Interest in Choosing a University: Analysis of Price Perception and Social Media Marketing in Indonesia

Bambang DwiHartono\textsuperscript{a}, Subhan Wahyudi\textsuperscript{b}, \textsuperscript{a}Lecturer of Postgraduate Muhammadiyah Prof. Dr. Hamka University, Jakarta, Indonesia, \textsuperscript{b}Subhan Wahyudi, Postgraduate Student of Muhammadiyah Prof. Dr. Hamka University, Jakarta, Indonesia, Email: \textsuperscript{a}bambang_dh@uhamka.ac.id, \textsuperscript{b}s_yudhi2008@yahoo.com

The objective of this research is to find what attributes are behind the interest in choosing / buying interest. The results of the pre-study state that there are several attributes / factors that influence the interest in choosing / buying interest including price perception, mouth-to-mouth / WOW reference, promotion through social media marketing, physical environment and product image. This research is limited because it is done using a quantitative approach to two independent variables, namely price perception (X1), and social media marketing (X2) and one dependent variable, namely interest in choosing (X3). The population in this study are Muhammadiyah 12th grade students in South Jakarta under the guidance of the Muhammadiyah Regional Leadership Council of South Jakarta, with as many as 775 students. Using the Slovin formula with a margin of error (error rate) of 5%, a sample of 264 people was obtained. Furthermore, the variable measuring tool in this study used several questions on a five-point Likert scale model. The instrument used was a questionnaire. The stages of data analysis went through three steps, namely descriptive analysis, validity and reliability testing, classical assumption testing and hypothesis testing through correlation analysis and path analysis. Correlation analysis shows that the price perception variable has a stronger correlation than the social media marketing variable. Overall based on path analysis, the direct effect of X1 on X3 is 51.1%, X2 on X3 is 23%, X1 on X2 is 57.7% and the indirect effect of X1 on X2 through X3 is 29.4%.

Key words: Interest in Buying, E-Marketing, Social Media Marketing, Price Perception.
**Preliminary**

Intense competition makes universities aware of the need to fully exploit their assets to maximise performance and develop competitive advantage. According to Voon, et. al, (2009) published by Dedy Ansari in the Journal of International Business, Economics and Entrepreneurship Volume 4, (p.1) higher education institutions must be competitively oriented and always try to be relatively better at serving prospective students who will enrol. 

In reality, choice making has many dimensions and impacts. Choosing is part of an effort to solve, at the same time it is part of the decision making process. Consumer buying interest is a consumer behaviour where consumers have the desire to buy or choose a product, based on experience in choosing, using and consuming or even wanting a product (Kotler and Keller, 2003: 156).

To find out what attributes are behind the interest in choosing / buying interest of prospective students, pre-research was conducted on 48 randomly selected respondents, who are new students in semester 1 (2019-2020) of the Faculty of Social and Political Sciences of UHAMKA. The survey results show there are several attributes / factors that influence interest in choosing / buying interest include price perception, word of mouth / WOW reference, promotion through social media marketing, physical environment and product image.

In the journal "Of Marketing" Vol. 78 of 2014 (Wieseke et al., 2014) concluded that most research shows that customer loyalty leads to lower price sensitivity (Guadagni and Little 2008; Srinivasan, Anderson, and Ponnavolu 2002), which results in higher price levels for products or brands (Chaudhuri and Holbrook 2001; Wernerfelt 1991). It was further explained that most studies have found that customer loyalty leads to price increases (Chaudhuri and Holbrook 2001), meaning loyal customers are not price sensitive as far as the attributes or values they want are always available. What about educational services such as universities (UHAMKA), is there customer loyalty? After graduating consumers will not wish to repeat or study again, and university consumers are also not sensitive to price increases. Therefore in this study, price perceptions affect the interest in choosing a university.

According to Turney and Litman in Nasermoadeli et al (2013), Kinnear and Taylor in Kristiana and Wahyudin (2012), all conclude that buying interest is the tendency of consumers to buy or act before a purchase decision occurs. Dimensions of interest choosing, according to Kinnear and Taylor, (2003: 79) are interests, desires, and beliefs. This study seeks to understand the influence of price perception on the behaviour of interests, desires and beliefs of potential consumers.

