

## The Effect of Brand Image on Purchasing Decision of Nissan Grand Livina Car Through Word of Mouth as an Intervening Variable At Pt Wahana Trans Lestari Medan

John Budiman Bancin<sup>1</sup>, Amrin Fauzi<sup>2</sup>, Endang Sulistya Rini<sup>3</sup>

<sup>1</sup>(Universitas Sumatera Utara, Indonesia)

<sup>2</sup>(Universitas Sumatera Utara, Indonesia)

<sup>3</sup>(Universitas Sumatera Utara, Indonesia)

Corresponding Author: John Budiman Bancin

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**Abstract:** The development of the automotive industry which is so rapid now also contributes to competition among companies, especially competition in the four-wheeled vehicle industry in Indonesia. The application of the right business strategy is the basis for companies to be able to compete with their competitors. As an official dealer of Nissan brand sellers, PT Wahana Trans Lestari Medan must compete with other competitors who offer products with well-known brands. Sales of Nissan brand cars at PT Wahana Trans Lestari Medan especially the Nissan Grand Livina tend to decline since 2015. Many factors can affect the level of sales at PT Wahana Trans Lestari Medan, including the brand image attached to the Nissan Grand Livina car and promotional activities from word of mouth about one of Nissan's flagship cars. This study aims to determine: 1) the effect of brand image on word of mouth. 2) the effect of brand image on purchasing decision of Nissan Grand Livina car at PT Wahana Trans Lestari Medan. 3) the effect of word of mouth on purchasing decision of Nissan Grand Livina car at PT Wahana Trans Lestari Medan. 4) the indirect effect of brand image on purchasing decision of Nissan Grand Livina car through word of mouth as an intervening variable at PT Wahana Trans Lestari Medan. The population in this study amounted to 321. Determination of sample size using the Slovin formula with error tolerance = 10%, so as to obtain the study sample of 77 respondents. Data Analysis technique in this study using path analysis at the significance level = 0,1. The results of the study indicated that: 1) brand image has a positive and significant effect on word of mouth. 2) brand image has a positive and significant effect on purchasing decision of Nissan Grand Livina car at PT Wahana Trans Lestari Medan. 3) word of mouth has a positive and significant effect on purchasing decision of Nissan Grand Livina car at PT Wahana Trans Lestari Medan. 4) Brand image doesn't indirectly affect the purchasing decision of Nissan Grand Livina car through word of mouth as an intervening variable at PT Wahana Trans Lestari Medan.

**Keywords:** Brand Image, Word of Mouth, Purchasing Decision

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### I. Introduction

The development of automotive industries has experienced rapid progress. This is indicated by the circulation of variants of automotive products in Indonesia specifically for vehicles. Many of the products offered are evident in the fact that each company competes with the existing market.

It is necessary to know that every year the number of vehicles in Indonesia is relatively higher than other ASEAN countries. As of 2012, sales of automobile vehicles in Indonesia are at one million units per year. Cars in Indonesia are currently dominated by Multi-Purpose Vehicle (MPV) or in the same way as multipurpose vehicles. Several MPV car brands in Indonesia include Toyota KijangInova, Toyota Avanza, Nissan Grand Livina, Daihatsu Xenia and Isuzu Phanter.

The high demand for consumers of such vehicles requires companies to apply the right business strategies to be able to compete with other competitors. The strategy is expected to increase the interest in consumer goods in the products they offer on the market.

Purchasing intention is the availability of consumers to assemble products (goods or services) based on the value of the decision to buy the product. Interests are formed from the perceptual content of the product offered.

PT Wahana Trans Lestari Medan is one of the company's dealers engaged in selling Nissan and Datsun car brands in the city of Medan. There are several variants offered by PT Wahana Trans Lestari Medan such as Nissan Serena, X-Trail, Grand Livina, Juke, March, Evalia, Frontier and Datsun.

Based on the interviews conducted by researchers at a company in the company, it was known that Nissan itself was introduced to competitors with manufacturers of brands such as Toyota, Daihatsu and others that caused a decline in car sales at PT Wahana Trans Lestari Medan, specifically the Nissan Grand Livina.

Then based on research carried out by Frontier Consulting Group with more than 300 (three hundred) products consisting of several different categories, Toyota and Daihatsu producers were selected as Top Brand accordingly in the 2016-2017 period and defeated competitors for automotive categories in the Multi-Purpose Vehicle (MPV) segment.

Although many researchers have conducted research on brand and password of West, but there are still differences in research results with existing theories. Research conducted by Parengkuan, Tumbel and National (2014), with research titles Analysis of the Impact of Branding and Celebrity Endorses on Purchasing Shampoo Head and Shoulders Products at the Manado Manado 24 Mart. The results of the study show that images influence the positive significance of the decision to buy shampoo head and shoulders.

