THE EFFECT OF PRODUCT INNOVATION AND SERVICE QUALITY ON PURCHASING DECISIONS DURING COVID 19 (SURVEY OF GRAB APP USERS IN BANDUNG 2021)

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ABSTRACT

This study was conducted to find out how much product innovation (X1) and Service Quality (X2) influence purchasing decisions (Y) on Grab app users in Bandung. The method used in this study is a quantitative method with 100 respondents of Grab app users in Bandung with multiple regression analysis calculation process and processed in SPSS25 for Windows software. The main data from the study used questionnaire surveys, and secondary data was obtained through journal publications, articles, and theory books. According to the results of this study showed that the variable Product Innovation (X1) and Service Quality (X2) has a significant influence simultaneously on the variable Purchase Decision (Y) grab application in The City of Bandung by 38.6%.

Keywords: Product Innovation; Quality of Service; Purchase Decision

I. INTRODUCTION

Along with the growth of smartphone use in Indonesia encourages online-based companies from home and abroad began to present and develop their business in Indonesia such as an online shop, online transportation, and so on. This encourages the rapid development of the business world and increasingly tight market competition. Increasing the intensity of competition between manufacturers requires companies to always pay attention to the needs and wants of consumers and try to meet consumer expectations by providing the maximum possible service, to compete with other companies with the use of strategies as the key to success or failure of a company.

The presence of an online transportation business that is now known as PT. Grab Indonesia is one of Indonesia's outstanding transport strengths by providing easy access to all regions. The existence of Grab application becomes a medium for transportation and shopping online especially at this time there is a spread of the covid-19 virus. In this situation, innovation cannot be avoided by the company if it wants to achieve the success of a company, the success of a company depends heavily on the ability of the company in obtaining, using knowledge, and applying it to a new product. Therefore, grab app service releases new features or products. Grab's innovations make consumers make decisions to purchase products in Grab without having to leave the house.

With the increasing number of people using the online transportation model at Grab, the quality of service becomes very important to win the competition in the spread of the covid-19 virus. By understanding what consumers want and expect from the quality of services provided, it will be obtained a special added value for the company. The quality of service needs to get great attention from the company because the quality of service has a direct relationship with the ability to compete and the level of profit of the company.

The frame of mind is a conceptual model of how theory is combined with various factors that have been identified as an important issue. A good frame of mind will theoretically explain the interrelationship between the variables studied. So, it is theoretically necessary to explain the relationship between independent and dependent variables. Effect of Product Innovation and Service Quality on Purchasing Decisions.
Creative innovation activities whether it is process innovation or product or service innovation will improve the company's ability to create quality products, furthermore, it is expected to increase the competitive advantage of the company that ultimately impacts the company's performance. According to Robbins & Coulter (2016), innovation itself is defined as taking creative ideas and turning them into useful products or working methods. A business venture that can make innovations, can lead and minimize the possibility of competitors innovating early.

Quality of Service is an act and action of businesses or companies to provide satisfaction to customers. According to Suryani (2017:91), the quality of service is an ability to make and deliver products in the form of goods or services that have benefited from the expectations and desires of customers.

Purchasing Decisions are thoughts where individuals evaluate various options and decide on a product from many options. According to Kotler and Keller (2016:195) explains that smart companies strive to fully understand the behavior of the purchasing decision process made by customers or consumers, in this case, all forms of consumer experience through marketing research have developed a form of purchase decision process model.

From the above frame of mind, it can be known, that the independent/free variables are Product Innovation (X1) and Service Quality (X2), while the dependent/bound variable is the Purchase Decision (Y).

The hypotheses proposed in this study are as follows:

H1: It is suspected that there is an influence between product innovation (X1) partially on purchasing decisions (Y).

H2: It is suspected that there is an influence between the quality of service (X2) partially on the purchase decision (Y).

H3: It is suspected that there is an influence between product innovation (X1) and service quality (X2) simultaneously on purchasing decisions (Y).

II. RESEARCH METHODS

Types of Research
This study will discuss issues related to the influence of product innovation and service quality on purchasing decisions on Grab app users in Bandung. In this study, researchers used quantitative data types and sources, for the samples selected in this study amounted to 100 consisting of Grab app users in Bandung. This research
sampling method uses the Nonprobability Sampling technique. Primary data in this study was obtained through questionnaires, while secondary data was obtained from journal publications and textbooks. Data analysis used is a descriptive analysis by adopting several linear regression analysis techniques using SPSS25 for Windows software.

