation affects purchase decisions. Similarly, Ong *et al.* (2015) emphasize that the company's reputation significantly affects consumer purchase decisions. Therefore:

H3: There is a Reputation Effect on Purchase Decisions

Figure 2. Empirical Thinking Framework



METHOD, DATA AND ANALYSIS

Operational Definition

According to Sobur, (2010: 445) *Perception* is a vision that is how someone sees something; *perception* also means as view, it how someone perceives or interpret something. While price is the amount of money charged for a product or service. (Kotler and Armstrong, 2001: 339). Price perception can be measured from: price level, price discount, and payment terms.

Promotion is one of marketing strategy from the company to notify, remind, and persuade consumers about the products of the company (Saladin, 2003), the indicators used for promotional variables are (Miles and Covin: 2000): advertising, sales promotion and direct marketing via media application.

Reputation is an award obtained by the company because of the advantages that exist in the company, such as the ability possessed by the company, so that the company will continue to develop itself to create new things for fulfill consumer needs (Herbig *et al.*, 1994). The indicators used for reputation variables are: competent, credible and good name.

Purchase decisions are the activities of individuals who are directly involved in making decisions to purchase products offered by sellers. The indicators used for purchasing decision variables are (Howard and Shay in Dharmesta, 1998): how long the consumers decide due to internal and external factors, make considerations by collecting data / information and quickly decide.

Population and Samples

The populations in this study are all consumers consist of students and college students who buy goods or services online in Semarang where the exact number cannot be calculated. The sampling method uses is *Purposive Sampling*, the sample criteria in this study are consumers

who are at least 17 years old as students or college students and where they buy products online and use online services. In this study the number of samples taken was 97 students or college students who were expected to be equal to the number of respondents.

Data and Analysis

The types of data in this study are primary data and secondary data. Data collection methods are Observation, Questioner, Interview, and Literature Study.

This study uses SPSS program version 24.00. Validity test results show that all items of questions / indicators of Price Perception variables (X1), Promotion (X2), Reputation (X3), and Purchase Decisions (Y) are declared valid because of the correlation between the results of respondents' answers to each question / indicator item with the total score can get significant results, namely the value of $r_{\text{count}} > r_{\text{table}}$.

Reliability test results show that the value of *Cronbach's Alpha* of all variables above 0.60, so it can be concluded that the price perception variable (X1), Promotion variable (X2), Reputation variable (X3), and Purchase Decision (Y) are declared reliable or reliable / reliable, which means if the data is used on different objects study, at different times it will give the same results as the results obtained in this study. It also shows that the value of p_{value} (Asymp.Sig.) Of the residual regression model is > 0.05 . Therefore it can be concluded that the data used in this study is normally distributed.

Based on the results of the multicollinearity test the regression model shows that between the Price Perception variables (X1), Promotion variables (X2), Reputation variables (X3), and Purchase Decisions (Y) all do not occurs *multicollinearity*, because the value of *tolerance* of each independent variable is above 0, 1 and the VIF value of each independent variable is below 10.

Based on the results of the analysis using SPSS program (Ghozali, 2005), the regression results obtained between the independent variables on the dependent variable in table 1 in the appendix.

The t-test results show that all independent variables have a positive and significant effect on the dependent variable, because the value of $t_{\text{count}} > t_{\text{table}}$.

DISCUSSION

Hypothesis 1 states that "price perception has a positive effect on purchase decisions." Regression testing results show [p_{value} (Sig.) = 0.004] < 0.025 and ($t_{\text{count}} = 2.201$) $> (t_{\text{table}} = 1.960)$, the t test results is "significant" and "positive (the sign at t and beta coefficient is positive)", so H_0 is rejected and H_a is accepted, which means the perception of price (X1) has a positive and significant effect on purchase decisions (Y) on online purchases by students and college student. "Significant" implies that the perception of price does have a significant influence on purchase decisions, so it can be concluded that the changes that occur in purchase decisions are influenced / determined by changes in prices perception, but do not apply otherwise. While the relationship "Positive" means that the changes that occur in the purchase decision goes in line with changes in price perception. If the price perception variable increases, it will automatically be followed by an increase in the purchase decision variable, and vice versa.

Hypothesis 2 states that "company promotion has a positive effect on purchase decisions." Regression test results show [p_{value} (Sig.) = 0.001] < 0.025 and ($t_{\text{count}} = 2.532$) $> (t_{\text{table}} = 1.960)$, then the t-test results is "significant" and "positive (the sign on t and beta coefficient is positive)", so H_0 is rejected and H_a is accepted, which means promotion (X2) has a positive and significant effect on purchase decisions (Y) on online purchases by students and college students. "Significant" implies that companies promotion does have a significant influence on purchase decisions, so it can be concluded that changes that occur in purchase decisions are

influenced / determined by changes in companies promotion, but do not apply otherwise. While the relationship "Positive" means that the changes that occur in the purchase decision goes in line with the changes of company promotion. If the companies' promotion variable has increased, it will automatically be followed by an increase in the purchase decision variable, and vice versa.

Hypothesis 3 states that "reputation has a positive effect on purchase decisions." The regression test results show [$p_{\text{value}} (\text{Sig.}) = 0,000$] <0.025 and ($t_{\text{count}} = 3.101$) $> (t_{\text{table}} = 1.960)$, the results of the t-test are "Significant" and "positive (signs at t and beta coefficients are positive)", so H_0 is rejected and H_a is accepted, which means companies reputation (X3) has a positive and significant effect on purchase decisions (Y) on online purchases by students and college students. "Significant" implies that reputation does have a significant influence on purchasing decisions, so it can be concluded that the changes that occur in purchase decisions are influenced / determined by changes in reputation, but do not apply otherwise. While the relationship "Positive" means that the changes that occur in purchase decisions go in line with changes in reputation. If the reputation variable increases, it will automatically be followed by an increase in the purchase decision variable, and vice versa.

CONSLUSION

Based on the results of data analysis that has been carried out on all data obtained, it can be concluded that, there is a positive and significant influence of the price perception variable (X1) on purchase decisions (Y) is accepted; There is a positive and significant effect of the company promotion variable (X2) on purchase decisions (Y) is accepted; There is a positive and significant influence of the reputation variable (X3) on purchase decisions (Y) is accepted.

The findings of the implementation of this study can be explored by several implications for the existing theory. Among other things, the company's reputation can be better or vice versa. According to Lau and Lee (1999), they say that company's reputation as one of the most important factors of company characteristics that can shape customer trust to the brand. Therefore a good reputation can be created by increasing consumer trust to the company.

MANAGERIAL IMPLICATION

Based on the result of this study, the researcher suggested that affordability of prices by students and college students. It is known that there are still many segments that do not have their own income; the reputation of the company should be well maintained. The researcher also suggested that online companies should maintain the reputation. Better reputation means the consumers trust the online companies more; it is necessary to improve the quality of services by practicing: the availability of qualify goods and services and providing guarantees if online companies provide services that are not optimal to their customers.

The result of this study is unsatisfactory due to the limitations of the researchers, including the sample of this study only come from students and college students in Semarang who do not have their own income. It should be conducted at the city or other region by adding professional segments (employees).

There is a possibility to develop this study further; therefore the further study is expected in future. The researchers may be able to use the variables that were used in this study by adding several variables or even making variable changes which according to variables which mostly affect customer loyalty to use online services.

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Table 1.
Results of Linear Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.068	1.864		2,312	,005
PRICE PRECEPTION	,157	,063	,178	2,201	,002
PROMOTION	-,132	,077	,183	2,532	,001
REPUTATION	,280	,081	,351	3.101	,000