Then the research conducted by Yani (2014), with the title of research Influence of Brand Equity and Word of Mouth on the Acer Laptop Purchase Decision on Students of the University of North Sumatra.

## **II. Theoretical Review**

### **2.1 Brand Image**

Excellence over the attributes of a product from a competitor's product will create more value for the product which then forms the product's brand image itself. The brand image plays an important role in positioning the brand in the minds of consumers.

Ferrinadewi (2008: 165) defines a brand image as a perception of a brand that is a reflection of consumers of their associations or anything related to that brand.

According to Kotler and Keller (2009), giving the right brand contributes greatly to buyers, sellers, and society.

#### **1. Benefits for Buyers**

A brand can reflect the quality of a product. Buyers who always purchase products with the same brand believe that every time they buy the product, they will get the same quality.

#### **2. Benefits for Sellers**

A brand makes it easier for sellers to manage sales. Then the trademark of a product can be a legal basis for the features (characteristics) of the product. Without legal protection, the product will be easily copied by competitors.

#### **3. Benefits for the Community**

Giving brands also increases sales efficiency, because a brand can provide more information about a product.

### **2.2 Word of Mouth**

Word of mouth is a term of word of mouth communication. This promotional activity is formed from consumer perceptions of a product that is used and referenced the product to other consumers.

According to Rosen (in Priansa, 2017: 340), there are 3 (three) reasons that make word of mouth very important, namely as follows:

#### **1. Noise**

The amount of information available in various media every day makes it difficult for consumers to make decisions. To overcome this, consumers pick up the truth of the information that exists from the media and tend to listen more to things that people or groups that can be trusted say, such as friends or family .

#### **2. Doubt**

Disappointment experienced by consumers towards a product makes consumers skeptical of the correctness of the information obtained. In conditions like this, consumers will seek information from friends or closest people who can be trusted to get products that meet their expectations.

#### **3. Connectivity**

It has become a fact that between consumers one and the other always interact and communicate. In these interactions, consumers often dialogue about a product, for example their personal experience when using the product.

Based on the opinions of the experts above, it can be seen that word of mouth makes it easy for companies to promote their products. When a consumer has a positive perception of a product, they tend to provide information and recommend the product to others.

In addition, word of mouth does not require costs because it is done directly between consumers and does not use any media. This is an advantage for the company because it can provide efficiency for the cost of promotion of a product (goods or services).

### **2.3 Buying Decision**

The decision making process is strongly influenced by consumer behavior. The process is a form of solving consumer problems in order to meet their needs or desires. Setiadi (2003: 415), argues that consumer decision making (consumer decision making) is a process of integration that combines knowledge to evaluate two or more alternative behaviors and choose one of them.

According to Kotler and Armstrong (2012: 176), there are 5 stages in the consumer purchasing process, namely:

#### **1. Introduction to the problem**

Purchasing decisions begin with the needs and desires of someone, where in this case the person is aware of the difference between the actual situation and the desired condition. These needs can be driven by stimuli from inside and outside the person.

#### **2. Information Search**

After the customer is aware of the need for a particular product, then the customer seeks information, both from his knowledge and from outside. The customer information source is classified into 4 (four) groups including; (a) personal sources consisting of family, friends, neighbors and acquaintances. (b) commercial sources consisting of advertisements, salespeople, suppliers and packaging. (c) public sources consisting of mass media, customer ranking organizations. (d) a source of experience consisting of experience in handling, studying and using the product.

#### **3. Alternative Evaluation**

After information is obtained, consumers evaluate various alternative choices in meeting those needs.

#### **4. Purchasing decisions**

If there are no other disturbing factors after the customer has determined the choice, the actual purchase is the result of the search and evaluation that has been done.

#### **5. Post-purchase evaluation**

If the customer gets satisfaction from the product he bought, then the desire to repurchase the product tends to be stronger.

### **2.4 Hypothesis**

Hypotheses can be defined as a scientific statement about a logical relationship between two or more variables which will then be verified through a scientific procedure. Based on the conceptual framework above, it can be concluded that the hypothesis in this study are as follows:

1. Brand Image has a positive and significant effect on Word of Mouth.
2. Brand Image has a positive and significant effect on the decision to purchase a Nissan Grand Livina car at PT Wahana Trans Lestari Medan.
3. Word of Mouth has a positive and significant effect on the decision to purchase a Nissan Grand Livina car at PT Wahana Trans Lestari Medan.
4. Brand Image indirectly affects the decision to purchase Nissan Grand Livina car through Word of Mouth as an Intervening Variable at PT Wahana Trans Lestari Medan.