Price perception, according to Chang and Wildt in Kaura (2012), Freddy Rangkuti in Leonardo and Erwan (2012: p47), and also Kotler and Amtrong (2012) equally conclude that price
perception contains two main dimensions, namely the perceived dimensions of product or service quality and dimensions of costs incurred.

Social media marketing, according to Tuten and Solomon 2016, Felix (2017) and Yadav and Rahman (2017) is a process where companies create, communicate and offer online marketing through social media platforms to build images, while maintaining relationships with potential customers and consumers. This research will also look at how Social media marketing strategy determines consumer interest in becoming more confident before making a purchase.

**Materials and Methods**

This study aims to analyse how a variable affects other variables, and can be seen in Figure 1, variable X1: price Perception (exogenous), variable X2 social media marketing (exogenous) and variable X3: interest in choosing (endogenous). This study uses a causal survey method with path analysis technique. The constellation of the problem is as follows:

**Figure 1. Research Design**

![Diagram of Research Design]

A quantitative approach is used in this study to 2 independent variables namely price perception, and social media marketing and 1 dependent variable, namely the choice of interest. The population in this study is the 12th grade Muhammadiyah students in South Jakarta under the guidance of the Regional Leadership Board of Muhammadiyah in South Jakarta and as many as 775 students. Using the Slovin formula with a margin of error (error rate) of 5%, returns a sample of research and trial instruments for this study with as many as 264 samples. The data collection is using the instrument in the form of a statement that must be tested for its validity and reliability first. Data collection techniques include primary data and secondary data. Furthermore, the variable measuring tool in this study uses several statement items using a five-point Likert scale model. The instrument used was a questionnaire arranged in the form
of sentences of positive and negative questions related to 3 variables. Each variable was translated into an indicator variable, and the indicator became a reference in this study.

The stages of data analysis in this study go through three steps: descriptive analysis, classic assumption test, validity and reliability test and hypothesis testing through correlation analysis and path analysis. Then statistical tests using statistical hypotheses was carried out.

**Results and Discussion**

To test the hypothesis of this study data was analysed using correlation calculations. Consequently the next step was to analyse the correlation using path analysis.

1. **Correlation Analysis**

   Correlation analysis aims to see the closeness or relationship between two or more variables. The correlation between variables of price perception, social media marketing and interest in choosing can be seen in the following description:

   a. **Influence between Price Perception (X1) and Interest in Choosing (X3)**

      Based on calculations using SPSS v24, a correlation figure between the price perception variable (X1) and interest in choosing (X3) is 0.644. In the criterion of interpretation of the correlation coefficient, the number 0.644 is included in the criterion that has a strong degree of positive and direct correlation, meaning that there is a direct relationship of the variable of price perception (X1) to interest in choosing (X3), with a strong and unidirectional (positive) correlation. This indicates that the increasing perception of prices will increase the level of interest in choosing.

   b. **Influence between Social Media Marketing (X2) and Interest in Choosing (X3)**

      Based on calculations using SPSS v24, the correlation number between social media marketing (X2) and interest in choosing (X3) variables is 0.525. In the criterion of interpretation of the correlation coefficient, the number 0.525 is included in the criterion that has a moderate level of positive and direct correlation, meaning that there is a direct relationship of the social media marketing variable (X2) to interest in choosing (X3) with a moderate but unidirectional (positive) correlation. This indicates that increasing social media marketing will increase the level of interest in choosing.

   c. **Influence between Price Perception (X1) and Social Media Marketing (X2)**

      Based on calculations using SPSS v2, the correlation figure between the price perception (X1) and social media marketing (X2) variables is 0.577. In the criterion of interpretation of the correlation coefficient, the number 0.577 is included in the criterion which has a moderate level of positive correlation in the same direction, meaning that there is a direct relationship of the
price perception (X1) variable to social media marketing (X2) with moderate and direct (positive) correlations. This indicates that the rising price perception will increase social media marketing.

