



THE EFFECT OF BRAND IMAGE AND BRAND TRUST ON HOTEL BOOKING PURCHASE DECISIONS IN THE AGODA APPLICATION

Muhammad Revandra Wirasakti¹, Sugeng Purwanto^{2*}

^{1,2}Faculty of Economics and Business, Universitas Pembangunan Nasional "Veteran" Jawa Timur, Indonesia

Email: sugengpurwanto.mnj@upnjatim.ac.id

Abstract

The rapid development of technology and the increasingly diverse market demands drive business growth and innovation to meet market desires. The competitive market environment compels every company to establish consumer image and trust to maintain their presence in society. The study aimed to understand how Brand Image and Brand Trust affected purchasing decisions for hotel bookings on the Agoda Application. The research used a quantitative method involving a sample of 60 respondents, and the distribution of questionnaires was facilitated through Google Forms. The sampling technique used in this research was convenience sampling, with participants who had conducted transactions on the Agoda Application. Both primary and secondary data were used in this study. The research employed Partial Least Squares (PLS) analysis, including validity tests, reliability tests, and hypothesis testing. The research findings indicated that brand image and trust significantly and positively affected purchasing decisions.

Keywords: Brand Image, Brand Trust, Purchase Decisions

INTRODUCTION

In this era of Industry 4.0, the progress of the modern world has intertwined people's lives with internet access through their gadgets. In this advancing age, the evolution of the Internet holds a significant effect across various dimensions and aspects of life. The Internet's advancement has widened the window of information. All forms of unrestricted details can be obtained through the Internet. Internet users can seek information, exchange data, and more, all within seconds.

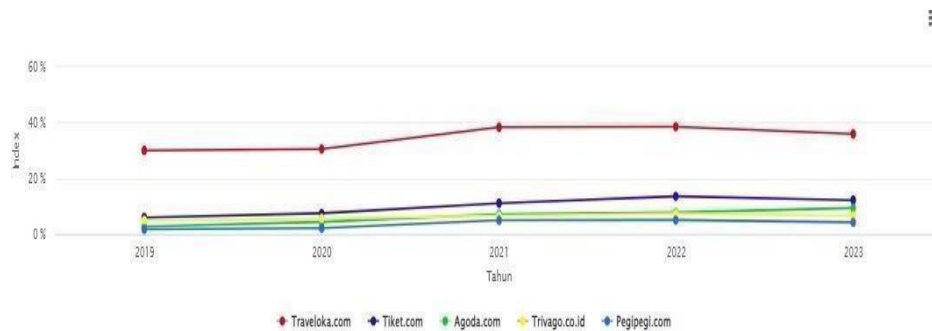
As the number of internet users in Indonesia continues to rise, companies must adapt their marketing strategies to the current conditions – transitioning from offline to online marketing. Companies must identify the right marketing strategies to affect potential consumers effectively. Both consumers and companies believe that online services can facilitate purchasing and selling various products.

E-commerce in various services, including hotel rooms, flights, travel packages, attraction tickets, cruise ships, and car rentals, has grown due to the numerous benefits of tours and e-tailors (Bilgihan, 2016). Online Travel Agent, abbreviated as OTA, is a tourism service business that offers accommodation and travel transportation booking services through the Internet. With the emergence of the Internet, customers can plan their trips efficiently and cost-effectively, expanding the scope of options. According to Sudyasjayanti & Setiobudi (2018), Online Travel Agent activities, as a branch of e-commerce, have gained

popularity recently. Based on the Nielsen Global Survey of e-Commerce in 2014, the market s 2014, the market share of hotel reservations through online platforms ranked second at 46%, followed by reservations

Figure 1 Top Brand Index Survey of Hotel Reservation Sites

at 55%. It was trailed by services such as ticket sales for events like cinemas, shows, exhibitions, and sports competitions.