## **III. Materials and Method**

### **3.1 Types of Research**

This research is an associative study with a quantitative approach that aims to analyze the causal relationship by observing the consequences that occur and the possible factors (causes) that cause these effects and display information obtained in numerical form.

### **3.2 Location and Time of Research**

This research was conducted at PT Wahana Trans Lestari Medan as one of the official dealer companies selling Nissan brand cars located at Jalan Gatot Subroto No. 148 Medan, North Sumatra.

### **3.3 Research Population and Samples**

Population is an object / subject that has certain qualities and characteristics set by the researcher to be studied and conclusions are drawn. As for the population in this study are all consumers of Nissan Grand Livina car users at PT Wahana Trans Lestari Medan since 2015-2018 with the total number is 321. The sample is part of the number and characteristics possessed by the population. The sample in this study is 77. To determine the sample size in this study using the Slovin formula.

### **3.4 Data Analysis Technique**

Descriptive analysis is used to analyze data by describing the collected data based on the respondent's answer to the brand image variable, word of mouth and purchasing decisions without intending to make conclusions that apply to the general or generalization. Testing the research instrument using validity test, reliability test. Testing the research model using the classical assumption test; normality test, linearity test, heterocedasticity test. Hypothesis testing uses partial hypothesis testing (t test), hypothesis testing of intervening variables, coefficient of determination, all using path analysis.

## **IV. Results and Discussion**

### **4.1 Descriptive Statistics Analysis**

The description of the characteristics of the respondents in this study included gender, age and occupation. Respondents in this study were 77, namely users of the Nissan Grand Livina car at PT Wahana Trans Lestari Medan, having their address at Jalan Gatot Subroto No. 148 Medan, North Sumatra.

Based on the results of data processing it is known that respondents who are male are 63 people with a percentage of 81.8% while those of the female sex are 14 people with a percentage of 18.2%. So it can be concluded that the majority of Nissan Grand Livina car users at PT Wahana Trans Lestari Medan are men.

Then the characteristics of respondents based on age are known that the majority of Nissan Grand Livina car users are respondents aged 30-40 years as many as 48 people with a percentage of 62.3%.

Furthermore, the characteristics of respondents based on work are known that the majority of Nissan Grand Livina car users work as Private Employees as many as 45 people with a percentage of 58.4%.

### **4.2 Results and Discussion**

#### **a. Effect of Brand Image on Word of Mouth**

The results showed that brand image has a positive and significant effect on word of mouth. It can be seen from the regression results that have been done with a brand image coefficient of 0.276 and a significance value of 0,000. This value indicates that if the brand image has increased, then word of mouth activity on Nissan Grand Livina cars at PT Wahana Trans Lestari Medan also increased by 0.276.

Based on the results of the coefficient of determination, it is known that 15% of word of mouth activity towards Nissan Grand Livina cars at PT Wahana Trans Lestari Medan is influenced by brand image. This shows that the influence of brand image is quite large in influencing the intensity of consumers to discuss the Nissan Grand Livina car at PT Wahana Trans Lestari Medan.

The results of this study are the same as the research conducted by Hasyim et al. (2017) which states that the image brand has a positive and significant influence on word of mouth and the decision to purchase handphone Samsung Galaxy (Survey on Business Administration students at the Faculty of Administrative Sciences, Brawijaya University).

#### **b. Effect of Brand Image on Purchasing Decisions**

The results showed that the brand image had a positive and significant effect on the purchasing decisions of the Nissan Grand Livina car at PT Wahana Trans Lestari Medan. It can be seen from the regression results that have been carried out with a brand image coefficient of 0.309 and a significance value of 0.001. that if the brand image increases, then the purchasing decision also increases by 0.309.

Based on the results of the study, it is known that the brand image of the Nissan Grand Livina in PT Wahana Trans Lestari Medan is categorized as good with a score percentage of 70.52%. Consumers have a positive perception of Nissan as a company that has a very good reputation and an innovative car producer. In addition, the results of the study show that the brand image of the Nissan Grand Livina is able to make consumers quite proud and have high self-confidence when driving the car.

The results of this study are the same as the research conducted by Amron (2018) which states that brand image, brand trust, product quality and price have a positive and significant effect on purchasing decisions

for MPV cars in Bandung City. Then the research conducted by Mamahit et al. (2015) which states that brand image, brand trust and product quality towards the decision to purchase a Toyota All New Yaris car at PT Hasjrat Abadi Manado.

