THE EFFECT OF PRICE PERCEPTION AND BRAND IMAGE ON CONSUMER PURCHASE INTENTION FOR INDIHOME WIFI SERVICES IN SURABAYA

Bintang Adrian Maulana[1]
Universitas Pembangunan Nasional "Veteran" Jawa Timur, Jawa Timur, Indonesia
22012010294@student.upnjatim.ac.id

Nuruni Ika Kusuma Wardhani[2]
Universitas Pembangunan Nasional "Veteran" Jawa Timur, Jawa Timur, Indonesia
ikanuruni.mnj@upnjatim.ac.id

Abstract

This study examines the effect of price perception and brand image on purchase intention toward IndiHome WiFi services in Surabaya City. IndiHome, operated by PT Telekomunikasi Indonesia Tbk, faces intensifying competition from First Media, Biznet, and other internet service providers, alongside a declining Top Brand Index and a high proportion of negative customer reviews. This study addresses the problem of what role price perception and brand image play in shaping consumer purchase intention amid this competitive pressure. Using a quantitative approach, primary data were collected from 120 respondents in Surabaya selected through purposive sampling and analyzed with Partial Least Squares Structural Equation Modeling (PLS-SEM) in SmartPLS 4.0. The results show that price perception and brand image each have a positive and significant effect on purchase intention, with brand image exerting the relatively stronger influence; together the two variables explain a substantial share of the variance in purchase intention. These findings suggest that IndiHome should manage price fairness and brand reputation jointly to sustain consumer purchase intention in a highly competitive urban market.

Keywords: Brand Image, IndiHome, Price Perception, Purchase Intention, PLS-SEM

INTRODUCTION

The rapid advancement of digital technology has fundamentally transformed the way companies engage with consumers, particularly within the Internet Service Provider (ISP) industry. As one of Indonesia's leading broadband providers, IndiHome, operated by PT Telekomunikasi Indonesia Tbk (Telkom), delivers integrated digital services comprising high speed internet access, interactive television, and home telephone through bundled service packages. Despite its strong market presence, IndiHome faces increasingly intense competition in Surabaya, Indonesia's secondlargest metropolitan city and one of the country's most dynamic broadband markets. Competitors such as First Media, Biznet, MyRepublic, and Indosat HiFi continuously compete by offering more attractive pricing schemes, improved service quality, and innovative product offerings. Under these competitive conditions, consumers' evaluations of price fairness and the value received become increasingly important in shaping purchasing decisions. Price perception extends beyond the monetary amount paid, encompassing consumers' assessments of whether the benefits obtained justify the cost incurred (Puspita & Malik, 2025). Likewise, brand image represents a strategic intangible asset that enables firms to establish competitive differentiation and maintain consumer preference in highly competitive markets (Tamba et al., 2024). Consequently, internet service providers are required to formulate pricing strategies that generate favorable price perceptions while simultaneously strengthening their brand image to sustain market competitiveness (Muhammad & Febriatmoko, 2022).

According to the Top Brand Index for the 2022–2026 period, IndiHome consistently maintained its position as the leading fixed broadband provider in Indonesia. Nevertheless, its Top Brand Index declined from 40.20% in 2023 to 31.20% in 2026, whereas First Media increased from 16.30% to 25.10%, and Biznet experienced a modest rise from 17.70% to 18.00% during the same period. In addition, the entry of new competitors, including Indosat HiFi and CBN.Net, further intensified market competition (Topbrand-award.com, 2026). From a pricing perspective, IndiHome is not consistently positioned as the most affordable provider across all service categories. For instance, its 100 Mbps package is priced higher than comparable offerings from Biznet and MyRepublic. However, IndiHome's bundled service strategy, which integrates internet access, interactive television, and home telephone services into a single subscription, may enhance consumers' perceptions of value and justify the relatively higher price. Conversely, consumers who have limited interest in the additional services may perceive the pricing as less attractive or less equitable (Prasetyo et al., 2023).

Despite these advantages, recurring service interruptions and network reliability issues have frequently become subjects of public discussion, potentially undermining IndiHome's brand image. Persistent service disruptions may lead consumers to associate the brand with inconsistent service quality, thereby weakening consumer trust and overall brand perception (Saputra & Arifin, 2023). This issue is reflected in customer feedback across various online review platforms, where one star ratings dominate and are primarily associated with complaints regarding network outages, slow responses to customer complaints, and unclear billing procedures. Such negative electronic word of mouth may adversely influence prospective consumers' perceptions and reduce their intention to subscribe to IndiHome services. Nevertheless, a considerable proportion of consumers continue to select IndiHome because of its extensive network coverage and relatively convenient registration process.