Source: Top Brand Index (2023)

Based on the study conducted by W & S Indonesia Database (Nusasearch) on the development of the Popular Brand Index (PBI concept) in the Online Hotel & Ticket Booking sector in Indonesia, the results revealed that the three most popular Online Travel Agents among Indonesian consumers were Traveloka (44.9%), Tiket.com (14%), and Agoda (7%). Despite being a pioneer in online reservation sites in Indonesia, Agoda is not currently the preferred choice of consumers, as indicated by various surveys conducted on Online Travel Agents in the country. While Agoda offers lower prices and significant discounts than its competitors, it still needs to work on competing effectively. Even though Agoda provides attractive discounts, it faces challenges in competing with its rivals. Further investigation reveals Agoda's inability to effectively compete with its competitors' satisfaction with the services provided by Agoda. Negative reviews are given by consumers, which affect customers' purchase decisions when using Agoda. Negative reviews from customers about Agoda's application use directly affect Agoda's brand image. According to Keller (2016), brand image reflects consumers' perceptions of a brand based on brand associations. Negative reviews from consumers can lead to a negative brand image for a company (Kamil & Albert, 2020). Several studies have shown that consumer reviews have a strong and positive effect on the brand image (Zebuah, 2018); (Yonita & Budiono, 2020); (Kala & Chaubey, 2018). Brand image is directly affected by consumers' perceptions of service quality, as their perceptions are shaped by consumption experiences and the quality of services received.

LITERATURE REVIEW

Brand Image

Brand image Represents overall perceptions of a brand and is formed from past information and experiences with the brand. The perception of a brand is related to attitudes in the form of beliefs and preferences towards a brand. Consumers who perceive a brand are likelier to purchase (Bilgin, 2018). A strong brand image will affect consumer trust in a brand. The following indicators are used (Kotler & Keller, 2016): brand association strength, favorability, and uniqueness. A brand's image consists of unique associations that brand holders intend to create or maintain. These associations convey what the brand truly is and What it promises to customers. Brand identity is the brand image marketers aim to establish in the minds of consumers.

Brand Trust

Brand trust is the voluntary act of consumers relying on a brand to fulfill the promised functions of the products produced by the company. The better a company applies the brand image of its products, the more it can enhance customer trust in the brand. In simple terms, brand trust is defined as consumers' trust in a specific product. Trust grows from believing in someone's upbeat assessment of a product or brand. When a brand can meet or even exceed consumer expectations and consistently deliver quality in every usage instance, and when a reputable company produces the brand, consumers become more confident in their choice and develop trust in the brand. They develop an affinity for the brand, considering it a part of themselves. The following indicators are utilized (Chaudhuri & Holbrook, 2001): trustworthiness, reliability, honesty, and security.

Purchase Decisions

Purchase decision entails acquiring the most preferred brand, yet two factors often lie between purchase intent and the actual purchase decision. According to Muhtarom (2022), a Purchase decision is the subsequent stage following the intention or desire to buy, but it is not the same as the actual purchase. This distinction makes brand loyalty easier to establish, and the company will possess a brand reputation that resonates with consumers who exhibit strong loyalty. Because brand trust determines consumer loyalty to the brand and has the potential to forge high-value relationships (Yusuf & Purwanto, 2023), b(Yusra Drei Nugrah & Yahya Arwiyah, 2020). When consumers positively perceive a product's image, they are inclined to trust and believe in the product's quality, thereby enhancing the likelihood of purchasing (Fitriyah, 2023). Purchasing decision indicators include: 1. Recognition of the problem, namely, the consumer is aware of its need. Consumers are aware of the differences between conditions actually under the expected conditions. 2. Information search: Consumers want to find more who may enlarge their

attention or do active information searches. 3. Evaluation of alternatives, namely studying and evaluating alternatives obtained through searching for information to obtain alternatives the best option that will be used to make a decision purchase. 4. Purchase decision, namely deciding to make purchases from evaluating alternative brands to be selected. 5. Post-purchase behavior, namely, the situation after purchasing a product or service, consumers will experience some degree of satisfaction or dissatisfaction.

