

# **The Power of Brand Image, E-Service Quality towards Purchase Decisions on e-commerce in Indonesia**

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**Abstract.** This study is aimed to inspect a model, which has an influence on purchasing decisions taken by consumers in the province of Lampung Indonesia on an e-commerce platform. The results of this study indicate that brand image has a significant effect on purchasing decisions (0.327) and e-service quality takes a significant influence on purchasing decisions (0.405). Therefore, the ability to create, maintain, protect and enhance e-service quality together with brand image in expanding the scope of trade is the most important task for marketing.

**Keywords:** Brand Image, E-service Quality, Purchasing Decision, e-commerce.

## **1 Introduction**

Nowadays, the information technology development ranging from gadgets to social media, both directly and indirectly, has changed people's lifestyles. Changes in lifestyle inspire current people today to grow into a community that inclines to be consumptive, this is due to that they require comfort in all parts of life with more applied values, so they are able to cut the time and do not hinder with work [1]

Based on data from the Ministry of Communication and Information (Kominfo) in 2021 internet consumers in Indonesia improved 11 percent comparing to the prior year, from 175.4 million to 202.6 million consumers [2] In Indonesia, the high public interest in the use of the internet opens up many business opportunities to conduct online transactions, giving rise to many online sites. According to sirclo.com, there are 6 products that are the best selling and most in demand by consumers in Indonesia through online sales:

1. Fashion.
2. Beauty product
3. Gadgets and electronic products
4. Household products
5. Toy and Hobby products
6. Trend products [3]

The emerging numerous types of products in one classification with quality of product has come to be a standard and anyone is easily able to imitate and own. This creates it tough for the company to keep itself as a leader of market. To overcome the penetration by competitors, the company must maintain its market share, one of which is a strong brand image. Without a sturdy and positive brand image, a company has difficulty to get new customers and keep existing ones. An established brand will have a dominant position in a competition since it is supported by strong associations, so that it will form consumer confidence in the products and services offered, it is important for marketers to influence not only the minds of users, but also the hearts, as old brands have played a significant role in the market [4], [5]

Relationships will be well established if there is mutual trust between service providers/companies and consumers. According to Mooman, trust is the enthusiasm to count on an discussion partner in whom he has trust [6]. Customer trust in the brand is the perception of customers or consumers to trust the brand's ability, based on experience or sequences in transactions and interactions with the brand so that expectations and promised value are met and provide satisfaction or positive results. The existence of consumer trust in the brand will create a sense of security and reduce consumer perceptions of risk in its growth [7].

Since Lampung Province was formed in 1964, the population of Lampung has continued to grow. The results of the 2020 Population Census recorded the population of Lampung Province in September 2020 as many as 9.01 million people. This number increased by about 1.40 million people compared to the 2010 Population Census or an average increase of around 140 thousand per year. If observed from 1971-2020, during these 50 years the population of Lampung has more than tripled [8], internet users in Lampung province are 5,269,085 people [9], it means Lampung is a big potential in e-commerce opportunities. Moreover, it is supported by Lampung's position as the gateway to Sumatra, so that the interaction between the Lampung community and the people on the island of Java is very strong compared to other provinces on the island of Sumatra [10].

The scope of this paper is the impact of brand image, e-service quality towards consumer purchasing decisions in Lampung province on Indonesian e-commerce transactions

## 2 Literature Review

### 2.1 Brand Image

*Brand image* is a collection of memories, impressions and perceptions of a person, a community, or society about a brand that is formed in the thoughts of consumers. *Brand Image* is also consumer views or study result on a good or bad brand [11].

The existence of a brand image will have a very important influence on consumer decision making and has the potential to generate and evaluate brand deviation. Brand associations, which are gained over the enterprise's marketing mix actions or product expenditure, add to also ultimately determine the brand's image to consumers [12]. The brand image contains several dimensions: the brand is Favorable, strong (Strength), and has uniqueness [12], [13]

According to Li, a positive corporate image aids local brands build brands in building a patriotic brand image and in the end will increase consumers' purchase intentions in relation to domestic brand products [14].

