THE INFLUENCE OF SERVICE QUALITY ON PURCHASE DECISION WITH BRAND IMAGE AS AN INTERVENING VARIABLE AT POP HOTEL DIPONEGORO SURABAYA

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Abstract- This study aims to determine the effect of service quality on consumer purchase decisions through brand image as an intervening variable at POP Hotel Diponegoro Surabaya. The variables studied were service quality (X), brand image (M), and purchase decision (Y). Service quality has five indicators, namely reliability, responsiveness, assurance, empathy, and tangibles. Brand image has three indicators, namely the superiority of brand associations, the uniqueness of brand associations, and the strength of brand associations. Purchase decisions have four indicators, namely the stability of buying after knowing product information, deciding to buy because the brand is the most preferred, buying because it suits their wants and needs, and buying because they get recommendations from others. The population in this study were all consumers at POP Hotel Diponegoro Surabaya. The number of respondents in this study was 120 people with the criteria of respondents who decided to stay at POP Hotel Diponegoro Surabaya at least once and aged 17-65 years. This study uses a quantitative approach with data processing techniques using SEM-PLS. The results of the study show that service quality has a significant effect on purchase decision; brand image has a significant effect on purchase decision; service quality has a significant effect on brand image; and service quality has a significant effect on purchase decision through brand image as an intervening variable.

Keywords: service quality, brand image, purchase decision hotel

1. Introduction

Hotel is a commercially managed accommodation. POP Hotel Diponegoro Surabaya was established on January 18, 2016 is a business hotel on Jl. Diponegoro No.33, Darmo, Kec. Wonokromo, Surabaya City, and has a strategic location in the center of Surabaya City. POP Hotel Diponegoro Surabaya is available with 114 rooms. Guest waiting area and Front Office staff services are available 24 hours. Demand for booking rooms at POP Hotel Diponegoro has decreased gradually from the first semester of 2019 to the final semester of 2020 due to new hotel competitors and the covid pandemic that hit. The decline in the number of rooms sold is a big challenge for POP Hotel Diponegoro's business. Online hotel booking sites from guests after staying at POP Hotel Diponegoro Surabaya also cause guests' purchase decisions to affect the sustainability of POP Hotel Diponegoro's business.

Based on the rating, it shows that POP Hotel Diponegoro Surabaya gets an impressive score of 8.3, namely from a total of 12,241 reviews. Overall POP Hotel Diponegoro Surabaya gets a rating of 4.5 out of 5 and is included in the list of 8 recommended budget hotels in Surabaya. This has a positive influence on the brand image of POP Hotel Diponegoro Surabaya so that it has a positive influence on readers before making purchasing decisions on online hotel booking sites in Surabaya. The relationship between intention and strong human behavior to make a decision on purchasing a hotel room decision based on the influence of service quality and brand image provided by POP Hotel Diponegoro Surabaya. Based on the explanation of the existing background, research was conducted to determine the effect of service quality on purchase decisions with brand image as an intervening variable at POP Hotel Diponegoro Surabaya.

2. Literature Review

2.1 Previous Research

Research by Zulkarnain et al (2018) shows that brand image, price, service quality has a significant influence on purchase decisions. Research by Ma'arif & Budiarti (2022) shows that product quality has a significant influence on brand image. Service quality has a significant influence on brand image. Product quality has a significant influence on purchasing decisions. Service quality has a significant influence on purchasing decisions. Brand image has a significant influence on purchasing decisions. Product quality has a significant influence mediated by brand image on purchasing decisions. And service quality has an insignificant influence mediated by brand image on purchasing decisions. Research by Irama et al (2019) shows that halal tourism has a significant influence on hotel brand image in Padang and service quality has a significant effect on hotel brand image in Padang.

2.2 Theoretical Foundation

2.2.1 Theory of Planned Behavior

Theory of Planned Behavior is an improvement of the theory of reasoned action. Theory of reasoned action explains that humans have the intention to carry out certain actions due to two reasons, namely subjective norms and attitudes towards behavior (Fishbein and Ajzen, 1975). Several years later, Ajzen (1988) added one factor, namely individual perceived behavioral control.

2.2.2 Service Quality

Service quality, namely consumers have an assessment between their expectations of the services offered and consumer perceptions of the services received. According to Marcella et al (2022) service quality is the way companies work to make regular quality improvements to service activities and product quality. according to Tjiptono (2015) service quality is the expected virtue and control over the level of virtue that will provide satisfaction to customers.