It can be concluded that the correlation coefficient of each variable in this study is as follows:

**Table 1: Summary of Correlation Analysis**

<table>
<thead>
<tr>
<th>No</th>
<th>Hypothesis</th>
<th>Correlation Coefficient</th>
<th>Sig</th>
<th>Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>X₃ above X₁</td>
<td>0.644</td>
<td>0.00</td>
<td>0.05</td>
</tr>
<tr>
<td>2</td>
<td>X₃ above X₂</td>
<td>0.525</td>
<td>0.00</td>
<td>0.05</td>
</tr>
<tr>
<td>3</td>
<td>X₂ above X₁</td>
<td>0.577</td>
<td>0.00</td>
<td>0.05</td>
</tr>
</tbody>
</table>

**Source:** Researcher Data Results, 2020

2. Correlation Matrix Between Dimensions

Pearson Correlation Value between the dimensions of the variable price perception with the variable dimensions interests in choosing the most dominant is the dimension of perceived cost incurred with the dimension of confidence of 0.663. This shows that the two dimensions have a strong correlation. This is because people have a perception that what is issued must be in accordance with the results received. Even though public perception says UHAMKA entrance fees are less affordable or a bit expensive compared to other campuses, but if it suits the desires or needs such as the university has good accreditation status, quality of graduates, there are Al-Islam and Kemuhammadiyahan courses which add to the value of graduates, then the community will be more confident and not regret in the future entering their sons and daughters to study at UHAMKA.

3. Path Analysis

From the path analysis the path equation is obtained as follows: (via SPSS calculation)

**Table 2: Path Coefficient**

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Unstandardised Coefficients</th>
<th>Standardised Coefficients</th>
<th>T</th>
<th>Sig.</th>
<th>Collinearity Statistics</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td>Tolerance</td>
</tr>
<tr>
<td>1</td>
<td>Constant</td>
<td>4.927</td>
<td>2.576</td>
<td>1.912</td>
<td>.057</td>
</tr>
<tr>
<td></td>
<td>Price_Perception</td>
<td>.497</td>
<td>.055</td>
<td>.511</td>
<td>9.087</td>
</tr>
<tr>
<td></td>
<td>SMM</td>
<td>.181</td>
<td>.044</td>
<td>.230</td>
<td>4.086</td>
</tr>
</tbody>
</table>
a. Dependent Variable: Interest_Choose

**Source:** Researcher Data Results, 2020

Based on the results of data output obtained data that the effect of price perception (X1) on interest in choosing (X3) has a path coefficient with a positive value (+) of 0.511; with sig = 0.000 <0.05. Path coefficient value of 0.511 means that price perception has a moderate influence on interest in choosing. For the influence of social media marketing (X2) on interest in choosing (X3) has a path coefficient with a positive value (+) of 0.230; with sig = 0.000 <0.05. The path coefficient value of 0.230 means that social media marketing has a low influence on interest in choosing. If the path coefficient value r_12.0577 means that price perception has a moderate effect on social media marketing. In addition, R square can be calculated the path coefficient of other variables outside the model, namely with the formula: ρ_X3agination = √ (1-0.670 = 0.574, thus the path coefficient value on other variables actually 0.574 has the meaning that the influence of other variables on interest in choosing is moderate. obtained the magnitude of the effect of the variables can be hypothesised, so that the relationship between X1 and X2 to X3 can be described as follows:

**Figure 2.** Effect diagram of X1 and X2 on X3

![Effect diagram of X1 and X2 on X3](image)

**Source:** Processed Researcher Data, 2020

The form of structural equation for the path diagram above is as follows:

X3 = (0.511) X1 + (0.230) X2 + (0.574) \( \xi \)

With a sig value of 0.000 <0.05, this model is significant. Based on the diagram above, the direct and indirect effects can be stated as follows:

- The effect of X1 that directly determines X3 changes is 0.511 or 51.1%
- The effect of X2 which directly determines X3 changes of 0.230 or 23%
- The effect of X1 which directly determines X2 changes is 0.577
- The indirect effect of X1 on X2 through X3 is (0.577)(0.511) = 0.294 or 29.4%
4. Hypothesis test
   a. Price Perception (X1) on Interest in Choosing (X3)