## 2.2 E-Service Quality

One of the most widely used models is the *e-Servqual* Zeithaml et al. According to Tjiptono and Chandra, Zeithaml et al.'s , they claimed *e-Servqual* model as the most comprehensive and integrative online service quality model, since the dimensions proposed by Zeithaml et al. are applicable and systematically fulfill the essential to asses the electronic services quality [15]. Starting from the old *SERVQUAL* exemplary above, Zeithaml et al., did well in increasing five main service quality dimensions into seven *e-SERVQUAL* dimensions:

- a) Efficiency - Customers' ability to access the website, search for the preferred product and info associated to that product, and consent the position with little struggle.
- b) Reliability - Regarding to the site technical functionality, particularly, the scope to which the site is open and functioning properly.
- c) *Fulfillment* - Including accuracy of facility promises, product delivery on time promised. and product stock obtainability.
- d) Privacy - Guarantees shopping behavior data is not going to be distributed with any other party including personal information (identity) of customers for tools of payment.
- e) Responsiveness - The right information is provided for customers by everywhere online retailers so that if problems arise a, *online* guarantees and a mechanism to handle product returns can be conducted
- f) Compensation - Cover product handling costs, refunds, and shipping charges.
- g) Contact - Provide customer's needs via online or over the phone [16], [17]

These seven dimensions make up the “*core online service*” scale and the “*recovery online service*” scale. Four main dimensions (efficiency, reliability, *fulfillment* and privacy) are the core *e-SERVQUAL* scale used to measure customer perceptions of the quality of services provided by *online* sellers [16], [17].

## 2.3 Purchasing Decision

Purchasing decision is the procedure by which decisions are made by consumers make decisions to shop varied items and brands beginning with necessity acknowledgement, research information, evaluation info, creating purchase decisions and evaluating decisions of post-purchase [18]–[20].

Several reasons causes a person shop on an *e-commerce* site. First, purchasing is made as the goods or services are highly needed. Second, person can shop since the promos offered by *e-commerce* service providers are interested [21].

## 2.4 E-Commerce

One form of *e-commerce* that is widely known by the Indonesian people is C2C (*Customer to Customer*) or more familiarly called a buying and selling site. Through a *marketplace*

C2C *e-commerce* may permit users to have activities like selling and buying products or services [22]

A company needs the right information, infrastructure, and support services to be able to carry out *e-commerce* activities. The components or pillars supporting *e-commerce* are as follows:

- a). Human
- b). Public Policy
- c). Marketing and Advertising
- d). Support Service
- e). Business partnership [23]

### **Research Hypothesis**

Based on the research background, the formulation of the research hypothesis is:

H<sub>0</sub>: There is no influence between brand image and e-Service Quality on purchasing decisions in e-commerce transactions in Indonesia

H<sub>1</sub>: There is an influence between brand image and e-service quality on purchasing decisions in e-commerce transactions in Indonesia

## **3 Methods**

### **3.1 Types of Research**

This research uses a survey research type. Exploratory and descriptive research usually use survey research to gain data about people, events, or situations. Take for example, in a business perspective, surveys are frequently conducted about consumer decisions, customer decisions and others[24].

### **3.2 Population and Sample**

Population means the entire group of societies, occasions, or other stuffs of concern investigated by the researcher [24]. This study take people in the province of Lampung, who have made e-commerce transactions as population.

The sample size uses Hair's theory which states if the proper sample size is ranged from 100 to 200; the minimum for each estimated parameter is 5 observations and the maximum one is 10 observations [25]. The number of indicators for research questionnaire in this study was 19, then the number of samples was 10 times the number of indicators or  $19 \times 10 = 190$ . So the number of samples used was 190 people.

Sampling uses non-probability sampling method. It uses purposive sampling. Certain types of people proviing the desired information accordance with several criteria set by the researcher are limited as samples. [24]. The criteria provision is that the respondent is a resident of the province of Lampung, Indonesia and has conducted e-commerce transactions. This study uses three variablesL: two exogenous variables, and one endogenous variable, which will be analyzed by SEM-PLS.