RESEARCH METHOD

This study used a quantitative approach, with the population being the active users of the Agoda application in Surabaya. The obtained sample for the study consisted of 60 respondents. The sampling method used in this research was non-probability, specifically convenience sampling. This sampling method was chosen to facilitate the research process due to the selection of respondents being active users of the Agoda application in Surabaya. The sample size determination technique was based on the sample measurement guideline (Ghozali, 2016), where the sample size was calculated as the product of the number of indicators multiplied by 5-10 parameters. Thus, the sample size in this study was calculated as 12 (indicators) x 5 = 60 respondents. The research instrument used a questionnaire designed using Google Forms, enabling the measurement of each question's weight across all variables using partial least squares (PLS) analysis. The Likert scale, ranging from 1 to 5, was used to measure the indicators at different levels.

RESEARCH RESULTS AND DISCUSSION

The obtained results regarding respondent characteristics are presented in the following table:

Table 1 Characteristics of Respondents Based on Gender

No.	Jenis Kelamin	Jumlah	Persentase
1	Laki-Laki	34	55,5%
2	Perempuan	26	44,5%
	TOTAL	72	100%

Source: Processed Data, 2023

Based on Table 2, the number of respondents participating in the study was 60, consisting of 34 male and 26 female respondents. The data above also lead to the conclusion that a significant portion of Agoda's customers in Surabaya are male, accounting for 55.5%, while the remaining 44.5% are female.

Validity Test

The independent variables, brand image, and trust, were tested against the dependent variable, purchase decisions. The Average Variance Extracted (AVE) value indicates the amount of indicator

variance contained within the latent variable. Convergence AVE values exceeding 0.5 demonstrated good validity adequacy for latent variables. For reflective indicator variables, the quality of the model could be assessed by examining the Average Variance Extracted (AVE) value for each construct (variable). A satisfactory model required that the AVE value for each construct be more significant than 0.5. Construct reliability was measured using the composite reliability value. A construct was considered reliable if its composite reliability value was above 0.70, indicating that the indicators consistently measured the latent variable.

Table 2 Average Variance Extracted (AVE)

	AVE
Brand Image (X ₁)	0,742795
Brand Trust (X ₂)	0,672251
Keputusan Pembelian (Y)	0,711393

Source: Processed Data, 2023

The AVE testing results for the brand image variable (X₁) were 0.742795, for the brand trust variable (X₂) were 0.672251, and for the Purchase Decision variable (Y) were 0.711393. All three variables showed values greater than 0.5, indicating that overall, the variables in this study exhibited good validity.

Composite Reliability Test

Table 3 Composite Reliability

	Composite Reliability
Brand Image (X ₁)	0, 896316
Brand Trust (X ₂)	0, 890980
Keputusan Pembelian (Y)	0, 924726

Source: Processed Data, 2023

The results of the Composite Reliability testing indicated that the brand image variable (X₁) had a value of 0.896316, the brand trust variable (X₂) had a value of 0.890980, and the Purchase Decision variable (Y) had a value of 0.924726. All three variables showed Composite Reliability values above 0.70, indicating that all variables in this study were considered reliable.

R-Square

Table 4 R-Square

	R Square
Brand Image (X ₁)	
Brand Trust (X ₂)	
Keputusan Pembelian (Y)	0, 612702

Source: Processed Data, 2023

Based on the R^2 result, which indicated a value of 0.612702, it can be concluded that the model was capable of explaining the phenomenon where (X_1) and (X_2) affected the dependent variable, namely (Y), with a variance of 61.27%. The remaining percentage, 38.73%, was affected by factors other than those studied (brand image and product quality).

Structural Model Testing (Inner Model)

The structural model was tested by examining the R-squared value, which served as a goodness-of-fit test for the model. The inner model testing involved observing the R-square values in the equations between latent variables. The R^2 value explained how the model's exogenous (independent) variables could account for the endogenous (dependent) variables. The R^2 value was 0.612702. It could be interpreted as the model's ability to explain the phenomenon of Purchase Decisions affected by independent variables such as Brand Image and Brand Trust, accounting for a variance of 61.27%. In comparison, the remaining 38.73% were explained by other variables outside the scope of this study (aside from Brand Image and Brand Trust).

Hypothesis Testing

The hypothesis testing results, including coefficient values and T-statistics, are presented in Table 5.