Previous empirical studies have consistently reported that price perception and brand image significantly influence consumers' purchase intention. For example, Maghfiroh (2023)

and Yulianto and Imawati (2025) demonstrated that favorable price perception and positive brand image positively affect consumers' intention to purchase. Similarly, Fauzan and Hakim (2023) reported comparable findings within the context of IndiHome services in Surabaya. However, empirical evidence employing the Partial Least Squares–Structural Equation Modeling (PLS-SEM) approach using SmartPLS 4.0 to examine purchase intention toward fixed broadband internet services in Surabaya remains relatively limited. Existing studies have predominantly focused on tangible consumer products or mobile telecommunication services, including smartphones (Aina et al., 2024) and Telkomsel mobile services (Tarta & Pasaribu, 2024), while other studies have examined only a single predictor without simultaneously incorporating price perception and brand image into a comprehensive research model (Shafa & Soebiantoro, 2024). Therefore, this study aims to examine and analyze the influence of price perception and brand image on consumers' purchase intention toward IndiHome WiFi services in Surabaya City by employing the PLS-SEM approach with SmartPLS 4.0. The findings are expected to contribute to the existing body of knowledge by addressing the identified research gap while providing practical insights for IndiHome's management in developing more effective pricing strategies and strengthening brand positioning within Indonesia's increasingly competitive broadband internet market.

REVIEW OF LITERATURE

Marketing management refers to a systematic process encompassing analysis, planning, implementation, and control activities aimed at creating, communicating, and delivering superior value to customers while establishing long-term, mutually beneficial exchange relationships (Kotler et al., 2022). Within the context of consumer behavior, particularly in the internet service industry, price perception, brand image, and purchase intention constitute three interrelated constructs that play a significant role in explaining consumers' decision -making processes. Understanding the relationships among these constructs is essential for explaining how consumers evaluate service offerings and ultimately develop the intention to purchase.

Price perception is defined as consumers' subjective evaluation of a product or service price based on its affordability, fairness, competitiveness, and consistency with the quality and benefits received (Rahmawati, 2021). Rather than focusing solely on the nominal price, consumers assess whether the value obtained justifies the financial sacrifice incurred, making price perception an important determinant of purchasing behavior (Annisa & Juwita, 2023). This construct is commonly measured using four dimensions, namely price affordability, price–quality congruence, price competitiveness, and price–benefit congruence (Rahmawati, 2021).

Brand image represents the collection of functional and emotional associations stored in consumers' memory through their experiences, interactions, and exposure to information related to a particular brand (Sari et al., 2023). These associations influence how consumers perceive and evaluate a brand relative to competing alternatives. A favorable brand image enhances consumer confidence, strengthens brand preference, and increases the likelihood of product selection during the purchase decision process (Ainul & Wardhani, 2023). This construct is generally reflected through four indicators: brand recognition, brand reputation, brand attractiveness, and brand loyalty.

Purchase intention refers to consumers' psychological tendency or willingness to purchase a product or service after evaluating the information and marketing stimuli they

receive. It reflects consumers' readiness to engage in future purchasing behavior and is commonly manifested through the intention to buy, consideration before purchase, willingness to try the product, and motivation to seek additional product-related information (Putri et al., 2023; Haristiyanti et al., 2023). Consequently, purchase intention is widely regarded as an important predictor of actual purchasing behavior.

From a theoretical perspective, consumers are more likely to develop purchase intention when they perceive that the price of a product or service is reasonable relative to the benefits obtained. Such evaluations generate positive perceived value, which subsequently increases consumers' willingness to purchase. This argument is supported by empirical findings reported by Maghfiroh (2023) in the context of Spotify Premium subscriptions and by Yulianto and Imawati (2025) in the smartphone industry, both of which demonstrate that favorable price perception positively influences purchase intention. Similarly, a strong and positive brand image contributes to consumers' perceptions of service quality, credibility, and reliability, thereby enhancing their confidence in choosing a particular brand over competing alternatives (Harmadi & Rizal, 2022). Comparable evidence was reported by Tarta and Pasaribu (2024), who found that brand image serves as a significant determinant of consumers' purchase intention toward telecommunication services, particularly within the Telkomsel provider context.

Based on the theoretical arguments and empirical evidence presented above, this study formulates the following research hypotheses:

H1: Price perception has a positive and significant effect on purchase intention toward IndiHome WiFi services in Surabaya City.

