

THE EFFECT OF BRAND IMAGE AND WORD OF MOUTH ON THE DECISION TO BE A CUSTOMER OF BTN SYARIAH SEMARANG

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ABSTRACT

BTN Syariah is one of the Islamic banking institutions that have become one of the recognized financial institutions in Indonesia. However, the market share of Islamic banking is still relatively small. This study aims to examine the effect of brand image and word of mouth (WOM) in influencing the decision to become a customer of Bank BTN Syariah. This research was conducted at BTN Syariah Semarang City used for data collection. The questionnaire instrument was used in this study. Validity and reliability testing was carried out first and multiple linear regression analysis was used for hypothesis testing. The results of the study found that each factor, namely brand image, had a positive influence on the decision to become a customer. Word of mouth also has a positive and significant influence on the decision to become a customer. This result implies that BTN Syariah must provide a lot of information so that it can improve brand image and word of mouth so that it can improve customer decisions.

Keywords: Brand Image, Word of Mouth, Decision to Become a Customer.

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INTRODUCTION

Islamic banks are institutions that offer products and services that comply with Islamic law. Islamic banking customers have a special preference for using products that are in line with their religious beliefs. Islamic banks are based on Sharia-compliant products such as profit sharing. This concept implies that the customer and the bank share profits using a predetermined ratio. Indonesia is the country with the largest Muslim population in the world and presents a wider market for Islamic financial products and services. This study focuses on the determinants of customer loyalty in private Islamic banks and state-owned enterprises in Indonesia.

However, even though Indonesia has the largest Muslim population in the world, the *market share* or market share of Indonesian Islamic banking until the end of December 2020 was recorded at only 6.51% and in 2021 there was an increase, but it was still at 6.55%. This figure shows that the market share of Islamic banking is still lagging behind conventional banking. This means that people have not fully chosen Islamic finance. In other words, the low market share of Islamic banking is caused by the currently offered Islamic banking products that are still less competitive than conventional banking. Islamic banking products still experience several obstacles, such as limited product access, product image or brand image that is still not good or product prices that are less competitive to lower quality (OJK, 2021).

Almost the same condition also occurs in BTN Syariah which is a work unit of Bank BTN. One note obtained shows that the rating of BTN Syariah in Semarang City is also still relatively low. The data shows that there is a tendency to rank below the top 3 in BTN Syariah Semarang banks, when compared to Islamic banks in the city of Semarang, and still below the top 10 when compared to commercial banks in the city of Semarang. The 2nd rank position

was obtained in the financing position among Islamic banks because the public is familiar with financing, especially mortgages through BTN Syariah. This indicates the possibility of changes in customer or consumer behavior caused by changes in customer decisions regarding other bank BTN Syariah banking products.

Many studies in the field of marketing have explored consumer behavior a lot. The complexity of buying behavior by consumers, which is supported by the increasing number of products needed and desired by consumers, makes researchers explore many different factors for each purchase of various types of products. This condition cannot be separated from the general view that the key to the success of any business organization lies in the hands of consumers, so understanding the needs, desires, and buying behavior of consumers in banks is that the behavior of being a customer will determine the success of the organization (Assauri, 2011).

The relatively low number of customers in Islamic banks may be due to the image or image of Islamic banks which still does not describe a professional bank in the eyes of a pluralistic society even though the majority are Muslims. According to Aaker (2016), brand image is an integral component of brand equity because it conveys brand value to consumers. Brand image has become an important concept in consumer behavior research and is also an important factor influencing purchasing decisions for luxury products. Kotler and Keller (2012) show that brand image is very important in purchasing behavior because it can influence consumer preferences and purchase intentions as well as their willingness to pay and recommend brands to others. Brands are also considered to contribute to maintaining the competitiveness of the existence of a given offer because the brand is usually associated with an image that can generate a certain form of association in the minds of consumers (Aaker, 2016).