Table 5 Path coefficients (Mean, Stdev, T-values)

	Path Coefficients (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STERR)	P Values
Brand Image (X_1) -> Keputusan Pembelian(Y)	0,391732	0,390211	0,117468	3,334813	0,001
Brand Trust (X_2) -> Keputusan Pembelian(Y)	0,456466	0,464342	0,125363	3,641158	0,000

Source: Processed Data, 2023

From the table above, it can be concluded that the hypothesis states:

Hypothesis 1: The effect of Brand Image on hotel booking purchase decisions through the Agoda application is **accepted**. The path coefficient is 0.391732; the T-statistic value is 3.334813, more excellent than 1.96 (from the critical value table at $\alpha = 0.05$); or the P-value is 0.001, less than 0.05. As a result, the effect is considered statistically **significant (positive)**.

Hypothesis 2: The effect of Brand Trust on hotel booking purchase decisions through the Agoda application is **accepted**. The path coefficient is 0.456466; the T-statistic value is 3.641158, more excellent than 1.96 (from the critical value table at $\alpha = 0.05$); or the P-value is 0.000, less than 0.05. As a result, the effect is considered statistically **significant (positive)**.

The significance of the T-Statistic values can be observed from the smartPLS output with bootstrapping, as shown in the following image:

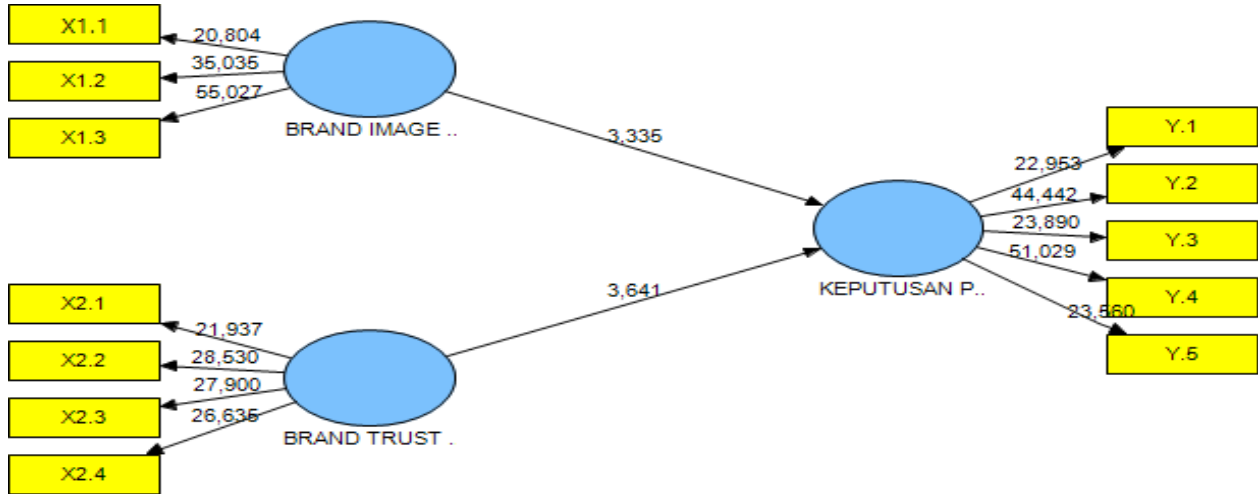


Figure 2 Inner Model with a significance value of T-Statistic Bootstrapping

Source: Processed Data, 2023

From the above PLS output image, we can observe the magnitude of the factor loading for each indicator, located above the arrow between the variable and the indicator. Additionally, we can see the magnitude of the path coefficients above the arrows connecting the exogenous variables to the endogenous variable. Moreover, the R-Square values can also be seen inside the circle of the endogenous variable (Purchase Decision variable).

Discussion of the Effect of Brand Image (X₁) on Purchase Decisions (Y)

Based on the research findings, it was established that brand image (X₁) significantly affected Agoda purchase decisions (Y) and was accepted. It was evidenced by a path coefficient of 0.391732 and a T-statistic value of 3.641158, which was more significant than 1.96 (from the critical value table at $\alpha = 0.05$), or a P-Value of 0.001, which was less than 0.05, indicating statistical significance (positive). The brand image stood out as the indicator with the most significant effect on the brand image variable.