### **c. Effect of Word of Mouth on Purchasing Decisions**

The results showed that word of mouth had a positive and significant effect on the decision to purchase a Nissan Grand Livina car at PT Wahana Trans Lestari Medan. It can be seen from the results of the regression that have been done by obtaining a word of mouth coefficient of 0.401 and a significance value of 0.003.

Based on the value of the questionnaire, it is known that the intensity of word of mouth for Nissan Grand Livina cars at PT Wahana Trans Lestari Medan is categorized as good with a score percentage of 68.05%. This shows that the intensity of fellow consumers in discussing positive things about the Nissan Grand Livina car is quite high at PT Wahana Trans Lestari Medan. In addition, recommendations and encouragement from other consumers are factors that influence a consumer to buy a Nissan Grand Livina car at PT Wahana Trans Lestari Medan.

The results of this study are the same as the research conducted by Rahayu and Edward (2014) which states that word of mouth has a positive and significant effect on purchasing decisions on Smartfren Andromax products on the Ketintang campus, Surabaya State University. Then the research conducted by Pratiwi (2017) which states that word of mouth communication has a positive and significant effect on purchasing decisions at the Smart Cafe Lounge Boardgame.

### **d. Effect of Brand Image on Purchasing Decisions Through Word of Mouth As Intervening Variables**

In this study, word of mouth does not become an intervening variable or cannot mediate the relationship between brand image and purchasing decision. This is caused by the direct influence given by the brand image on purchasing decisions (0.309), greater than the indirect influence given by brand image through word of mouth (0.1106). Based on these results it can be seen that in buying a Nissan Grand Livina car at PT Wahana Trans Lestari Medan, consumers are more considering the brand image of the product than through word of mouth.

The results of this study are different from the research conducted by Sari (2016) which states that word of mouth is able to mediate the relationship between product quality and price with the purchase decision of Yamaha Mio brand motorcycle at PT Mataram Sakti in Semarang Regency. effect > direct effect (0.225 > 0.212).

## **4.3 Research Implications**

Based on the results of the study it can be seen that brand image and word of mouth have a positive and significant effect on the decision to purchase a Nissan Grand Livina car at PT Wahana Trans Lestari Medan. So it can be concluded that an increase in brand image and word of mouth increases consumer behavior to buy a Nissan Grand Livina car.

The results of this study can be one source of information for companies in planning strategies that aim to further enhance the brand image and the intensity of consumers in doing word of mouth towards Nissan Grand Livina cars.

To be able to improve brand image and word of mouth, the strategy that can be done by the company is through promotion to the market regarding services that have been given by the company post-purchase of Nissan Grand Livina cars. It is expected to be able to create positive perceptions of prospective customers in providing services to consumers, so that it can increase the interest in buying prospective customers for the Nissan Grand Livina car. The strategy is also expected to be able to make consumers willing to provide positive information about Nissan Grand Livina cars and encourage other potential customers to buy Nissan Grand Livina cars at PT Wahana Trans Lestari Medan.

Then, the results of the study show that consumers have a good perception of brand image and word of mouth on Nissan Grand Livina car. This can be an added value for companies to be able to attract investors to invest in PT Wahana Trans Lestari Medan.

## **V. Conclusion and Suggestion**

### **Conclusion**

Based on the results of the research and discussion, it was obtained by the conclusion as follows:

1. The influential brand image is positive and is significant for password of mouth.
2. The brand image influences the positivity and designation of purchasing decisions of the Nissan Grand Livina at PT Wahana Trans Lestari Medan.
3. Word of mouth influences the positivity and significance of the decision to purchase a Nissan Grand Livina car at PT Wahana Trans Lestari Medan.

4. The brand image has no effect on the indirect purchase decision of the Nissan Grand Livin car through the word of mouth as a variable of intervention at PT Wahana Trans Lestari Medan.

### **Suggestion**

Based on the above conclusions, there are several suggestions that can be conveyed by the researcher as follows:

#### **1. For Companies**

It will improve the promotion and employment of consumers. It can be promoted by utilizing enterprise social media and sharing potential spot-places. In addition, the company is expected to develop relationships that are good for consumers, such as providing consumers with the advantages of using their old car. Strategies are expected to create positive perceptions of consumers, especially increasing consumer intensity to discuss the advantages of Nissan Grand Livestock

#### **2. For Next Researchers**

Based on the results of the research, it was known that the effect of the index and passwords on mouth purchasing decisions was 31%. This shows that there are other factors that influence purchasing decisions. It is said that the next innovation will be to find out other factors that influence purchasing decisions other than those available in this study.

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