

# The Effects of Product Attributes and Pricing Policy to Netbook Purchase Decision: (Case Study of Universitas Widyatama Students)

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**Abstract:** *The high competitive situation on netbook industry's marketing activity, making all of the companies who involve on this industry are on the effort to make user friendly product. Based on the conceptual theory that netbook is a product that came from specialty good, which is the buying process, requires more effort and involvement than conveniences. This research aim is to analyze the effect of product attribute performance and price policy to customer buying decision on netbook product. Research methodology that used on this research is descriptive method, by observation, interview and questionnaire as the data collecting technique. The result of this research shows that the product attributes netbooks tend to have been doing well. This is evident from the respondents to four (four) indicators include quality / product quality, product characteristics, product design, and the benefits of a product that puts both categories. Policy pricing measured either. This was seen in the percentage of each indicator in the pricing policy, which includes product competitiveness, rebates, and ease of payment method. Although the need to focus on indicators of competitiveness of products in the aspects of the sale price back above the netbook. The test results of the analysis of the performance of the product attributes affect purchase decisions because  $T_{hitung} 3.936 > T_{Table} 1,657$ . Product pricing policies influence the purchasing decisions of  $T_{hitung} 6.687 > T_{table1}, 657$ . While the simultaneous performance of product attributes and product pricing policies influence the purchase decision shows the  $F_{hitung} 23.138$  is greater than  $F_{table} 3.07$  is significant because it shows the influence of sig  $F 0,00 < 0.05$ .*

**Keywords:** product attribute, pricing policy, buying decision, and netbook product

## 1. Introduction

Computer technology is growing rapidly. At the beginning, computers used single core technologies, now has growing with using of multi-core. The development of information technology has a huge impact on information systems. The real impact is felt on a data processing system change from the manual to computerize. Utilization of information technology increasingly facilitates the user in doing his job (Hendra: 2011)

According [www.engadget.com](http://www.engadget.com) site in the figure 1.1 in the year 2012 the number of netbook users in the world increased by 18%. In addition, the figure shows the increase each year. One of the factors that assumed to be the cause is netbooks is cheaper and easier to carry anywhere. Contributions netbook sales increasing in line with the exhibition being held in major cities.

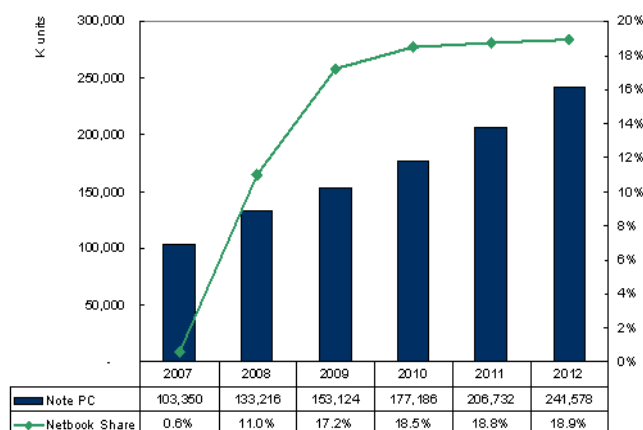


Figure 1.1: Netbook and PC Sales Data

Source: <http://www.engadget.com>

Global strategy that used by market players and the pricing strategy heavily discounted during the exhibition or sale of the product package (bundling), is the main interest for the people to buy netbooks. Indonesia is a potential market for netbook manufacturers. The population of Indonesia to increase three million per year and a penetration of approximately 10% of Internet users is a netbook market outlook for the next five years and can be measured through data on the number of Indonesian population and the number of Internet users and penetration rate.

Kotler & Armstrong (2006: 291) states that the price is the only element of the marketing mix that generates revenue, while the other elements represent costs. While Cravens and Piercy (2006:378) suggests four steps in the process of pricing, namely: goal setting pricing, pricing analysis of the situation, choose the pricing strategy and pricing and specific policies.

