

THE INFLUENCE OF PRODUCT QUALITY AND PROMOTION ON CUSTOMER WILLINGNESS TO UTILIZE E-WALLET PAYMENT

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ABSTRACT

The objective of this research is to acknowledge users' perception on Finpay product quality, promotion, and customer willingness to use, to measure the influence of product quality on the customer willingness of utilizing Finpay product, to measure the influence of promotion on the customer willingness of utilizing Finpay product, and to measure the influence of product quality and promotion on the customer willingness of utilizing Finpay product. The research was conducted by utilizing a descriptive analysis approach. The required data was collected by using online questionnaire intended to the user of Finpay Money in Bandung City Indonesia. The sample used in this research consist of 100 people, taken by using purposive sampling technique. The gathered data were analyzed by using a descriptive analysis and multiple linear regression analysis. The results of this research revealed that product quality is positively yet insignificantly influence customer willingness to use Finpay product, meanwhile promotion is significantly influencing customer willingness to use Finpay product. On the other hand, product quality and promotion are simultaneously providing significant influence on customer willingness to use Finpay product. Based on the results, Finpay should be able to maintain their promotional programs because the program brings significant influence on customer willingness to use their product.

Keyword: Product quality, promotion, customer willingness

1. INTRODUCTION

Technology development have brought significant influence on human life by making many things easier. In this modern era, business practitioners are starting to utilize technology by entering online business system. One of the most influenced business lines is the financial business. The financial business is starting to enter online system by introducing online payment system or electronic money (e-money) or electronic wallet (e-wallet). Nowadays, these e-money and e-wallet payments are considered as one of the legally accepted payment methods to access goods and services in society [1].

E-wallet is one of monetary innovations designed to improve payment effectiveness and efficiency. Based on that, the developer of e-wallet services should maintain and improve e-wallet application quality to ensure customer

satisfaction, safety, and security. Customer willingness to utilize financial facilities are rather unique than any other preferences. This is why, every customer will have their own preference and perspective on e-wallet facilities [2], [3]. Customers are also come from different level of segmentation, which lead to different requirement and financial behavior. This is why, there are many factors that influence customer willingness to utilize e-wallet facilities.

One of the companies currently developing and innovating in electronic payment sector is Finnet Indonesia. A digital financial company that launches smart financial application in 2006 known as Finpay. Finpay provides digital wallet and smart financial that offers easier and more benefitting transactions on a number of partner companies. Finpay is an umbrella brand product of Finnet Indonesia that focuses on banking industry, retails, supermarkets, telecommunication, e-commerce, transportation, government services, and routine utility payment services for customers that require digital payment solution. Currently, Finpay have already connected to 122 billers, 90 banks, 100 thousand outlets, 800 internet merchants, and a number of remittance companies across 7 different countries that offers money sending services for Indonesian migrant workers. These services are supervised and protected by Indonesian Central Bank and fitted with fund transfer service, payment gateway, electronic money, debit acquirer and QRIS.

Compared to similar companies in Indonesia, Finpay is still considered to be a newcomer. Based on Google Play data, Finpay is only downloaded and used by more than 10 thousand users all across Indonesia, meanwhile its closest competitors, Paytren, have been downloaded and used by more than 1 million users in Indonesia. The largest number of customers is generated by ShopeePAY with more than 100 million customers in Indonesia, followed by Gopay with more than 50 million users, and Livin, LinkAja, Dana, and Ovo with more than 10 million users online. Besides that, based on the KYC dashboard data, the number of Finpay e-wallet users are currently reach 10,551 users that consist of 3,977 premium users, and 1,996 users waiting for verification.

The pre-survey results also indicate that Indonesian are still not quite interested to utilize Finpay e-wallet. Out of 28 respondents, 3 respondents stated that they are uninterested, and 10 stated that they are more interested in other options. This low customer willingness is an indicator of non-optimum product quality and low promotion frequency. Besides that, based on Google Play review, the app is scored 103 from available 140 which means that there are some development potentials due to its instability, errors during payment process, and slow customer service response. Based on the promotional perspective, Finpay reached a score of 96 from available 140. The current score is due to limited promotion frequency and channels. Finpay is known to utilize social media for their promotional channel such as Facebook, Instagram, and YouTube. There is also an issue of lack promotional incentive for the users.