Most studies, such as those conducted by Rumahak and Rahmadi (2019) and Mutiara and Madiawati (2019), found that brand image as a market-based asset is directly related to the creation of purchasing decisions. On the other hand, Pilipus et al. (2021) reported that there was no significant effect of brand image on purchasing decisions.

Another important aspect in consideration related to the decision to become a bank customer is through a form of communication and interaction between individuals which is called word of mouth (WOM). On the other hand, nowadays most of the time a person has is for socializing and communicating with friends, individuals are also increasingly participating in various consumption-related and brand-related interactions. Furthermore, market research data shows that nowadays more and more consumers are turning to the online environment when looking for information about products and services, and often refer to the opinions of other consumers before making a purchase decision (Saputri, 2016). In addition, consumers often personally contribute to product-related discussions or leave feedback about their buying experience. The form of communication between consumers about a product, service, or company where the source is considered independent from commercial influence is called word of mouth(WOM). WOM is widely regarded as one of the most influential factors influencing consumer behavior (Joesyiana, 2018).

WOM is ubiquitous, as it can exist across multiple online platforms and can take many different forms. This can for example include online consumer reviews, comments or feedback on e-commerce websites, or posting on social networking sites. A person can continually engage in WOM as when they recommend a product to friends on social media or post their review in the comments section of a blog. This form of communication has become very important with the advent of online platforms, which has made it one of the most influential sources of information on the Web. As a result of technological advances, these new means of communication have led to changes in consumer behavior (Gómez- Suárez et al., 2017).

Several studies have found that WOM is an explanation for purchasing decisions for a product (Mutiara & Madiawati, 2019; Syafaruddin, 2016). However, differences in results or research gaps still occur in the influence of WOM on purchasing decisions, namely the results of research by Bahi et al.(2020) who get WOM does not have a significant effect. This study will re-examine the effect of brand image and WOM variables in predicting the decision to become a customer of BTN Syariah bank.

LITERATURE REVIEW

The Influence of Brand Image on the Decision to Become a Customer of Bank BTN Syariah Semarang

Brand image is a name, term, design, symbol or a combination of these features which is intended to provide an introduction to a product or service in order to differentiate it from competing products (Kotler & Keller, 2012). Brand image is a person's thoughts and feelings about a particular product brand (Roy & Banerjee, 2007). Brands are considered to contribute in maintaining the competitiveness of the existence of a given offer because the brand is usually associated with a certain image that can create certain associations in the minds of consumers (Aaker, 2016). Brand image holds the value of a brand to its customers as an integral part of brand equity. A person can have different beliefs, impressions and ideas about any object that can be defined as an image(Keller & Lehmann, 2006).

Brand image or brand image or brand image is a brand concept that is owned and held by consumers and is formed through the interpretation of consumers or customers both based on a logical reason and based on emotional. Thus the brand image or brand image provided by consumers may be different from what the company envisions. Consumers choose brands based on their expectations and brand image or brand image can build expectations for the product to be purchased.

If consumers recognize and recognize a brand, they will tend to choose that brand as a purchase destination over unfamiliar brands. Consumers who feel and evaluate the brand positively will lead to greater purchase intentions in consumers and are accompanied by purchase decisions. In this case, brand image is considered as an important aspect when consumers want it to make purchasing decisions for goods or services.

Brand image or brand image or brand image is a source of reference by consumers when consumers do not have or lack product knowledge or experience. Therefore, a good brand image or brand image often has a purpose in purchasing.

Purchase decisions are about what to buy, whether to buy or not, when to buy, where to buy, and how to pay for it (Kotler and Armstrong, 2017). Consumer purchasing decisions are processes that combine knowledge to evaluate two or more alternative behaviors and choose one of them (Setiadi, 2013). Previous research by Rumahak and Rahmadi (2019) and Mutiara and Madiawati (2019) found that brand image has a positive effect on consumer decisions. On the basis of previous explanations and research, the following research hypotheses can be made:

H1: Brand Image has a positive effect on the decision to become a customer of BTN Syariah Semarang.

