

The Role of Word of Mouth (WOM) in Mediating Brand Images Influence on Purchase Decisions of 3i-Networks Product at PT AJ Central Asia Raya in Denpasar Branch Office

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Abstract. Insurance products that function to provide a sense of security to the community are always growing, causing insurance companies to try to increase purchasing decisions for their products. One of the methods used is by increasing the brand image in the eyes of the public. The purpose of this study was to determine the effect of brand image on purchase decisions through word of mouth as the mediation variable. This research was conducted at PT AJ Central Asia Raya Denpasar Branch, located in Denpasar, Bali. The primary data in this study was collected through a questionnaire that distributed to customers. The sampling technique used is the Slovin formula. The number of respondents taken in this study were 100 respondents. The data analysis technique is Path analysis. The results of the study present that brand image and word of mouth directly had a positive and significant effect on purchase decisions. Brand image for purchase decisions is mediated by word of mouth. The implication in this case is that when a consumer recommends a product to his / her closest people, talks and even suggests that person to use the product, it can be said that the consumer has a deep image and understanding of the product. A consumer who deliberately recommends a product indirectly believes that the product he is suggesting has reliable quality. Therefore, the purchasing decisions for this product will increase.

1 Introduction

Insurance products that function to provide a sense of security and assurance to the community are always growing, causing many insurance companies to try to improve purchasing decisions for their products (Muhammad, 2019). One of the ways is to increase the brand image of an insurance product in the society.

Kotler and Keller in Prasetya et al (2018) explain that brand image is the perception and belief carried out by consumers, as reflected in the associations that occur in consumer memory. A well-attached brand image will lead to a purchase of a product. In the research done by Iswara and Jatra (2019) and Hasyim, et al (2017) found that a good brand image will increase consumer purchasing decisions. However, research conducted by Hidayat (2017) found that brand image is not able to influence purchasing decisions.

The difference in the results of previous studies led to the addition of the mediating variable in this study, namely the word of mouth (WOM) variable. Word of mouth (WOM) marketing technique will be carried out when a consumer feels the benefits and good brand image of a product, and recommends it to others by explaining what makes that person decide to buy the product. Word of mouth (WOM) affects purchasing decisions because of the positive stories that are told (Kusumawati, 2016). Another study conducted by Hasyim et al (2017) found that the better the brand image that is conveyed through word of mouth (WOM), the better the purchasing decisions are made.

The 3i-Networks product owned by PT AJ Central Asia Raya Denpasar Branch Office has successfully built brand images in the eyes of the Balinese people, which influence the consumer to apply word of mouth (WOM) marketing massively and causes high purchases of 3i-Networks products. In 2019, there was a significant increase and decrease in the number of new customers, where the number of customers decreased in May - July, from 5,125 to 4,525 and October - November from 5,725 to 5,356. This could be due to the Jiwasraya case that appeared to the public regarding the failure to pay customer claims. This has resulted in negative sentiment in the community which indirectly reduces public confidence in buying insurance products.

2 Theoretical Review

The theoretical foundation in this research is Theory of Planned Behavior (TPB) by Martin Fishbein and Ajzen in Jogiyanto (2017). Theory of Planned Behavior (TPB) explains that consumer behavior is formed by attitudes, subjective norms which then shape traits. The reason for making a purchase decision is influenced by consumer attitudes or understanding of something being offered.

2.1 Connection between Brand Images and Word of Mouth

Brand Images are perceptions and beliefs held by consumers, as reflected in the associations embedded in consumers' memories (Kotler and Keller, 2014). A good brand image will spread a positive message to potential consumers through word of mouth marketing. This is according to the research of Hasyim et al. (2018), who found brand images has a positive effect on word of mouth.

H1 = Brand Images has a positive effect on Word of Mouth

2.2 Connection between Word of Mouth and Purchase Decision

Word of mouth has a connection with purchase decisions. When individuals or personal sources tell about positive things about a product, the greater the desire of consumers to buy the product (Hasyim et al, 2018). Tabalema's research (2016) found that word of mouth makes consumers think in determining purchasing decisions from other people, because information or other people's buying experiences will make consumers interested in buying or not the products offered.