Based on the background above, we can witness that Finpay is yet to optimize their product quality, also promotion frequency and intensity, to engage with potential customer on a broader scale and more complexed customer demography. That is why, there is an urgent driving factor to conduct further research regarding the influence of product quality and promotion on customer willingness to utilize Finpay app as their e-wallet facility.

2. THEORETICAL REVIEW

According to Kotler & Armstrong [4], product is everything offered to the market so that the product can be bought, utilized, or consumed to fulfil customer needs and satisfaction. Conceptually, product is a subjective understanding of a producer, offered to the intended customer, in order to gain income to fulfil organizational needs and customer needs. Product can also be defined as interpretation of customer perception based on producer perspective in form of product and service [5]. Customer prefers products with best quality, performance, and natures. That is why, producer must keep on improving their products [6].

Quality of a product is highly related to its ability to fulfil customer needs both explicitly and implicitly [7]. It is a characteristic that depends on the degree of needs fulfilment as mean to fulfil customer needs. [4]. There are a number of dimensions that can be used to analyze product's quality characteristic namely performance, features, reliability, conformance, durability, serviceability, aesthetics, and perceived quality. These dimensions are important and related to each other as a full concept of quality and performance.

Besides quality, promotion is also important for a product to be selected as preferred product in the market. Promotion is one component that consisted in the marketing mix. Its goal is to influence the targeted market and transform the non-costumer into consuming costumer [8]. According to Karnawati & Alamsyah [9] the goal of promotion is to inform, remind, and drive customer to consume certain product. The definition is also supported by Tjiptono, F., & Chandra [5] which mentioned that promotion is focused on the act of informing, persuading, and reminding the customer regarding certain product. Fietroh & Kristiana [8] view promotion from another perspective which is to drive exchange between producer and customer. Meanwhile Istanti et al. [10], regarded promotion as a mean to communicate products' advantages and the way to utilize them. Based on these definitions, we can define

that promotion is an act of providing information in order to remind and instill products' characteristic in customers' minds and relate their needs with the products.

Promotion itself consist of five important functions namely informing, persuading, reminding, adding value, and assisting [11]. Differently, Kotler & Armstrong [4], mentioned five instrument of promotional mix namely advertising, sales promotion, personal selling, public relations, and direct marketing. Meanwhile Kotler & Keller [6] promotion is driven by five means (5M) namely mission, money, message, media, and measurement. More specifically, promotion is an effort that can be measured by paying attention to the quantity of message performance in its promotional media, range of the promotion, also incentive and certain promotional attraction on specific period of time to engage the customer [9].

Willingness to utilize or customer preference to use certain product is related to the feeling of joy or satisfaction after consuming certain product [12]. Similarly, Shaiful et al. [13] mentioned that customer willingness is an interest cultivated on certain product as part of the customer initiative. Customer willingness can also be defined as the probability of certain customer to consume or utilize certain product or service [7]. Based on that definition, the probability of certain customer to consume certain product could highly impact their decision to finally consume or utilize certain the specific product. Customer willingness will repeatedly instill inside a person's mind until they are finally consume certain product in order to fulfil their curiosity or needs [14]. Suwarsito & Aliya [15] mentioned that there are four utilizable dimension to measure customer willingness namely willingness to be engaged in transaction, willingness to refer, preferential willingness, and explorative willingness.

3. RESEARCH METHOD

The objects in this research are product quality, promotion, and customer willingness to utilize Finpay e-wallet, launched by Finnet Indonesia. Meanwhile the subject of this research is marketing division of Finnet Indonesia and Finpay e-wallet users. This research is an explanatory research to learn causal relationship of a set of variables [16]. The research concentrated on the observation of the influence delivered from one variable towards the other variable [11]. Primary data were collected from respondents by using questionnaire. The population of this research consists of customer that utilize Finpay e-wallet, as much as 3,911 users. By using Slovin sampling calculation [16], out of the 3,911 users 98 were chosen as respondent. Gathered data was analyzed with a descriptive analysis and multiple linear regression analysis.