The Influence of Word of Mouth on the Decision to Become a Customer of Bank BTN Syariah Semarang

Word of mouth (WOM) is a type of verbal communication between people between recipients and recipients of information related to products, services, or brands. In many ways consumers often tend to trust the credibility of WOM more highly than commercial advertising. WOM is often considered a widely accepted source of non-commercial

information. This type of interpersonal communication can influence marketers' decisions (Hennig-Thurau et al., 2004).

The widespread use of the internet globally has started the spread of word of mouth (Jalilvand, 2012). Obtaining information directly from other people or reading other people's writings characteristics a product brand that is either positive or negative so that it becomes a reference material for someone (Chu and Kim, 2018). WOM messages can effectively reduce risk and uncertainty when buying products so that consumers' purchase intentions and decision making can be further influenced (Tsimonis and Dimitriadis, 2014). The number of online reviews and favorable consumer purchase intentions against a defined brand where products with more favorable reviews generally sell better. On the other hand, if the number of negative reviews about the product increase, consumers will learn a lot about the weaknesses and lead to a negative effect on purchase intention.

The decision-making process is influenced by a number of factors that determine the consumer's choice of a particular product or service, WOM is one of the most influential variables in this process, as shown by many studies conducted in recent years on this subject. The findings show that social bond characteristics influence recipient behavior, but have different effects at different stages; bond strength only facilitates awareness, perceptual affinity or interest of homophily released recipients and demographically different bonds are more influential than demographically similar at different stages of the decision-making process (DeBruyn and Lilien, 2008).

The decision to become a customer is related to when someone takes decision to make a purchase (Kotler and Armstrong, 2017). Previous research by Mutiara and Madiawati (2019) and Syafaruddin (2016) found that WOM had a significant effect on improving consumer decisions. Based on the explanations and results of previous research, the following research hypotheses can be made:

H2: Word of mouth has a positive effect on the decision to become a customer of BTN Syariah Semarang.

Based on several literature studies and previous research, the framework formed between brand image and word of mouth and in influencing the decision to become a customer of BTN Syariah Semarang can be seen in Figure 1.

RESEARCH METHODS

The population studied in this study is the number of customers at the BTN Syariah Semarang Branch until the end of 2021, totaling 25834 customers. Determination of the number of samples is based on the formula The determination of the number of samples is based on the Slovin formula so that 100 respondents are obtained. The method used in this research is by using purposive sampling technique.

Brand Image in this study is measured by indicators from Mowen & Minor (2001), Wijaya (2012), namely brand identity (BTN sharia is a state-owned bank so that it really cares about the community's economy), brand personality (BTN sharia really has the concept of Islamic banking), brand associations (BTN sharia focuses on Islamic property financing), brand behavior and attitudes (the cost of sharia banking products from BTN Syariah is still relatively light and in accordance with its benefits and designations), and brand competencies and benefits (Bank BTN Syariah help customers a lot in solving financial problems). The WOM variable in this study was measured by indicators from Chu and Kim, 2018, namely asking for product reviews from other customers, collecting information from product reviews from customers, consulting with others, worrying if you haven't looked for product reviews, being confident after regarding other people's reviews. Finally, the decision to become a customer is explained by indicators from Kotler (2018), namely stability in choosing products, habits in buying products / becoming customers, and providing recommendations to

others. Respondents' answers were scored with reference to the Likert scale. The item questions are provided with 5 answer choices, namely a score of 1 for strongly disagree to 5 for strongly agree.

The data validity test in this study was carried out using the item-total correlation test. Reliability testing was carried out using Cronbach's Alpha, with criteria above 0.70 being a reliable variable (Hair, 2010). To ensure that the regression line equation obtained is linear and can be used (valid) to find forecasts, a multicollinearity, heteroscedasticity, and normality assumption will be tested. Linear regression analysis was used to determine how much influence the independent variables had, with the goodness of the model test including the F test, the coefficient of determination (R^2), and the t-test (Ghozali, 2015).