III. RESULTS AND ANALYSIS

Multiple Regression Analysis

Regression analysis is used to determine the existing relationship between variables so that from the obtained relationship can be estimated one variable if the price of another variable is known. The regression model equation used by the author is a double regression analysis equation. Below will be presented a model of regression equations using several linear regression analysis as follows:

Table1. Multiple Linear Regression

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>1 (Constant)</td>
<td>11,391</td>
<td>2,943</td>
<td></td>
<td>3,871</td>
</tr>
<tr>
<td>X1</td>
<td>.026</td>
<td>.102</td>
<td>.021</td>
<td>0,253</td>
</tr>
<tr>
<td>X2</td>
<td>.859</td>
<td>.113</td>
<td>.617</td>
<td>7,602</td>
</tr>
</tbody>
</table>

Source: SPSS Output

As a result of the calculation, the Constant value (a) is 11,391 and the Product Innovation value (X1) is 0.026 and the Service Quality value (X2) is 0.859. The regression equation formula is obtained as follows:

\[ Y = 11,391 + 0.026X_1 + 0.859X_2 + e \]

1. If a constant value of 11,391 means that if an independent variable that is a product innovation variable and service quality are considered constant (worth 0), then the dependent variable i.e. the purchase decision variable will be worth 11,391. That is, when there is no change in the value of service innovation, then the value of customer satisfaction does not change.

2. If the value of product innovation variable regression coefficient shows 0.026, meaning that if the product innovation variable increases by (one) unit, while the other independent variable is the service quality variable is considered constant (worth 0), then the dependent variable i.e. purchase decision variable will increase by 0.026. Positive signs of coefficient regression value indicate that product innovation variables have a positive influence on purchasing decisions. This means that the higher the product innovation, the higher the purchase decision, and vice versa.

3. If the value of the regression coefficient of service quality variable indicates 0.859, meaning that if the service quality variable increases by (one) unit, while the other independent variable is the product innovation variable is considered constant (worth 0), then the dependent variable i.e. the purchase decision variable will increase by 0.859. Positive signs on the coefficient regression value indicate that the quality of service has a positive influence on purchasing decisions. This means that the higher the quality of service, the higher customer satisfaction, and vice versa.

Partial Hypothesis Test (T-Test)

This test aims to show how far one individual independent variable affects in describing dependent variables. Below will be presented the results of partial hypothesis testing using several linear regression analysis as follows:

Table2. Partial Hypothesis Testing

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
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<th>Sig.</th>
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<td>X2</td>
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<td>.617</td>
<td>7,602</td>
</tr>
</tbody>
</table>
Simultaneous Hypothesis Test (Test F)

The F test is a goodness of fit model that must be performed in linear regression analysis. Below will be presented the results of simultaneous hypothesis testing, which are as follows:

Table 3. Simultaneous Hypothesis Testing

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Regression</td>
<td>411,922</td>
<td>2</td>
<td>205,961</td>
<td>30,544</td>
<td>0.000</td>
</tr>
<tr>
<td>Residual</td>
<td>654,078</td>
<td>97</td>
<td>6,743</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1066,000</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

IV. DISCUSSION OF RESEARCH RESULTS

Product Innovation Discussion on Grab App

The results showed that in the product innovation variable (X1) obtained a total actual score of 2140, the ideal total score of 2500 percentage value of 86%, falls into the category of excellent. This shows that the product innovation provided by Grab to its customers has been excellent. Product innovation variables consisting of Intensity, Positive Valence, Negative Valence, and Content indicators.

Discussion of Service Quality in the Grab App

The results showed that in the variable quality of service (X2) obtained the actual total score of 2172, the ideal total score of 2500 percentage value of 87%, falls into the category of excellent. This shows that the quality of service provided by Grab to its customers has been very good. Variable quality of service consisting of indicators Reliability, Responsiveness, Warranty, Empathy, and Physical Evidence.

Discussion of Grab App Purchase Decisions

The results showed that in the variable purchase decision (Y) obtained the total value of the actual score of 3060, the ideal total score of 3500 percentage value of 87%, falls into the category very well. This shows that the purchase decisions made by customers on the Grab app have been very good. Variable purchase decisions consisting of Indicators Brand Choice, Dealer Choice, Purchase Timing, and Payment Method.

V. CONCLUSION

Based on the results of research and discussion in the previous chapter, the following conclusions are obtained:

1. Referring to Test Result F indicates that the Customer Satisfaction (Y) variable in the Grab app will be 30,544 points and this number has not been affected by the Product Innovation (X1) and Service Quality (X2) variables. However, that number is influenced by other variables beyond this study.

2. From the test result correlation coefficient (R) obtained a value of 0.622. So it can conclude that the variable relationship of Product Innovation (X1) and Service Quality (X2) has a strong relationship with the variable Purchase Decision (Y) which is 62.2%.

3. From the results of the study coefficient of determination (R2) obtained a value of 0.386. This suggests that the variable contribution of Product Innovation (X1) and Service Quality (X2) could influence Purchasing Decisions (Y) by the remaining 38.6% by 61.4% influenced by other variables not included in this study.

4. Product Innovation Variable (X1) has a regression coefficient of 0.026 and service quality variable (X2) has a coefficient of regression value of 0.859 so it can be concluded that if the company provides Product Innovation (X1) and Good Service Quality (X2) then grab's Purchase Decision (Y) will increase.

REFERENCES


