



# Analysis of the Influence of Customer Value on Purchase Decisions Case Study at PT Indo Webhost Kreasi, Medan City

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**Abstract.** This study aimed to see the effect of customer value on purchasing decisions. The research methodology used is descriptive quantitative with a Multiple Regression Analysis approach to answering the research hypothesis. The research population is the representative of employees that becomes partner of the company with a total of 96 employees. The results of the study found that partially, Emotional Value, Social Value, Quality Value, and Cost Value each variable affect Purchase Decisions. Meanwhile, all variables simultaneously affect Purchase Decisions.

**Keywords:** Reward Program · Work Environment · Work Loyalty · Turnover Intention

## 1 Introduction

One important factor that helps companies achieve their goals is the integral use of information technology. Companies that build information systems also use them for sales, not just administration. Thus, the company is looking for reliable vendors to build an integral information system. The company's purchasing decision in determining the appropriate vendor is influenced by, among others, customer value.

One of the information and technology company was located in North Sumatra is PT. Indo Webhost Kreasi with their brand IWEKA. Although PT Indo Webhost Kreasi was established in 2002 with a focus on plantation companies, around 200 companies in North Sumatra, the number of IWEKA customers has not been significant. Even that number is increasing and decreasing every year. This can be seen in Table 1.

Although every year there is an increase in the number of customers, it is not significant and still far away from the number of companies registered in the North Sumatra. This is enough to become PT Indo Webhost Kreasi's homework in introducing their products. The obstacle they often face is that their products are less well-known than brands with strength and big names, such as Nusanet or Lintas Arta. Both companies are large ISP companies and are well known by corporations, including plantation companies. The number of their customers dropped in 2018 when 3 companies did not renew their contracts. However, they can increase their customers in 2019 added 2 (two) new customers.

**Table 1.** Turnover Rate for the year 2016 – 2020.

Year	Total Customers	Increasing
2016	7 companies	-
2017	9 companies	2 companies
2018	11 companies	2 companies
2019	8 companies	(3 companies)
2020	10 companies	2 companies

This is allegedly because the management of PT Indo Webhost Kreasi has not fulfilled their Customer Value, where Customer Value is the fulfillment of needs and also evaluation compared to competitor's products or services. Some complaints that are often expressed by customers are the stability and speed of the network. Management has tried to improve this condition, but customers still do not get the value they expect.

Customer Value according to Kotler and Armstrong [1] is a set of evaluations made by customers of the products or services they receive and compared to the competitors. Supadiyono [2] explains that good customer value can improve customer purchasing decisions. Customers who have a positive value believe that the product or service besides being able to meet their needs, also has a better value compared to the competitor.

Based on review above, this research aims to see the effect of Customer Value on Purchasing Decisions. The components of Customer Value are: 1) Emotional Value; 2) Social Value; 3) Quality Value, and; 4) Cost Value.

## 1.1 Theoretical Review

### Customer Value

Customer value can be described as an comprehensive evaluation of how customers feel with what they expect of a product or services. Customers do not come from the same segment or class, but from different segments and of course also have different needs. Providing quality and cheap products may not necessarily be well received by all customers, there are customers who feel that quality of products should be valued higher than other similar products. Therefore, companies must learn how to provide value to customers that can be widely accepted and also with the right segmentation.

Customer value has four components that can be explain as below:

### Emotional Value

Value derived from the product's ability to create positive feelings for customers. Emotional value has 2 (two) indicators:

1. Ability to arise curiosity
2. The ability of products/services to provide customer satisfaction.

### *Social Value*

Value derived from the product's ability to enhance the customer's self-concept. Social value has 2 (two) indicators:

1. The ability of a product/service to create a sense of pride in customers and
2. The ability of a product/service to make a good impression on customers.

### *Quality Value*

Value that obtained from the customer's perception of the quality and expected performance of the product or service. Quality value has 2 (two) indicators:

1. Benefits that customers get after consuming the product/service
2. Consistency of service to customers.

### *Cost Value*

Value derived from the product due to the reduction of short-run and long-term costs. Cost value has 2 (two) indicators:

1. Comparison of the costs incurred with the benefits obtained by the customer
2. Comparison of costs incurred for similar products from other companies.