H2: Brand image has a positive and significant effect on purchase intention toward IndiHome WiFi services in Surabaya City.

RESEARCH METHOD

This study employed a quantitative research approach with an associative research design to examine the influence of price perception (X1) and brand image (X2) on purchase intention (Y) toward IndiHome WiFi services. The target population consisted of residents of Surabaya City aged 20 years or older who expressed an interest in subscribing to IndiHome WiFi services. To ensure that respondents represented potential first-time customers, several eligibility criteria were established, namely residing in Surabaya, being familiar with or having prior awareness of IndiHome services, and not having previously subscribed to internet services from another provider. These criteria were intended to ensure that the measured purchase intention reflected consumers' initial intention to subscribe rather than post-purchase evaluations (Creswell & Creswell, 2023).

Because the exact population size could not be identified, the minimum sample size was determined using the ten-times rule recommended by Hair et al. (2021), which suggests that the sample should be at least ten times the largest number of indicators associated with a single construct. Given that the research model comprised twelve indicators, a minimum of 120 respondents was required. Respondents were selected using a non-probability sampling technique with a purposive sampling approach. Primary data were collected through a structured online questionnaire administered via Google Forms using a five-point Likert scale, while secondary data were obtained from scholarly journal articles, the APJII (2025) report, and the Top Brand Index published by Topbrand-award.com (2026).

The measurement of price perception (X1) was based on four dimensions: price affordability, price–quality congruence, price competitiveness, and price–benefit congruence (Rahmawati, 2021). Brand image (X2) was operationalized using four indicators consisting of recognition, reputation, attractiveness, and loyalty, as proposed by Freddy Rangkuti (2009) and cited in Ainul and Wardhani (2023). Meanwhile, purchase intention (Y) was measured using four indicators, namely intention to buy, purchase consideration, willingness to try, and intention to seek further product information, adapted from Schiffman and Kanuk (2007) as cited in Haristiyanti et al. (2023).

The collected data were analyzed using Structural Equation Modeling based on Partial Least Squares (PLS-SEM) with SmartPLS 4.0 software. This analytical technique was selected because of its suitability for predictive research models, its ability to accommodate relatively small sample sizes, and its robustness in handling data that do not necessarily satisfy multivariate normality assumptions (Ghozali & Kusumadewi, 2023).

The measurement model (outer model) was evaluated by assessing convergent validity, discriminant validity, and construct reliability. Convergent validity was confirmed when outer loading values exceeded 0.70 and the Average Variance Extracted (AVE) was greater than 0.50. Discriminant validity was examined using cross-loading values, whereas construct reliability was evaluated through Cronbach's Alpha and Composite Reliability, both of which were required to exceed the threshold of 0.70 in accordance with the guidelines proposed by Hair et al. (2021). Subsequently, the structural model (inner model) was assessed by examining the coefficient of determination (R^2) to evaluate the model's explanatory power. Hypothesis testing was performed by analyzing the path coefficients using the bootstrapping procedure, with statistical significance determined by a *t*-statistic greater than 1.96 and a *p*-value below 0.05.

RESULTS AND DISCUSSION

Respondent Characteristics

The questionnaire was distributed online and successfully collected 120 respondents who met the sample criteria. By gender, respondents were dominated by males, 69 people (57.5%), and females, 51 people (42.5%). By age, the majority of respondents fell within the productive age range of 20–29 years, with the 25–29 age group forming the largest share (45.8%), followed by 20–24 years (35%), while the over 40 age group was the smallest share (5%), as shown in Table 1.

Table 1.
Respondent Characteristics

Characteristic	Category	Count	Percentage
Gender	Male	69	57.5%
	Female	51	42.5%
Age	20–24 years	42	35.0%
	25–29 years	55	45.8%
	30–34 years	10	8.3%
	35–40 years	7	5.8%

	> 40 years	6	5.0%
Total		120	100%

Source: Processed data, 2026

Measurement and Structural Model Evaluation

Testing of the measurement model (outer model) shows that all indicators across the three variables have outer loading values between 0.872 and 0.929, T-statistics between 26.72 and 59.86, and p-values of 0.000, so all indicators are declared convergently valid, being above the 0.70 threshold; discriminant validity was likewise satisfied, as each indicator's cross-loading on its own construct was higher than its loading on other constructs. A summary of construct validity and reliability is presented in Table 2, with Average Variance Extracted (AVE) values ranging from 0.789–0.816 (above 0.50) and Cronbach's Alpha of 0.911–0.925 and Composite Reliability (rho_c) of 0.937–0.947, all far above the 0.70 threshold, so the research instrument is declared reliable.