In the current era, role of the notebook is begun shifting naturally to the presence of similar products i.e. netbooks, it can be seen from strong sales of netbook computers, combined with the decline in sales of notebook (Legal: 2010). In addition, the netbook has a more affordable price than a notebook so it is not surprising that many more popular netbook than notebook, because it is practical, stylish, and economical (<http://lifestyle.kontan.co.id/news/netbook-sudah-tipis-ergonomic-price-no-economic-1>).

Nowadays more and more brand computer companies began to enter the netbook business, it can be seen from a fact that leading computer brands such as Toshiba, Samsung and Acer, IBM producing netbooks with many advantages, especially in terms of design, features and amenities, as well

as the qualification of processors it uses. Table 1.1. Shows the price of netbooks in 2013.

**Table 1.1: Best Netbook in 2013**

No.	Branch	Specification	Price
1	Lenovo Think Pad	AMD Fusion, 1.7Gz, AMD Radeon HD, 4GB up to 8GB, 500GB (hardisk), 8,5 hours, DirectX 11 Ready, 1.3 Megapixel, Wi-Fi, HDMI port	\$461.99
2	Asus Vivo Book S200E	I3-3217U, 1.8Gz, intel HD 4000, 2GB up to 4GB, 500GB (hardisk), 5.5 Hours, 0.9 Megapixel, Wi-Fi, HDMI port.	\$399.00
3	HP Pavilion Touch Smart	AMD A4-1250, 1.4Gz, AMD Radeon HD 8180, 4GB up to 8GB, 320GB, 7 Hours, 1.2 Megapixel, Wi-Fi, HDMI port.	\$399.00
4	Asus 1015E	Celeron 847, 1.1Gz, Intel HD 4000, 2GB up to 4GB, 320GB (hardisk), 7.5Hours, 1.4 Megapixel, Wi-Fi, HDMI port	\$292.19
5	Aspire One	Celeron 847, 1.4Gz, Intel HD 4000, 4GB up to 8GB, 320 GB (hardisk), 1,2 Megapixel, Wi-Fi, HDMI port.	\$342.37

Source: <http://computers.toptenreviews.com/netbooks/>

More and more manufacturers of netbooks offer to the market to make the prospective buyer is faced with a problem in choosing the right netbook for products purchased. Consequently, in making a purchase, consumers are faced with two or more alternative option to make such decisions. The selected consumer decision will followed by an action.

On the other side, the level of inter-brand competition is also getting sharp, some customers tend to be focus on the product specification of netbooks to consider in making a purchase, but not a few others that the main consideration is price and assumed that the product specifications relatively same for same netbook product category. The phenomenon that occurs at this moment is when a customer faced with a wide variety of brand and product specification netbooks that makes them tend to be difficult to make the product purchase decision. The difficulty of customers make purchase decisions netbooks tend to be caused by the condition of interest in the product, including the demands of netbook product specification itself and also the purchasing power to the products.

Research of Purwati, Heri Setiawan, and Rahmawati (2012), found that the price does not affect the purchase decision, while the quality of the product influences on purchase decisions. This research is conducted to verify differences in previous research findings. The similarity of this study with previous studies is investigates the price and product attributes. The difference is that the authors examine the attributes of products in services and price, whereas previous studies only focus on manufacture product quality. Based on the above background, the purpose of this study is to analyze the influence of product attributes and Pricing Policy against Netbook Product Purchase Decision (Case Study on Widyatama University Students).

## 2. Literature Survey

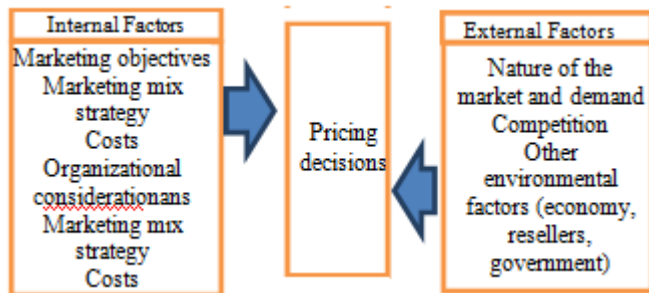
### 2.1 Product Attributes and Consumer Decision Making

