

Influence of Brand Image and Service Quality toward Purchase Decisions through Tokopedia

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Abstract

In order to find out whether Tokopedia Jakarta's purchasing decisions are affected by brand image or service quality this study has been carried out. The brand's picture is a representation of the general perception of that brand, made up of information and experience. The quality of service is a challenge to fulfil consumers' needs and expectations based on what they expect. While the purchasing decision is the final decision to purchase a product or service, respondents from this study are people who have transacted and used the Tokopedia application. This research can be calculated and analysed through structural equation modelling with SmartPLS 3.0 software. Data collection techniques use communication techniques by distributing questionnaires to obtain data. In contrast, sampling techniques are non-probability sampling with a judgment sampling approach based on specific criteria or considerations. The results of this study indicate that (1) brand image has a positive and significant effect on purchasing decisions; (2) service quality has a positive and significant effect on purchasing decisions.

Keywords: brand image, service quality, purchase decisions

Introduction

Technology that continues to develop is changing human life to be more practical and wholly connected to various information and relationships between human beings. In the development of technology, the Internet is the netted, fastest, and most accurate medium in providing information and connecting people worldwide. The Internet is a technological facility for various activities such as communication, research, business transactions, data exchange facilities, etc. Nowadays, new business opportunities are created through Internet media, which is widely used by large companies, namely E-commerce. E-commerce is a platform designed to carry out sales and purchases of products, information and services that utilise the Internet network.

Currently, there are lots of E-commerce in Indonesia, both from within and outside the country, competing to gain profits in Indonesia. The biggest reason companies are participating in entering the Indonesian market and establishing E-commerce in Indonesia is that the Indonesian people have a large population of around 250 million people, and the Indonesian people have a wasteful lifestyle.

There is 10 E-commerce that the people of Indonesia frequently visit, and Tokopedia is at the first level. Indonesia is a country that is experiencing improvements and developments in E-commerce transactions because the number of E-commerce transactions has skyrocketed in recent times. The increase in E-commerce transactions in Indonesia has recently increased due to the shift in shopping patterns of people who rely more on online transactions because online transactions provide more choices of goods, save time and effort, provide many promos, people can compare prices of products and services with other stores, and have various variants of payment methods that make it easier for the public compared to shopping online. The growth of online transactions increases periodically due to changes in people's lifestyles.

The growth of E-commerce transactions in Indonesia has increased from 2014 to 2018, with an average growth of 77.98 trillion. E-commerce companies in Indonesia compete with each other to create a good brand image in the public so that consumers and potential customers trust them. Creating a good brand image for an E-commerce company's commerce in Indonesia takes work because companies must gain public trust, maintain public trust, and keep companies away from negative issues that can damage the company's brand image. Brand image refers to the schema of consumer thinking about a brand which refers to the consumer's perception of thoughts and feelings about the image of the brand that influences consumer purchasing decisions.

Consumers tend to buy products from well-known brands because they feel more comfortable with things that are already known, with the assumption that brands that are known are more reliable, always available and easy to find and have undoubted quality so that consumers more often choose more known brands than brands that are not—recognized by consumers. Therefore, companies must

create, develop and maintain a good brand image in the eyes of the public in order to compete with their competitors. Maintaining the brand image is also a positioning strategy to embed the company's brand in the minds of consumers.

Carrying out the competition in the world of E-commerce trading, each company in Indonesia tries to provide the best quality service to create customer satisfaction. Consumers tend to evaluate or evaluate the quality of services provided and feel satisfied with the services they receive. If consumers are dissatisfied with the quality of services the company provides, it will affect consumer purchasing decisions not to make purchases through the company. In contrast to consumers who are satisfied with the services provided by the company, consumers who tend to be satisfied will repeat orders or become loyal customers.

The last thing that significantly affects sales is consumer buying decisions. Consumer purchasing decisions are influenced by the process of how the decision is made. In general, a purchase decision is a selection of two or more choices, including decisions about the types and benefits of products, product forms, brands, the number of products, when to buy, and how to pay. Companies must be able to market the products or services they produce so that consumers can be loyal and the company is not less competitive than other companies. Prospective consumers who have confidence in a good company brand image will not hesitate to make purchasing decisions, and service quality also influences consumers' mindset to buy products from companies that match their wants and needs. Therefore, companies must be able to pay attention to factors that can make consumers carry out purchasing decisions.

The Indonesian E-commerce company currently at the peak of its glory is Tokopedia because Tokopedia, founded by William Tanuwijaya in 2009, has become one of the Unicorn companies in Indonesia. Tokopedia is the most popular buying and selling site and is ranked number one in Indonesia. In carrying out transaction activities at Tokopedia, consumers can see the reputation of traders. Furthermore, to make purchases for buyers or consumers, Tokopedia is a third party to assist the transaction process so that sellers and buyers feel safe about the goods or services being traded. Based on the description that has been described, the writer is interested in carrying out this research.