RESULT AND DISCUSSION

Result

The data validity test shows that all indicators used to measure the variables have a correlation value greater than $r\text{-table} = 0.197$ so that all indicators are valid. The results of the reliability test indicate that all variables have a fairly large Alpha coefficient that is above 0.70 so that it can be said that all measuring concepts of each variable from the questionnaire are reliable (See in Table 1).

The normality test showed that the significance value of the Kolmogorov Smirnov test was greater than 0.05 (Table 2). This shows that the four variables are normally distributed. The multicollinearity test using the VIF value shows that the VIF value is less than 10 (Table 3). This means that the research variables do not show any symptoms of multicollinearity in the regression model. The heteroscedasticity test with the Glejser test shows that there is no significant variable to the absolute value of the residual which indicates that there is no heteroscedasticity problem in the regression model (Table 4).

The regression coefficient of the brand image variable on the decision to become a customer is in Table 5, obtained a positive coefficient with a t-count value ($5.257 > t\text{-table}(1.985)$), and a significance value of $0.000 < 0.05$. This shows that hypothesis 1 is accepted. The regression coefficient of the influence of WOM on the decision to become a customer has a positive direction of t-count $4.533 > 1.985$, and the significance value of the results is less than 0.05. This shows that hypothesis 2 is accepted. The adjusted R^2 value is 0.395, meaning that 39.5 % of the variation in the decision to become a customer is explained by brand image and WOM, while the remaining 60.5% is explained by other factors. Based on coefficient in the Table 5, brand image variable is more dominant than WOM.

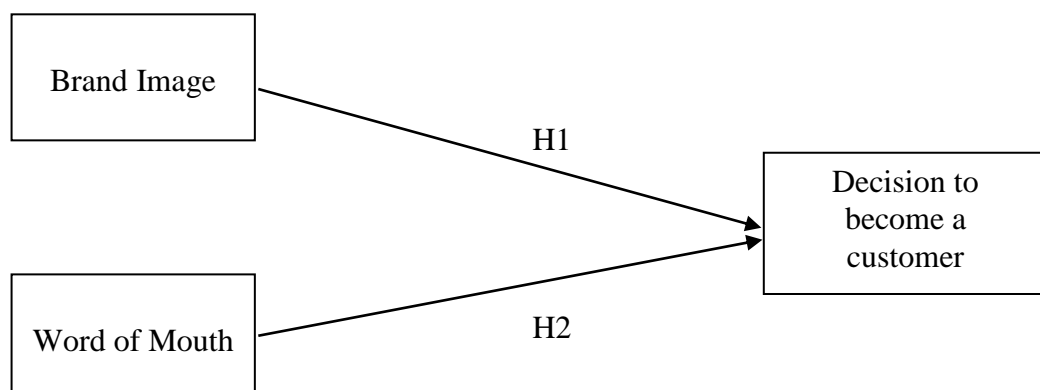


Figure 1. Research Framework

Table 1. Validity and Reliability Test Results

Variable	r count	Alpha
Brand Image	0.695, 0.772, 0.790, 0.719, 0.742	0.797
WOM	0.884, 0.821, 0.797, 0.803, 0.762	0.867
Decision to Become a Customer	0.903, 0, 908, 0.878	0, 878

Table 2. Normality test results

Criteria	Unstandardized Residual
Test Statistics	0.066
asymp. Sig.(2-tailed)	0.200

Table 3. Multicollinearity Test

Variable	Tolerance	VIF
Brand Image	0.921	1.086
WOM	0.921	1.086

Table 4. Glejser Heteroscedasticity Test

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
1 (Constant)	3.019	0.765		3.944	0.000
Brand Image	-0.057	0.033	-0.177	-1.727	0.087
WOM	-0.036	0.026	-0.144	-1.408	0.162

a. Dependent Variable: AbsRes

Table 5. Results of Hypothesis-testing

Hypothesis	Relationship	Coefficient	T-stat	P-value	Conclusion
H ₁	Brand image → decision to become a customer	0.279	5.237	0.000	Accepted
H ₂	WOM → decision to become a customer	0.189	4.533	0.000	Accepted