### 3.3 Research variable:

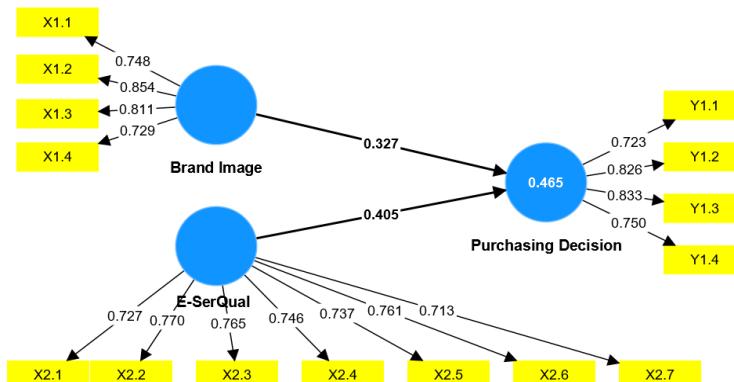
1. The independent/exogenous variable (X) is a variable that affects the dependent/endogenous variable. The exogenous variables in this study are Brand Image and e-service quality.
2. The dependent/endogenous variable (Y) is a variable that is affected by the independent/exogenous variable. The purchase decision becomes the endogenous variable.

The Partial Least Square (PLS) method together the smartPLS version 4.0 application is used to test the hypothesis.

## 4 Result and Discussion

### 4.1 Convergent Validity

Based on the correlation between *item scores/component scores* calculated by PLS, *Convergent validity* of the measurement model with reflexive indicators is applied. When reflexive measure contains a correlation of more than 0.70 with the construct being measured, it is categorized high. However, further according to Chin for research in the early stages of developing a measurement scale, the loading value of 0.5 to 0.6 is considered adequate [26]. The loading factor value generated for each construct indicator reflects convergent validity test. The resulting loading factor value must be above 0.7. It means the indicator is significantly measuring the construct. The following are the results of the first order confirmatory factor analysis stage to produce convergent validity as the first step in assessing the validity of the indicators forming latent constructs.



**Fig.4.1** Convergent Validity

According to the model of measurement above, Analysis variables of the research with a loading factor bigger than 0.70 become indicators and are declared significant or fulfilling the requirements of convergent validity. The following table reflects more detail information of loading factor values:

	Outer loadings
X1.1 <- Band Image	0.748
X1.2 <- Band Image	0.854

X1.3 <- Band Image	0.811
X1.4 <- Band Image	0.729
X2.1 <- E-SerQual	0.727
X2.2 <- E-SerQual	0.770
X2.3 <- E-SerQual	0.765
X2.4 <- E-SerQual	0.746
X2.5 <- E-SerQual	0.737
X2.6 <- E-SerQual	0.761
X2.7 <- E-SerQual	0.713
Y1.1 <- Purchasing Decision	0.723
Y1.2 <- Purchasing Decision	0.826
Y1.3 <- Purchasing Decision	0.833
Y1.4 <- Purchasing Decision	0.750

From the results of the research above, all variables are declared valid because they are more than 0.7

#### 4.2 Construct Reliability and Validity

Assessing is comparing the *square root of average variance extracted* (AVE) value of each construct with the correlation between the construct and other constructs in the model [27].

**Table 1.** Results of Construct Reliability and Validity

	Cronbach's alpha	Composite reliability (rho_a)	Composite reliability (rho_c)	Average variance extracted (AVE)
Brand Image	0.793	0.797	0.866	0.619
E-serQual	0.867	0.868	0.898	0.557
Purchasing decision	0.802	0.821	0.864	0.615

The results of the calculations in the table above, it is known that all constructs have values above 0.5, so that convergent validity and reliability are in good categories.