   The first hypothesis: $\rho_{31} \leq 0$
   Obtained $\rho_{31}$ of -0.01, then H0 is rejected, meaning that there is no direct effect of price perception (X1) on Interest in Choosing (X3).

   b. Social Media Marketing (X2) on Interest in Choosing (X3)
   The second hypothesis: $\rho_{32} \leq 0$
   Obtained $\rho_{32}$ of -0.067, then H0 is rejected, meaning that there is no direct influence of Social Media Marketing (X2) on Interest in Choosing (X3).

   c. Price Perception (X1) on Social Media Marketing (X2)
   Third hypothesis: $\rho_{21} \geq 0$
   Obtained $\rho_{21}$ of 0.577, then H0 is accepted. It means that there is a significant positive direct effect of Price Perception (X1) on Social Media Marketing (X2).

**Conclusion**

The conclusions in this study are as follows:

1. Testing the first hypothesis regarding the effect of Price Perception (X1) on Voting Interest (X3) at Muhammadiyah University Prof. Dr. Hamka shows that there is a positive and significant direct relationship and influence between Price Perception (X1) and Interest in Choosing (X3). This is indicated by the magnitude of the path correlation of 0.511, this indicates the level of strong correlation and the significance value is 0.000 <0.05.

   This shows that price perception is quite influential on interest in choosing. This indicates that the higher or better price perception will affect the interest in choosing. The higher perceived price is an important factor in purchasing decisions where consumers will generally choose the lowest price for a product or service offered. The impact of prices on a product has a very strong influence on consumer buying interests. If the price impact is influenced by awareness of value, then for UHAMKA this is beneficial because consumers will not have a problem with the price offered. The most important price is in accordance with the value provided.

2. From the calculation of the correlation between variables, it can be seen that the dimension (perceived cost incurred) is the dimension that has the highest relationship compared to the others on the variable of interest in choosing. This indicates that consumers continue to view an affordable price, then the price offered has a competitive edge against other universities and there is a discount program offered, which is exactly what consumers want.
If this happens it will increase the buying interest of consumers or prospective students studying at UHAMKA.

3. Social Media Marketing (X2) on Interest in Choosing (X3)
Testing the second hypothesis regarding the effect of social media marketing (X2) on interest in choosing (X3) at Muhammadiyah University Prof. Dr. Hamka shows that there is a positive and significant direct relationship and influence between social media marketing (X2) and interest in choosing (X3). This is indicated by the magnitude of the path analysis of 0.230 is low correlation level and the significance value is 0.000 <0.05.

This shows that UHAMKA’s Social Media Marketing is not currently enough to influence the voting interest. This indicates that the higher the social media marketing will affect higher interest in choosing. Therefore, UHAMKA’s current social media marketing policy must be addressed, so that people's desire to study at UHAMKA is increasing. Any factors that need to be corrected can be seen, where almost all indicators of the social media marketing dimension to the dimensions of interest in choosing are still below 0.50. This means that the correlation is still low. Therefore all social media marketing dimensions must be addressed starting from the online communities dimension to the credibility dimension.

4. Price Perception (X1) on Social Media Marketing (X2)
The third hypothesis testing regarding the effect of price perception (X1) on social media marketing (X2) at Muhammadiyah University Prof. Dr. Hamka shows that there is a significant positive direct relationship and influence between price perception (X1) and social media marketing (X2). This is indicated by the magnitude of the correlation of 0.577 is moderate correlation level tends to be strong and the significant value is 0.000 <0.05.

From the calculation of the correlation between variables it can be seen that the dimension (online communities) is the dimension that has the highest relationship compared to other dimensions of the variable of interest in choosing. This indicates that consumers continue to be of the view that many are positive if UHAMKA can activate its 3C function through these online communities. 3C is clarification, confirmation and conversation. Educating audiences and consumers is now one effective way to create 2-way communication. If this happens it will create a close relationship between consumers and UHAMKA.
References


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