2.2.3 Brand Image

Brand image is a brand perception that exists in the minds of individuals. According to Keller (2019), the brand image consists of brand nodes consisting of associations, including brand evaluations, positive statements, images and attributes. According to Kotler & Keller (2018) brand image is a concept that has a consumer evaluation of the image in the product as well as an evaluation of the value of the brand which means this product has a certain quality.

2.2.4 Purchase Decision

Purchase Decision is involved in the sequence of choices formed by consumers before making a purchase which begins after consumers have the willingness to fulfill a need. According to Kotler & Armstrong (2016), purchase decision is the stage in the buyer's decision-making process where consumers actually buy the most preferred brand.
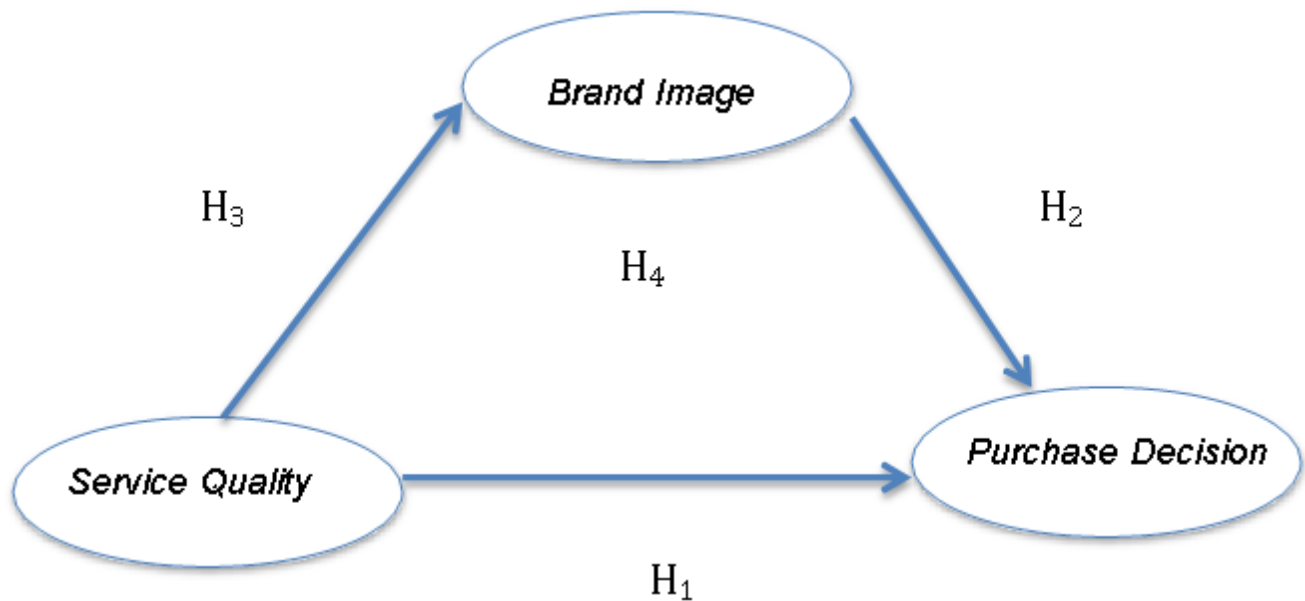
3. **Research Framework**

3.1 Framework

Figure 1 Analysis Model

3.2 Hypotesis

H1: Service Quality has a significant effect on Purchase Decision.

H2: Brand Image has a significant effect on Purchase Decision.

H3: Service Quality has a significant effect on Brand Image.

H4: Service Quality has a significant effect on Purchase Decision through Brand Image.

4. Research Methods

4.1 Research Approach

This study uses a quantitative approach conducted in Surabaya by giving questionnaires to consumers who stay or have stayed at POP Hotel Diponegoro Surabaya. The sampling technique for this study was purposive sampling. The number of samples in this study were 120 respondents. The technique used in data collection in this study was a questionnaire in the form of a 1-5 Likert scale.