Product attributes are the elements that are considered important by consumers and used as a basis for decision-making purchases (Tjiptono, 2008:103). Meanwhile, according to Lovelock and Wright (2007:69), product attributes are all features of the product attributes (tangible or intangible) of goods or services that can be valued by customer. Kotler and Armstrong (2004:347) state that the attributes of the product is the development of a product or service that involves the determination of the benefits to be provided. According to Kotler (2004:329), "Product attributes are characteristics that complement the basic function is the product". Product attributes are the factors considered by the buyer at the time of purchasing the product, such as price, quality, completeness function (features), design, after-sales service and others.

The starting point for achieving the company's goal is to create the right product mix for the target market. According to Kotler and Keller (2009), product mix is a whole product and an item that can be offered by the seller to the market. Therefore, the product is a set of complex values of satisfaction. The value of a product / service set by the buyer based on the benefits they will receive from the product. While Zikmund and d'Amico (2002: 226), argued that the customers do not buy goods or services, but they buy the benefits and value of something that is offered. Therefore, the product is a complex set of satisfaction scores, the value of a product / service set by the buyer based on the benefits they will receive from the product.

### 2.2 Price and Consumer Decision Making

Price is an important element in the marketing mix (marketing mix) that generates revenue (Kotler & Keller, 2009). Pricing policy is the most important decision and complex to be determined by the company (Peter & Donnelly, 2003). Furthermore, Kotler and Armstrong (2006: 291) state that the price is the only element of the marketing mix that generates revenue, while the other elements represent costs. Price is also an element of the marketing mix is the most flexible, unlike product features and a commitment to the channel, prices can change quickly. Prices determine how products and services should be produced and for whom products and services are produced, so that the price affects the behavior of income and expenditure. For consumers with a certain income level, affect the price of what you buy and how much the product was purchased. Monroe (2003: 8) says that the price of a product or service is an important decision made by the management. There are several factors to consider when setting the price. According to Kotler and Cunningham (2005: 291), a decision regarding price is influenced by the company's internal and external environment. More detail can be seen in Figure 2.1.



**Figure 2.1:** Factors Affecting Pricing Decisions

Source: Kotler and Cunningham (2005: 3)

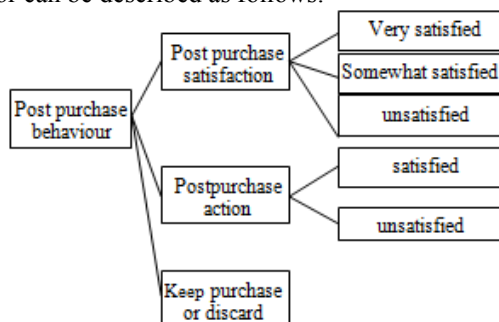
Kotabe and Czinkota (2001: 304) argue that pricing is a critical point in the marketing mix because the price determines the revenue of a business / business. Pricing decision is very significant in the determination of the value / benefits that can be provided to customers and provide an overview of the quality of service.

Kotler & Armstrong (2006: 291) states that the price is the only element of the marketing mix that generates revenue, while the other elements represent costs. While Cravens and Piercy (2006:378) suggests four steps in the process of pricing, namely: goal setting pricing, pricing analysis of the situation, choose the pricing strategy and pricing and specific policies.

### 2.3 Purchase Decision Making Process

Purchasing decisions is a process that comes from all of their experiences in learning, selecting, using and even get rid of a product Kotler and Keller (2008:185). While Tjiptono (2008:19), said that the purchase decision is an act of individuals who are directly or indirectly involved in the business of acquiring and using a product or service needed. According to Henry Assael (in Kotler & Keller: 2009) there are four types of buying behavior, complicated buying behavior, comfort-reducing buying behavior, purchase behavior because of habit, and buying behavior that seek variety. Consumers netbooks have a high involvement in the purchase process, so that prospective customers have kind of a complicated purchasing behavior when selecting alternatives from many netbooks offered by many sellers, but also can enter the types of buying behavior that reduces the discomfort if only need to choose between netbook there. In this condition, post-purchase behavior by consumers becomes very important to be known by the seller of netbooks.