### *Purchase Decision*

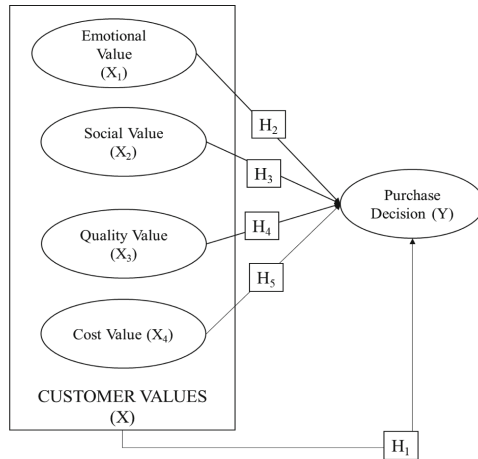
Purchase decision can be defined as activities of individuals who are directly involved in making decisions to make purchases of products/services offered by sellers. Decision making is an individual activity that is directly involved in obtaining and using the goods offered. Another definition of purchasing decision is the buyer's decision about which brand to buy. Consumers can form an intention to buy the most preferred brand.

The dimension of Purchase decision can be described as below:

1. Product quality
  - a. The product works well
  - b. The product has a long lasting duration
  - c. Product safety
2. Competitive Price
  - a. Economic reasons
  - b. Psychological reasons
3. Brand Image
  - a. Trust
  - b. User experience.

## **Conceptual Framework**

The Conceptual Framework explains the flow of thought in research Sinulingga, [3]. The conceptual framework is prepared as a guide in conducting research so that research has a corridor that can guide researchers in finding answers according to the formulation of research problems. The conceptual framework in this research shown in Fig. 1.



**Fig. 1.** Conceptual Framework

## Hypothesis

Based on the Conceptual Framework as described in Fig. 1, the hypothesis research are:

- H1: Customer Values simultaneously affects Purchase Decision at PT. Indo Webhost Kreasi, Medan.
- H2: Emotional Value partially has an effect to Purchase Decision at PT. Indo Webhost Kreasi, Medan.
- H3: Social Value partially has an effect to Purchase Decision at PT. Indo Webhost Kreasi, Medan.
- H4: Quality Value partially has an effect to Purchase Decision at PT. Indo Webhost Kreasi, Medan.
- H5: Cost Value partially has an effect to Purchase Decision at PT. Indo Webhost Kreasi, Medan.

## 2 Method

The design used in this research is correlational analysis, which is a type of research carried out with the aim of detecting the extent to which variations in a variable are correlated with one or more other variables based on the correlation coefficient [3]. Hypothesis Testing is done by Multiple Regression Analysis. The population in this study is all customers with total 96 people.

## 3 Result and Discussion

There are 2 (two) steps of how to answer hypothesis testing in this study, they are F testing for simultaneous effect and T testing for partial effect. The F-test result can be seen in Table 2.

**Table 2.** F Testing

Model		Df	Mean Square	F	Sig.
1	Regression	4	1246.341	387.374	.000 <sup>b</sup>
	Residual	91	3.217		
	Total	95			

**Table 3.** T Testing

Model		Unstandardized Coefficients		Standard Coefficients	t	Sig.
		B	Std. Error			
1	(Constant)	-4.448	.908		-4.896	.000
	Emotional Values	.585	.119	.384	4.921	.000
	Social Values	.671	.311	.264	3.289	.040
	Quality Values	.429	.266	.146	1.896	.020
	Cost Values	1.500	.344	.530	4.367	.000

Based on Table 2, can be concluded that Customer Values simultaneously affect Purchased Decisions at PT. Indo Webhost Kreasi, Medan, it can be seen from significant value  $0,000 < 0,050$ , thus Hypothesis-1 can be accepted. Meanwhile, the partial result can be seen in Table 3.

Based Table 3, can be concluded that:

1. Emotional Value partially affect Purchased Decisions at PT. Indo Webhost Kreasi, Medan, it can be seen from significant value  $0,000 < 0,050$ , thus Hypothesis-2 can be accepted.
2. Social Value partially affect Purchased Decisions at PT. Indo Webhost Kreasi, Medan, it can be seen from significant value  $0,040 < 0,050$ , thus Hypothesis-3 can be accepted
3. Quality Value partially affect Purchased Decisions at PT. Indo Webhost Kreasi, Medan, it can be seen from significant value  $0,020 < 0,050$ ; thus, Hypothesis-4 can be accepted
4. Cost Value partially affects Purchased Decisions at PT. Indo Webhost Kreasi can be seen from a significant value  $0,000 < 0,050$ ; thus, Hypothesis-5 can be accepted.

## 4 Conclusion

Based on the result above can be concluded that all variables simultaneously and or partially can affect the Purchased Decision at PT. Indo Webhost Kreasi, Medan.

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