H2 = Word of Mouth has a positive effect on Purchase Decisions

2.3 Connection between Brand Images and Purchase Decisions

Image is the overall perception of a product or brand that is formed from information and past experiences with that product or brand (Kusumawati et al., 2018). Iswara and Jatra

(2019) found that strong brand images can increase purchasing decisions for these products. The better the image of a brand, the higher the consumer's decision to make a purchase.
H3 = Brand Images has a positive effect on Purchase Decisions.

2.4 Word of Mouth mediates the Influence of Brand Images on Purchase Decisions

When consumers recommend a product to their closest people, talk about and even suggest that person to use the product, it can be said that the consumer has a deep image and understanding of the product. A consumer who deliberately recommends a product indirectly believes that the product he is suggesting has reliable quality. This will indirectly increase purchasing decisions for these products. Pratama's research (2017) found that brand images can indirectly influence purchase decisions via word of mouth.
H4 = Brand Images indirectly affects Purchase Decisions via Word Of Mouth

3 Methods

This research was conducted at PT AJ Central Asia Raya Denpasar Branch Office which is located on Jl. P.B. Sudirman No. 10 Dauh Puri Klod, Denpasar. The subjects of this study were customers of the 3i-Networks product of PT AJ Central Asia Raya Denpasar Branch Office. The object of this research is the effect of brand image on purchase decisions through word of mouth as an intervening variable. Primary data in this study was collected through a questionnaire, also the results of direct interviews with customers. The population in this study were all customers of the 3i-Networks product of PT AJ Central Asia Raya Denpasar Branch Office as many as 5,498 people. The sampling technique chosen in this study is the Slovin formula. The number of respondents taken in this study were 100 respondents. The research data was collected by means of an instrument in the form of a questionnaire which was distributed directly to the respondents. The scale used in this study is a 5-point Likert scale which is distributed directly to respondents. Validity and reliability tests are used to test whether the questionnaire that is owned has been distributed accurately and is suitable for further research and use. This study uses Path Analysis as the data analysis techniques.

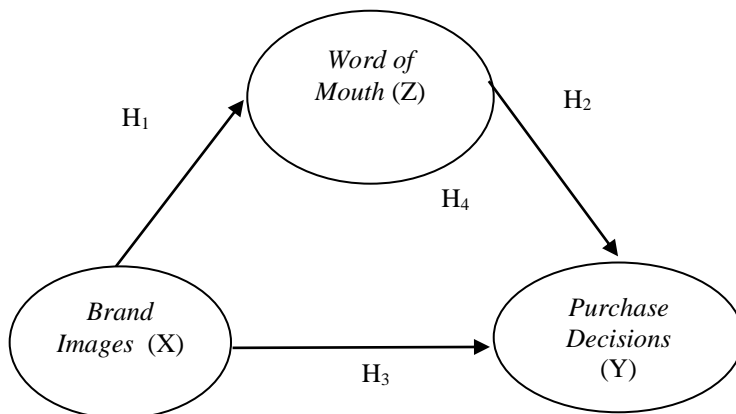


Fig 1. Research Framework

4 Results and Discussion

Before analyzing the relationship between variables and testing hypotheses, first, the validity and reliability tests are carried out.

Table 1. Validity and Reliability Test

Variable	Pearson Correlations	Variable	Cronbach Alpha
X1	0,835	<i>Brand Images</i>	0,737
X2	0,851	<i>Word of Mouth</i>	0,756
X3	0,742	<i>Purchase Decisions</i>	0,884
Z1	0,874		
Z2	0,865		
Z3	0,727		
Y1	0,885		
Y2	0,908		
Y3	0,803		
Y4	0,798		
Y5	0,744		

To find out how diversity can be explained by the model used, it is done by observing R Square in the first Model Summary and the second structural equation as in Table 2 and Table 3.