According to Kotler and Keller (2009), post-purchase behavior can be described as follows.



**Figure 2.2:** Post purchase behaviour

Source: Kotler & Keller (2009)

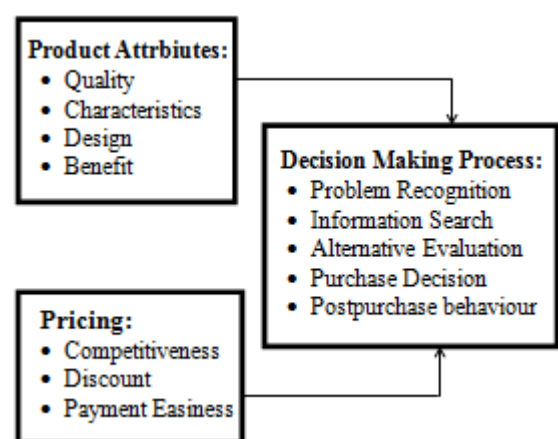
Figure 2.2. shows that there are three post-purchase behavior, namely (1) post-purchase satisfaction level, (2) post-purchase action, (3) actions to keep / discard after purchase. In addition, Post-purchase behavior related to customer loyalty, which affects customer satisfaction, customer loyalty.

### 2.4 Product involvement, Pricing Policy, and Purchase Decision

The decision to purchase a product / service initiated comes from a need. The emergence of demand for a particular product largely derived from the information, either from external environmental stimuli or from information, which is the company that offers a wide range of products. Consumer behavior does not end at the purchase decision, but there is also an evaluation phase to assess whether a product or service that is purchased to meet the expectations or not meet expectations.

According to Kotler and Keller (2009) there are five stages of the purchase decision process, namely: problem recognition, information search, alternative evaluation, purchase decision and post purchase behavior. Four types of buying behavior include complicated buying behavior; comfort-reducing buying behavior, purchase behavior because of habit, and buying behavior seek variety.

In addition to product attributes that influence customer purchase decision process of Netbook, price also participated in influencing the purchase decision process. Price is an important element in the marketing mix (marketing mix) that generates revenue (Kotler & Keller, 2009). Pricing policy is the most important decision and complex to be determined by the company (Peter & Donnelly, 2003). If the customer or buyer accepts the price is too high then they will look for the product (brand) competitor or substitute goods, so as the bidder will lose sales and profit results. The foregoing implies that the pricing policy is related to purchasing decisions.



**Figure 2.3:** Frame of Work / Paradigm

Based on the description above, figure 2.3 is the paradigm linkage attributes of the product, pricing, and purchase decision process.



## 2.5 Research Hypotheses

Based on the framework or paradigm depict in figure 2.3., The research hypothesis is formulated as follows:

H1: there is influence of product attributes on the purchasing decision.

H2: there is the influence of pricing on purchasing decisions.

## 3. Previous Work

Corrine Alexander, Rachael E. Goodhoe, Sandeep Mohapatra and Gordon C. Rausser do the previous research work. They research about "Effects of Price Premiums for Multiple Product Attributes on Product Quality: California Processing Tomatoes".

For this case study, growers responded to price premiums that rewarded them for delivering tomatoes with lower shares of negative quality attributes, which implies that the premiums were sufficiently high to cover the cost of improving quality. Our results show that incentives for one tomato quality attribute affect the delivered share of the other attribute. A price incentive for LU can substitute for a price incentive for MOT in lowering delivered MOT shares. In contrast, a price incentive for MOT complements a price incentive for LU in lowering delivered LU shares. Moreover, while a LU price incentive lowers MOT by a substantial amount, a MOT price incentive leads to an inconsequential reduction in LU.