4. RESULTS AND DISCUSSION

On the perspective promotion, Finpay e-wallet is considered to have a lot of improvement potential despite the good valuation results from their users. The promotional quantity valuation indicates that Finpay e-wallet have already reached adequate promotional frequency. The user sees the promotion on a consistent frequency and with sufficient information that raise awareness of the product. The promotion has also reach decent valuation level on the perspective of promotional quality. The promotion is considered to be interesting, informing, and eye-catching based on users' valuation. With the utilization of social media as their promotional channel, Finpay have also reached larger community through the internet. This enables them to reach a better market share. The app has also provided incentive for new users in form of discounts, door prizes, and other promotion content.

Finpay e-wallet also obtain positive valuation results on the customer willingness factor. This includes a number of indicators namely transactional willingness, referential willingness, preferential willingness, and explorative willingness. The users show significant willingness in using Finpay as their transactional app. They assume that Finpay is a rather comfortable, secure, practical, and efficient payment and transfer helper application. The high transactional willingness shows that users are noticing the benefit and value of using Finpay in their financial activities. Finpay users are also feel satisfied with the utilization experience and comfortable enough refer the app to other people. They often recommend the app to their family and friends. It shows that Finpay have provided significant added value for the customers. The users are also driven to use Finpay as their primary application for financial transaction needs. This leads to increased explorative willingness of the users to utilize additional features offered by the app such as promotion, cashback, or other loyalty programs implemented for selected customers.

Based on the statistical measurement, t-count value of the product quality variable is in the H_0 acceptance area ($1.264 < 1.661$). This shows that H_0 is accepted and H_1 is rejected. This means that product quality has a positive but not partially significant effect on customer willingness. The results of this study indicate that there is a positive

relationship between product quality and interest in using Finpay e-wallets, but this does not have a significant effect. In another sense there are other variables that are able to provide greater significance. The results of this study show that product quality has no significant effect on consumer willingness [15], [17]–[19]. In the current research, although the effect of product quality partially does not have a significant effect on customer willingness to use, the current research finds that other factors such as promotion might influence customer to use more significantly. Current research shows that while product quality remains important, other factors also play a significant role in shaping intention to use. These results may be explained by differences in the characteristics of the sample respondents, the products studied, or other contextual factors. In addition, different research methods, such as the sample size, measurement instruments, or statistical analysis used, can also contribute to the differences in results between the current research and previous research.

On the other hand, the promotion variable is in the H_0 rejection area ($10.114 > 1.661$). This shows that H_0 is rejected and H_1 is accepted, meaning that promotion has a positive and partially significant effect on Interest in using. This means that if the promotional program is further enhanced, consumer interest in using the Finpay e-wallet will increase. This states that the promotion variable has a positive and significant effect on consumer buying interest. Researchers indicate that effective promotion can increase consumer interest in using a product [8], [20], [21]. This study also found that promotion factors have an important role in forming interest in using a product. The significant effect of promotion can be explained by effective marketing strategies, such as attractive advertisements, sales promotions, customer loyalty programs, or other marketing activities. Although the results of the current study support the findings of previous researchers, it should be noted that the effect of promotion on intention to use may vary depending on the research context, product characteristics, or target market being studied. In addition, differences in research methods, sample sizes, or measurement instruments can also lead to differences in results between current research and previous research.

From this study it is also known that the F-count value is greater than the F-table value ($432.539 > 3.090$), then H_0 is rejected and H_1 is accepted, meaning that there is a significant influence of product quality and promotion simultaneously on customer willingness to use. This states that product quality and promotion variables simultaneously have a positive and significant effect on consumer buying interest [11], [22]–[24]. This means that the combination of product quality and promotion variables together has a significant influence on customer willingness to use Finpay e-wallet. The results of this study also show that partially product quality does not have a significant effect on intention to use partially, but simultaneously there is a significant influence, while partially promotion has a significant influence and simultaneously has a significant influence.

4. CONCLUSIONS

From the results obtained through this research, it can be stated that product quality, promotions, and consumer interest in using Finpay get ratings in the good category. As for the relationship between product quality, promotion, and intention to use, partially product quality does not have a significant effect on interest in using Finpay e-wallet. On the other hand, partially promotions have a significant influence on interest in using Finpay e-wallets. Simultaneously, product quality and promotion significantly influence the intention to use Finpay e-wallet. The results of this study provide practical implications for e-wallet companies. Companies need to consider marketing strategies that focus on effective promotions to increase user interest. In addition, even though product quality does not have a partially significant effect, it is still important to continue to improve and optimize the quality of e-wallet products.

6. REFERENCES

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