4.2 Operational Definition of Variables

Table 4.1 Operational Definition of Variables and Variable Measurement

Variables	Operational Definition of Variables	Indicator	Source
Service Quality (X1)	Service quality is the way companies work to make periodic quality improvements to activities service (Marcella et al, 2022) and there are several dimensions to service quality (Tjiptono, 2019)	1. Reliability 2. Responsiveness 3. Guarantee (Assurance) 4. Empathy 5. Physical evidence (Tangible)	Marcella et al (2022) and Tjiptono (2019)
Brand Image (M)	Brand Image describes the extrinsic nature of a brand where the brand tries to meet the psychological or social needs of customers (Putra, 2021) according to (Keller, 2019)	1. Favorability of brand association 2. Uniqueness of brand association 3. Strength of brand association	Putra (2021) and Keller (2019)
Purchase Decision (Y)	Purchase decision is the stage in the buyer's decision-making process where consumers actually buy the most preferred brand (Kotler & Amstrong, 2016)	1. Steadiness to buy after knowing product information 2. Decided to buy because of the most preferred brand 3. Buying because it suits my wants and needs 4. Buying because received a recommendation	Kotler & Armstrong (2016)

Source: Data processed (2022)

4.3 Data Analysis Method

This study uses the SEM-PLS analysis method by evaluating the outer model (measurement model) and inner model (structural model). SEM (structural equation modeling) according to Abdillah and Jogiyanto (2015) is a technique that tests a relationship through factor and path analysis. Meanwhile, PLS (partial least square) is used to analyze the comparison between the dependent variable and the independent variable.

5. Result and Discussion

5.1 Respondent Characteristics

It is known that male respondents totaled 79 people or 63%. The highest respondents were in the age category 17 - 27 years, namely 59 people or 49%. The highest respondents were respondents who visited alone, namely 43 people or 36%. The highest respondents were respondents who had stayed at the hotel 2 times, namely 51 people or 42%. The highest respondents were respondents who had stayed at the hotel for 1 night, namely 78 people or with a percentage of 65%. The highest respondents were respondents who stayed at the hotel for business purposes, namely 49 people or 41%.

5.2 Description of Research Variables

Respondents' highest perception of service quality is in assurance (X1.3) which has a mean value of 4.902. Respondents' highest perception of brand image is found in (M1.1), namely the favorability of brand association and (M1.2) which is the uniqueness of brand association, which has a mean value of 4.18. The respondents' highest perception of purchase decision is buying because it suits their desires (Y1.3) and buying because it suits their needs (Y1.4) which has a mean value of 4.11.

5.3 SEM-PLS Data Analysis

Average Variance Extracted (AVE)

The AVE (Average Variance Extracted) results of each variable are greater than 0.50 so that all variables used in this study are declared valid.

5.3.1 Reliability Test

The Cronbach's Alpha value of each variable is more than 0.70 and the Composite Reliability value of each variable is more than 0.70, so it can be concluded that the variables used in this study are declared reliable.
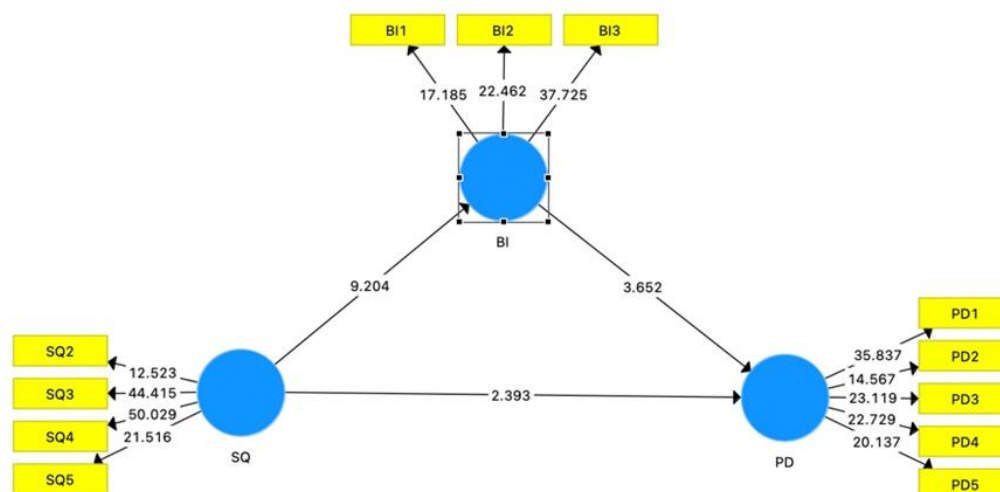
5.3.2 Structural Model (Inner Model)

Figure 5.1 Bootsrapping
Source: Data processed (2022)

5.3.4 R Square Value

The R-Square value for the brand image variable is 0.504, which means that consumer perceptions of the service quality variable (X) are 50.4%, while the remaining 49.6% is explained by other variables not used in the model. The R-Square value for the purchase decision variable (Y) is 0.434, which means that consumer perceptions

of the service quality variable (X) and brand image (M) are 43.4%, while the remaining 56.6% is explained by other variables not used in the model.