### Implications for Processors

For processors, our results suggest that in order to maximize returns from a contract with growers, a processor must consider the technical relationships governing the production of the valued product attributes values, and the cost of producing those attributes. In our specific analysis of incentives for LU and MOT in processing tomatoes, given that a processor must negotiate over the share of price incentives in the total price received for a ton of average quality tomatoes, our results suggest that allocating a relatively large share of that permissible incentive payment to rewarding low LU may increase delivered quality relative to allocating a relatively large share to rewarding low MOT.

### Implications for growers

The difference in the effect of the relationship between the incentive provisions on the delivered levels of the two quality attributes in question is driven, at least in part, by the fact that reduced MOT is a much easier quality attribute for growers to provide than LU. When considering contracts with quality premiums, growers should assess whether the incremental cost of producing the quality needed to obtain the premium is at or below the premium. If multiple quality premiums are present, growers should consider whether making efforts to obtain one premium would make it more costly to obtain another.

## 4. Methods

The method used is *descriptive method* that is a method in researching the status of human groups, an object, and a set of conditions, a system of thought or a class of events in the present. The purpose of this research is to create a description, picture systematically factual and accurate

information on the facts, properties and relationships between phenomena are investigated (Nazir 2003). *The object of research* is the *netbook*, and *the unit of analysis* is *student at the University of Widyatama*.

### Sample

In determining the sample, the authors use a *non-probability sampling*. According to Sekaran (Zulganef 2008:146), non-probability sampling is as follows: the non-probability Sampling method is performed when the elements of the population is unknown or has an unequal chance to be selected into the sample. In this study, the authors define a sample of 100 people. Plus a 25% error tolerance (Maholtra, 2008), then the sample size is  $100 \times 1.25 = 125$

## 5. Results

The influence of product attributes to decision making

### Multiple Regression Analysis

This analysis is conduct to determine the effect of product attributes and pricing policies on purchasing decisions, as can be seen in the following table:

Multiple linear regression equation resulted from the Table 4.1. as follows:

$$Y = 0.548 + 0.141X_1 + 0.736 X_2$$

Notes:  $X_1$ =product attributes;  $X_2$  = pricing

The resulted equation of the multiple regression can be interpreted as follows:

- Variable product attributes has a positive regression coefficient of 0.141, this means that if the attributes of the product increased every one unit, then it will increase the purchasing decisions at 0.141.
- Variable pricing policy has a regression coefficient positive at 0.736; this means that if the pricing policies increased every one unit, then it will increase the purchasing decisions at 0.736.
- Only variable  $X_2$  (pricing) that have significant value

**Table 4.1:** Multiple Regression Analysis

Coefficients <sup>a</sup>						
Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	0.548	0.512		1.072	0.286
	X1	0.141	0.118	0.105	1.189	0.237
	X2	0.736	0.141	0.464	5.24	0

a. Dependent Variable: Y

## 6. Finding & Discussion

The results showed that only the pricing influence on purchase decisions, so the managers should pay more attention to product pricing than to product attributes. Consumer's netbook products in Indonesia, particularly among college students are more concerned with price considerations than product attributes. The result of this research shows different with Purwati, Heri Setiawan, and Rahmawati (2012). The research of Purwati, Heri Setiawan,

and Rahmawati (2012) found that pricing does not influence purchase decision, while quality (product attributes) influence purchase decision. On the other hand, this research shows that pricing influences the purchase decision, while product attributes do not influence the purchase decision. The result of this research shows that price is more evaluated by consumers of netbook than product attributes. It also shows that product attributes of netbook are more difficult to evaluate, this shows that netbook purchasing is based on credence and experiences than search.

## 7. Conclusion and Future Recommendation

The finding indicates a significant effect of the pricing variable on purchase decision than product attributes. While the coefficient regression of pricing policy on purchasing decisions netbook ( $B = 0.736$ ;  $\text{sig} = 0.000$ ), better than coefficient regression of attributes on the purchase decision ( $B = 0.141$ ;  $\text{sig} = 0.237$ ). As a recommendation, it is recommended that the company continue to innovate to improve efficiency in production and or improvising in pricing policies, in order to offer competitive and affordable prices by market segment.

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