F=33.297, Sig.=0.000, Adjusted R Square=0.395

Discussion

The test results show that Brand Image has a positive and significant influence on the Decision to Become a Shariah BTN Customer. This shows that the Brand Image which in this case is a BTN Syariah product that has a brand with a good brand image will increase the Decision to Become a BTN Syariah Customer. The results of this study indicate that BTN Syariah has known in the community and has an extensive sales network. Since the beginning of the existence of BTN in Indonesia and BTN Syariah as a unit of the company, it is quite capable of playing in the banking product market in Indonesia which is quite tight. This happens because of the Brand Image of BTN Syariah itself and is supported by the advantages it has. The results of the regression test show that the Brand Image variable has a positive and significant effect on the decision to become a customer with a regression coefficient that has a positive direction. This means that the brand image factor is a factor that determines the decision to become a BTN Syariah customer.

Brand Image with the decision to become a customer is quite closely related, because the customer before making a purchase places the Brand Image as one of the important considerations in making decisions. Brand Image is one of the considerations in the minds of consumers before making a decision to buy a product. The image that consumers believe about a brand varies greatly and depends on the perception of each individual. Consumers

choose brands based on their expectations and Brand Image can build expectations for the product to be purchased (Aaker, 2016).

A physical product or service with a good brand image and is believed by consumers to be able to meet their needs and desires, then by itself will grow consumer purchase intentions for the products offered and even these products will last a long time in the market. It is also the other way around if the product has a bad brand image in the view of consumers, then the consumer's purchase decision on the product will also be lower (Kotler and Keller, 2012).

Although brand image is not one of the determining variables to choose and make consumers buy products, the brand image variable is enough to contribute to making consumers choose and buy company products. These results support previous research conducted by Rumahak and Rahmadi (2019) and Mutiara and Madiawati (2019).

The test results show that WOM has a positive and significant impact on the decision to become a customer of BTN Syariah products. This shows that the WOM expressed by others regarding BTN Syariah products will attract other people to take the Decision to Become a Customer. If a banking product is recommended by a reference group with similar demographics and personal attributes then recipients of WOM information will be more likely to engage in WOM and develop purchase intentions (Joesyiana, 2018). Thus, the involvement of WOM can be an important factor in improving and becoming a Customer Decision.

Negative perceptions can be a barrier to communication because they have a very large effect on purchasing decisions, because consumer perceptions are usually based on past personal experiences or reports of previous experiences from other people (Yang, 2017). This result is consistent with previous research, for example by Mutiara and Madiawati (2019) and Syafaruddin (2016).

CONCLUSION AND RECOMMENDATION

Conclusion

Based on the results of this study, it can be concluded that brand image has a positive and significant effect on the decision to become a BTN Syariah customer. The better the consumer's perception of the brand image, the better the decision to become a customer. WOM has a positive and significant effect on the decision to become a BTN Syariah customer. More and more people are getting positive WOM about BTN Syariah will improve the decision to become a customer.

Managerial Implications

The influence of brand image in this case is quite large in shaping the decision to become a customer. The image that comes from conventional BTN as supporting property seems an important thing to be expanded into BTN Syariah in addition to other banking products. External factors such as those involving positive WOM must be supported by BTN Syariah. This means that their role as a supporter of WOM must always be considered in order to create a superior image.

Limitations and Further Research

This study has several limitations which further have implications for previous research. This study did not include the WOM component of reliable sources as well as review expertise, social ties, and review style. Further research in relation to e-WOM is to refer to certain sites so that the quality of the review is recognized by researchers. The study sample involved participants from only one region. Sampling can be expanded to cover more areas to ensure that the sample is more representative of the entire population. Sampling could be further expanded to include people from other regions as well, which would help in understanding the different educational structures of the community.

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