5.3.4 Hypothesis Test

Table 5.1 Hypothesis Test Results

	Influence	Original Sample	T Statistics	P Values	Description
H₁	*Service Quality* (X) -> *Purchase Decision* (Y)	0,300	2,430	0.015	Positive and Significant
H₂	*Brand Image* (M) -> *Purchase Decision* (Y)	0,411	3,547	0.000	Positive and Significant
H₃	*Service Quality* (X) -> *Brand Image* (M)	0,710	9,162	0.000	Positive and Significant

Source: Data processed (2022)

The results of the variable path of the effect of service quality on purchase decisions in the first hypothesis H1 obtained an effect of 0.300 with a positive direction. The results of the variable path of the effect of brand image on purchase decision in the first hypothesis H2 obtained an effect of 0.411 with a positive direction. The results of the variable path of the effect of service quality on brand image in the first hypothesis H3 obtained an effect of 0.710 with a positive direction.

5.3.5 Intervening Test

Table 5.2 Intervening Test Results

	Influence	Original Sample	T Statistics	P Values	Description
H₄	*Service Quality* (X) -> *Brand Image* (M) -> *Purchase Decision* (Y)	0,292	2,947	0.003	Positive and Significant

Source: Data processed (2022)

The results of the variable path of the effect of service quality on purchase decisions through brand image in the first hypothesis H4 obtained an effect of 0.292 with a positive direction but the indirect effect coefficient value is smaller than the direct effect significantly.

5.4 Research Discussion

5.4.1 Effect of Service Quality on Purchase Decision

The research results obtained from the relationship between the effect of service quality on purchase decision are significant. The results show that if the service quality provided by the hotel is getting better, the purchase decision for POP Hotel Diponegoro Surabaya will increase. This shows that the indicators of service quality, namely reliability, responsiveness, assurance, empathy, and tangibility can make the opportunity for purchase decisions at POP Hotel Diponegoro even greater.

5.4.2 The Effect of Brand Image on Purchase Decision

The research results obtained about the effect of brand image on purchase decision are significant. The results of this study indicate that if the brand image provided by the hotel is getting better, the guest purchase decision for POP Hotel Diponegoro Surabaya will increase. This shows that the indicators of brand image, namely the favorability of brand association, the uniqueness of brand association, and the strength of brand association, can make the opportunity for purchase decisions at POP Hotel Diponegoro even greater.

5.4.3 Effect of Service Quality on Brand Image

The research results obtained about the effect of service quality on brand image are significant. The results of this study indicate that if the service quality provided by the hotel to guests is getting better, the brand image of POP Hotel Diponegoro Surabaya will also increase. This shows that the indicators of service quality, namely reliability, responsiveness, assurance, empathy, and tangible can make the brand image of POP Hotel Diponegoro Surabaya increase.

5.4.4 The Effect of Service Quality on Purchase Decision through Brand Image

The results obtained about the effect of service quality on purchase decision are significant through brand image as an intervening variable. There is a positive and significant mediating effect in this study, this shows that service quality indicators, namely reliability, responsiveness, assurance, empathy, and tangible and indicators of brand image, namely the favorability of brand association, uniqueness of brand association, and strength of brand association can make the opportunity for purchase decisions at POP Hotel Diponegoro even greater.

6. Conclusion and Suggestion

6.1 Conclusion

1. There is a significant effect of service quality (X) on purchase decision (Y) at POP Hotel Diponegoro Surabaya.
2. There is a significant influence of brand image (M) on purchase decision (Y) at POP Hotel Diponegoro Surabaya.
3. There is a significant effect of service quality (X) on brand image (M) at POP Hotel Diponegoro Surabaya.
4. There is a significant effect of brand image (M) as an intervening variable between service quality (X) on purchase decision (Y) of POP Hotel Diponegoro Surabaya consumers.

6.2 Suggestion

- **Suggestions for the Company**

Providing good service quality and company brand image to consumers so that it can have a good impact on the level of consumer purchase decisions for POP Hotel Diponegoro Surabaya can increase and can increase the number of regular customers. This is important with the aim of maintaining and increasing customer loyalty and increasing market share, and can again increase sales and profits.

- **Suggestions for Similar Businesses**

Similar businesses can continue to improve service quality and also the company's brand image so that consumer purchase decisions will increase.

- **Further Research**

Future research is expected to add other variables that are not included in this study so that the research results obtained will be even better. These other variables such as E-WOM (Siripipatthanakul et al, 2022) and Customer Satisfaction (Ndruru & Retnowati, 2020) in order to contribute to management science and insight in studying the hotel industry.

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