Table 2. Structure Regression 1

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.201 ^a	.405	.397	1.67444

a. Predictors: (Constant), Brand Image

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	10.030	1.187		8.451	.000
	Brand Image	.195	.096	.201	2.034	.045

a. Dependent Variable: Word of Mouth

Table 3. Structure Regression 2
Model Summary^b

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.829 ^a	.687	.681	1.64758

a. Predictors: (Constant), Word of Mouth, Brand Image

Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	-.669	1.536		-.436	.664
	Brand Image	.695	.097	.417	7.196	.000
	Word of Mouth	1.093	.099	.637	10.996	.000

a. Dependent Variable: Purchase Decisions

Based on tables 2 and 3 the value of the coefficient of determination (R²)

$$e = \sqrt{1 - R^2}$$

$$e_1 = \sqrt{1 - R1^2} = \sqrt{1 - 0,405} = 0,595$$

$$e_2 = \sqrt{1 - R2^2} = \sqrt{1 - 0,687} = 0,313$$

Based on the calculation of the standard error value, the Pe₁ or Word of Mouth variable standard error is 0.595 and Pe₂ or the Purchase Decisions variable standard error is 0.313. The results of the total determination coefficient are calculated as follows.

$$\begin{aligned} R^2_m &= 1 - (Pe_1)^2 - (Pe_2)^2 \\ &= 1 - (0,595)^2 - (0,313)^2 \\ &= 1 - (0,354) - (0,098) \\ &= 1 - 0,035 = 0,965 \end{aligned}$$

The total determination value of 0.965 means that 96.5 percent of the variation in Purchase Decisions is influenced by variations in Brand Images and Word of Mouth, while the remaining 3.5 percent is explained by other factors that are not included in the model.

To determine the effect of Brand Images on Purchase Decisions with Word of Mouth as a mediating variable, the analysis is based on two equations:

$$\begin{aligned} Z &= \beta_2 X + e_1 \\ &= 0,195X + e_1 \\ Y &= \beta_1 X + \beta_3 Z + e_2 \\ &= 0,695X + 1,093Z + e_2 \end{aligned}$$

A summary of the results of the path analysis coefficient can be presented in Table 4.

Table 4. Results of the Path Analysis Coefficient

Variable Influence	Influence	t or z Count	t or z Table	Sig.
X → Y	0,695	7.196	1.98	0.000
X → Z	0,195	2.034	1.98	0.045
Z → Y	1,093	10.996	1.98	0.000
X → Z → Y	0,908	3.2885	1.96	

4.1 Connection between Brand Images and Word of Mouth

Based on Table 4, it can be seen that the path coefficient of the influence of brand image (X) on word of mouth (Z) is 0.195 with a significance value of 0.045 which is smaller than $\alpha = 0.05$. From these results, it can be concluded that brand image (X) has a positive and

significant direct effect on word of mouth (Z). These results indicate that the better the brand image, the better the marketing of word of mouth will be.

4.2 Connection between Word of Mouth and Purchase Decision

Based on Table 4, it can be seen that the path coefficient of the influence of word of mouth (Z) on purchase decision (Y) is 1.093 with a significance value of 0.000 which is smaller than $\alpha = 0.05$. From these results it can be concluded that word of mouth (Z) has a positive and significant direct effect on purchase decisions (Y). These results indicate that the higher the marketing of word of mouth (Z), the higher the purchase decision (Y) that occurs.

4.3 Connection between Brand Images and Purchase Decision

Based on Table 4, it can be seen that the path coefficient of the influence of brand image (X) on purchase decision (Y) is 0.695 with a significance value of 0.000 which is smaller than $\alpha = 0.05$. From these results it can be concluded that brand image (X) has a positive and significant direct effect on purchase decision (Y). These results indicate that the better the brand image, the higher the purchase decision (Y) that occurs.

4.4 Word of mouth mediates the influence of Brand Images on Purchase Decisions

Based on the results of the Sobel test, the calculated Z value is 3.2885, which means that the calculated Z value is greater than the Z table of 1.96. This means that the Word of Mouth variable is able to significantly mediate the influence of Brand Images on Purchase Decisions.

5 Conclusion

The results of this study indicate that word of mouth is able to significantly mediate the influence of brand images on purchase decisions. This presents when consumers recommend a product to their closest people, talk about and even suggest that person to use the product, it can be said that the consumer has a deep image and understanding of the product. A consumer who deliberately recommends a product indirectly believes that the product he is suggesting has reliable quality. This will indirectly increase purchasing decisions for these products.

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