Table 2.
Summary of Construct Validity and Reliability

Construct	Outer Loading Range	AVE	Cronbach's Alpha	Composite Reliability (rho_c)
Price Perception (X1)	0.872 – 0.905	0.789	0.911	0.937
Brand Image (X2)	0.875 – 0.929	0.816	0.925	0.947
Purchase Intention (Y)	0.884 – 0.929	0.806	0.919	0.943

Source: Processed data, 2026

Testing of the structural model (inner model) yielded an R-Square of 0.859 (adjusted R-Square 0.856), meaning that price perception and brand image jointly explain 85.9% of the variance in purchase intention. The results of hypothesis testing via bootstrapping are presented in Table 3. Price perception was found to have a positive and significant effect on purchase intention (path coefficient 0.423; T-statistic 3.825; p = 0.000), so H1 is accepted. Brand image was also found to have a positive and significant effect on purchase intention (path coefficient 0.539; T-statistic 5.052; p = 0.000), so H2 is accepted, with a relatively stronger influence than price perception.

Table 3.
Hypothesis Testing

Hypothesis	Path	Coefficient (O)	T-Statistic	P-Values
H1	Price Perception → Purchase Intention	0.423	3.825	0.000

H2	Brand Image → Purchase Intention	0.539	5.052	0.000

Source: Processed data, 2026. R-Square of Purchase Intention = 0.859 (Adjusted R-Square = 0.856)

Discussion

The positive effect of price perception on purchase intention indicates that the more consumers perceive IndiHome's service price as commensurate with the benefit received, the higher their intention to subscribe. The price–benefit congruence indicator has the highest loading value on this variable, reflected, for instance, in consumers' preference for mid-tier speed packages, considered the best balance between the cost incurred and the speed and network stability obtained, compared with the cheapest package, which is considered inadequate. This finding is consistent with Fauzan and Hakim (2023), who likewise found a positive effect of price perception on purchase intention for IndiHome in Surabaya, and reinforces empirical evidence from other digital service contexts such as Spotify Premium (Maghfiroh, 2023).

The effect of brand image on purchase intention is recorded as relatively more dominant than that of price perception, with the loyalty indicator as the strongest contributor. This is consistent with IndiHome's position as one of Indonesia's pioneering fixed broadband services, a historical reputation that leads most consumers to continue choosing IndiHome despite negative reviews regarding service disruptions, owing to its ease of access and wide coverage. Nevertheless, the high proportion of negative reviews highlighting recurring network disruptions and slow complaint handling (Saputra & Arifin, 2023) confirms that IndiHome's brand image, although historically strong, remains vulnerable to weakening if service quality is not maintained consistently. This result reinforces the finding of Tarta & Pasaribu (2024) on the Telkomsel provider, which likewise confirms brand image as a key determinant of purchase intention in telecommunications services. Overall, the two findings complement each other: price perception functions as a rational consideration arising from an explicit cost benefit comparison, while brand image functions as a psychological assurance that builds trust before consumers evaluate price details in depth, implying that IndiHome's marketing strategy should manage both aspects together in an integrated manner.

CONCLUSION

This study concludes that price perception and brand image both have a positive and significant effect on purchase intention toward IndiHome WiFi services in Surabaya City, with brand image making a relatively larger contribution. Price perception is formed mainly by consumers' assessment of the fit between the price paid and the benefit received, while brand image is formed mainly by consumers' loyalty to a brand that is well established and trusted. Together, these two variables have strong explanatory power for consumer purchase intention. Based on these findings, IndiHome is advised to strengthen communication about the fit between price and benefit and to maintain and strengthen its brand image by improving network stability, accelerating complaint handling, and actively managing its digital reputation, given that a high proportion of negative reviews could erode customer trust if not addressed seriously.

Theoretically, this study enriches the literature on the determinants of consumer purchase intention in the context of broadband internet services by providing empirical evidence, through a PLS-SEM approach, of the relative strength of price perception and

brand image as predictors of purchase intention. This study has limitations in that its geographic scope covers only Surabaya City and its model involves only two exogenous variables. Future research is advised to expand the geographic scope, increase the sample size, and add other variables that may influence purchase intention, such as service quality, promotion, or electronic word of mouth, so that findings can be generalized more broadly to internet service consumers in Indonesia.

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