Literature Review and Hypothesis Development

Brand Image

According to Kotler and Keller (2016), brand image is a name, term, sign, symbol, design, or a combination of these things, which is intended to identify the goods or services of a person or group of sellers and to differentiate them from competitors' goods and services. According to Zhang & Luo (2019), the brand image reflects consumers' and businesses' feelings about the entire organization and individual products or product lines. According to Schiffman and Wisenblit (2015), brand image is a different image that a brand has in the minds of consumers.

Service Quality

Kotler and Keller (2016) stated that services are any actions or actions that can be offered by a party to another party which are intangible (i.e., not physically tangible) and do not result in the ownership of something. According to Sachdev and Verma (2004), the perspective of quality measurement can be grouped into two types, internal and external. Quality is based on an internal perspective defined as zero defect ("doing it right for the first time" or compliance with requirements). In contrast, an external perspective understands quality based on customer perceptions, expectations, customer satisfaction, attitudes, and delight.

Purchase Decision

According to Kotler and Keller (2016), purchasing decisions are stages of customer evaluation, forming preferences among brands and choices and can also form intentions to buy the most preferred brand. According to Kotler and Armstrong, the purchasing decision is about the buyer's decision about which brand to buy.

Brand Image and Purchase Decision

In this study, brand image is closely related to purchasing decisions. The role of brand image is essential for consumers because a good brand image will further enhance consumer purchasing decisions.

H1: Brand image has a significant positive effect on purchase decision.

Service Quality and Purchase Decision

In this study, service quality is closely related to purchasing decisions. The role of service quality is essential for consumers because good service quality will further enhance consumer purchasing decisions.

H2: Service quality has a significant positive effect on purchase decision.

Method

Sampling

The population is a generalization area consisting of objects or subjects with certain qualities or characteristics determined by researchers to be studied and then conclusions drawn (Sugiyono, 2014). The population taken by the author is consumers who are domiciled in Jakarta and who have made purchases on the Tokopedia application. In this study, the number of indicators used was 19 indicators; therefore, the number of samples needed was $19 \times 5 = 95$ based on Hair et al. (2011) recommendation. The number of samples based on the formula above results was 95. Therefore, the researchers rounded up the number of samples from 95 to 100 respondents.

Instrument

Instrument The instrument was framed on a five-point Likert scale labelled as 1 “strongly disagree” to 5 labelled as “strongly agree”, which focused on key constructs of the study. Brand image was taken from Zhang (2015); service quality was adopted from Darwin et al. (2014); and purchase decisions was derived from Kotler and Armstrong (2008). These were adapted to suit the present context.

Data Collection

A pilot study of 20 respondents has been carried out before the main field survey in order to establish a definitive instrument. Anomalies were detected and a questionnaire was restructured on the basis of these results. The staff of qualified research agencies, who were interacting with the subjects to gather information for this study, assisted in data collection. During April to June 2022, respondents were politely invited into the halls of selected companies in Jakarta, Indonesia's capital city. The questionnaire was respectfully filled out by the respondents who acknowledged that they had purchased products through Tokopedia and were prepared to take part. Individuals who were part of the survey reported returning a total of 100 out of 150 available field instruments at an average return rate of 66,67%. The sample was deemed to be sufficient because according to Babbie (2007) a target response of 50% or more in the study population is considered appropriate for analysis.

Data Analysis and Results

Reliability and Validity

In line with Hair et al. (2019), the first step of evaluating PLS-SEM is to assess a measurement model for its validity and reliability prior to continuing an evaluation of structural models, which include testing relationships between variables in order to arrive at final results. Convergence and differential validity shall be assessed in the assessment of a measuring model. With reference to the guidelines provided by Hair et al. (2017), convergent validity would be assessed based on the composite reliability (CR), factor loadings for the variables and the average variance extracted (AVE). With respect to the present study, most items have a loading level greater than or equal to the threshold value of 0.7, AVE is over 0.5 and CR values are above 0.70. The results are shown in Figure 1 and Table 1, which denotes that convergent validity has been established for this study.