#### 4.3 Table HTMT

**Table 2.** Table HTMT

	Brand Image	e-SerQual	Purchasing decision
Brand Image			
E-SerQual	0.880		
Purchasing Decision	0.737	0.692	

The HTMT value for each pair of variables is less than 0.90, then the Discriminant Validity Evaluation value with HTMT is fulfilled.

#### 4.4 Hypothesis test

	Original statistics (O)	Sample P values (M)	Standard deviation sample (STDEV)	T ( O/STDEV )
Brand Image -> Purchasing Decision	0.327 0.000	0.329	0.085	3.848
E-SerQual -> Purchasing Decision	0.405 0.000	0.407	0.079	5.113

The brand image takes a significant effect on purchasing decisions (0.327), with a t statistic ( $3.848 > 1.96$ ) or P value ( $0.000 < 0.05$ ), and e-service quality has a substantial influence on purchasing decisions (0.405) with t statistic ( $5.113 > 1.96$ ).

Online selling is an approach to promote a product or service intended to touch the thoughts and feelings of consumers. Online selling is conducting sales activities from looking for prospective buyers to giving a form of attention to consumers by utilizing the internet network supported by a set of electronic devices as a liaison with the internet network that functions as an intermediary in selling products. Online selling is considered as the most efficient and promising method of trading transactions to overcome geographical limitations and increase sales levels. The market share is also wider; it can reach outside the city, outside the province, even outside the country, so that the profit obtained will also be greater.

Brand image is something that is now considered very important to the rapid level of sales in the market. However, the best brands will be more recognized and desired by consumers. However, the particular success of the brand image that is built in the long term does not only depend on consumer purchases of the product which is only made once, but rather on how many consumers buy the product repeatedly and the loyalty of consumers to the brand. If the brand image can represent the needs, values and way of life of consumers, consumers who are loyal to the brand will not only look at the quality of goods/services, but will also consider the design image they have about the surrounding environment. In fact, the image of the producer (seller) will be a commitment to provide consumers/users by providing certain features of their products, advantages over similar products on the market.

Brand image is a factor that can influence consumer purchasing decisions. The better the image that appears related to the brand on the e-commerce platform, the more consumers are interested in making a purchase of a product or service offered by the e-commerce platform which has an impact on increasing company profits. For this purpose, companies are competing to get a good image in the hearts of consumers. Many strategies are carried out by companies to attract consumers.

From the consumer side, the presence of a brand can help make it easier for consumers to make choices about the goods or services they want to buy, because with a brand, consumers can more easily distinguish a company's products from similar companies, it can also be used as a guarantee for the reputation of the quality of the products produced by a company. Brands can also be a means of promotion to introduce themselves and maintain the reputation of the old products traded, as well as to dominate the market.

E-commerce consumers in the province of Lampung, Indonesia also feel the same way. The better the brand image of the e-commerce platform, the higher the quality of the products it sells. In addition, by using goods/services that have a good brand image, consumers will feel that their self-image will also increase. This is generally because good brands usually have characteristics that distinguish them from products from other brands, so consumers will feel their prestige rises when wearing them.

Consumers or customers are the most important part in a business. Therefore, the quality of service is increasingly recognized as an important aspect in e-commerce, because online product feature comparison is basically free, feasible and easier than product comparison through traditional channels. Service quality is the main determinant of the success of e-commerce, so customer service is an integral part of the company that should not be left behind, especially between consumers and sellers who do not meet each other.

The quality of services provided by the company to consumers will be felt and will foster satisfaction, and loyalty in consumers so that consumers are expected to make repurchases. If this happens, it means that the company gets a positive response from consumers, so it is hoped that this person can become a regular customer of the company's products.

## 5. Conclusion

Brand image and e-service quality are very essential in e-commerce transactions. This is because the sellers and consumers do not meet each other. As a new form of commercial activity, online shopping involves more uncertainty and risk than traditional shopping. Consumers cannot physically check the quality of a product before making a purchase. For this reason, the seller must really maintain the quality of service and a good brand image, lest consumers feel disappointed in their decision to make a purchase, because past experiences have been disappointed with their decision to make a purchase, making consumers reluctant to repurchase on the same platform.

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