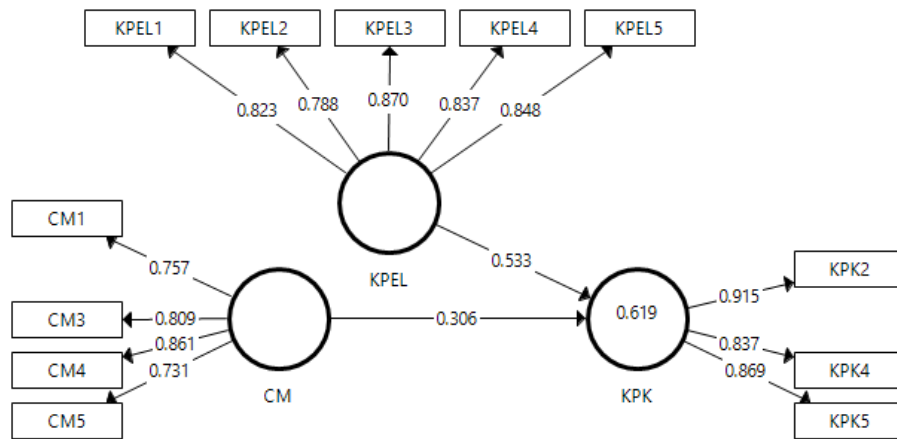


Figure 1. Structural Model

Table 1. Convergent validity

Constructs	Items	Factor loadings	AVE (>0.50)	CA (>0.70)	CR (>0.70)
Brand Image (CM)	5	0.731-0.861	0.626	0.800	0.870
Service Quality (KPEL)	5	0.788-0.870	0.695	0.890	0.919
Purchase Decision (KPK)	5	0.837-0.914	0.764	0.845	0.907

Discriminant validity is the extent to which each latent variable is differentiated from other constructs in the model (Hair et al., 2014). It also refers to the degree to which the indicators are distinct from others across constructs. Most recently, Hair et al. (2019) recommends researchers to use heterotrait-monotrait (HTMT) criterion for discriminant validity testing. This is congruent with Henseler et al. (2015) suggestion of HTMT ratio of correlation criterion for discriminant validity testing. Henseler et al. (2015) further explained on the establishment of discriminant validity, with the HTMT statistics should not exceed 0.90 or 0.85, dependent over whether the constructs are conceptually similar. As shown in Table 2, none of the HTMT values are greater than 0.90 (Henseler et al., 2015). Moreover, all the values of the confidence interval in Table 2 do not have a value of 1 in between, which suggested that all HTMT values are significantly different from 1 (Henseler et al., 2015). Hence, it can be concluded that the discriminant validity for the present study is established.

Table 2. HTMT

	CM	KPEL	KPK
CM			
KPEL	0.878		
KPK	0.839	0.873	

Hypothesis Testing

Following the validation of the measurement model, we continued to assess the structural model and determine whether the relationship between the model tested and the model in question is relevant. To identify the significance of path coefficients in structural models, a bootstrap resampling procedure was used with an incremental sample size of 5,000 subsamples which were converted into new samples from the original 100 subsamples. The explanatory power of the structural model was assessed by its ability to predict endogenous construct using the coefficient of determination. Table 3 and Figure 2 show the results of the structural model assessment.

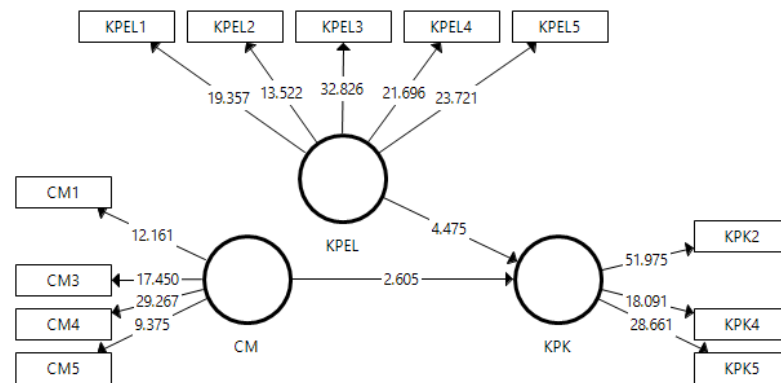


Figure 2. Bootstrapping result

Table 3. Hypothesis result

Relationship	Beta	<i>t</i> -statistics	<i>p</i> -values
Brand Image (CM) → Purchase Decision (KPK)	0.306	2.605	0.009
Service Quality (KPEL) → Purchase Decision (KPK)	0.533	4.475	0.000

Discussion and Conclusion

From the results of data processing, we can conclude that respondents answering the dominant research questionnaire answered that the brand image of Tokopedia was one of the reasons for them to continue using the application because, in the opinion of respondents, if they used applications, other than the Tokopedia application, it would be difficult for them to adapt if used in everyday life. This study's results align with research conducted by Amalia (2019).

For the service quality variable, the *t* value is higher; this proves that respondents who answered the research questionnaire agree with the statement that Tokopedia's service quality is different and relatively cheaper compared to other similar applications. This study's results align with the results of research conducted by Amilia & Asmara (2017).

Brand image influences consumer purchasing decisions for the Tokopedia application in Jakarta. It means that the better the brand image owned by Tokopedia, the more consumer purchasing decisions will increase. Service quality influences consumer purchasing decisions for the Tokopedia application in Jakarta. It proves that the better the quality of service provided by Tokopedia, the more consumer purchasing decisions will increase.

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