A positive company image will have advantageous effects, whereas a negative image can be detrimental to a company. Consumers with favorable perceptions of a brand are more likely to purchase (Rahmawati et al., 2022).

In the brand image, there exists a factor of excellence, where brand excellence is closely tied to the brand image it portrays. When a product is perceived to have excellence, the brand image will align with its excellence. A positive image of a product becomes a vital asset for the brand associated with that product.

The relationship between brand image and purchase decisions is such that the higher the level of brand image Agoda possesses, the greater the effect on increasing purchase decisions. This study's findings align with the research conducted by Kusuma (2022), demonstrating that brand image affects purchase decisions. It indicates that customers are highly concerned about a company's brand image. In terms of brand trust, attitudes are closely linked to brand image. Therefore, every business is responsible for creating and maintaining a positive image in the eyes of their customers.

The Effect of Brand Trust (X_2) on Purchase Decisions (Y)

Based on the research findings, it was established that Brand Trust (X_2) significantly affected Agoda purchase decisions (Y) and was accepted. Brand Trust's effect on purchase decisions was confirmed, with a path coefficient of 0.456466 and a T-statistic value of 3.641158, which was more significant than 1.96 (from the critical value table at $\alpha = 0.05$), or a P-Value of 0.000, which was less than 0.05, indicating statistical significance (positive). The security indicator had the most substantial effect on the brand trust variable.

According to Costabile's research cited in Purba (2021), brand trust refers to the consumer's perception of reliability based on experiences or sequences of transactions and interactions characterized by meeting performance expectations and satisfaction. Brand trust is the brand's ability to be trusted, stemming from the consumer's belief that the product can deliver the promised value and a sense of brand goodwill based on the consumer's belief that the brand prioritizes the consumer's interests. Through brand trust, consumers feel comfortable with the product and exhibit loyalty by making consistent purchases, potentially establishing valuable relationships. This trust has the potential to create high-value relationships.

Consumers who have developed trust in a specific brand tend to exhibit high loyalty, remaining steadfast in their choice and not quickly switching to other products. These consumers will not be disappointed and may feel secure using the product due to their firm trust. Security while using a product or service is a critical factor. When a consumer feels secure using a product or service, it affects their trust in the brand, ultimately boosting their purchase decisions for that brand. This connection between trust and security underscores the importance of establishing and maintaining a trustworthy image for brands.

The results indicate a relationship between Brand Trust and Purchase Decisions, where more vital consumer trust in a product corresponds to increased purchase decisions. These findings align with the research conducted by Aditria (2023), which also reveals the effect of brand trust on purchase decisions.

CONCLUSION

Based on the results of data analysis using PLS and the discussion of the presented research findings, the following conclusions can be drawn:

1. Brand Image can contribute to the hotel booking purchasing decision on the Agoda application. Agoda's brand image instills confidence in consumers that the attributes and benefits provided will fulfill or satisfy their needs and desires, thus forming a positive attitude towards the brand. The relationship between brand image and purchasing decisions is such that the higher the brand image Agoda possesses, the more it affects purchasing decisions (Garut & Sugeng, 2023). This research's findings are consistent with those of Kusuma (2022), which demonstrated the effect of brand image on purchasing decisions and aligned with the study conducted by Perdana et al. (2021).
2. Brand Trust can significantly affect the hotel booking purchasing decision on the Agoda application. The sense of security experienced by consumers when using the Agoda application becomes the most impactful indicator for the brand trust variable. Therefore, enhancing security within the Agoda application will increase purchasing decisions made by consumers.

In connection with the issues raised in this study and the results of the data analysis that has been presented, several suggestions can be put forward that can be considered or used as material in decision-making, including the following:

1. Agoda is expected to improve its brand image so that it is not inferior to competitors by increasing brand excellence, strength, and uniqueness. Agoda must make innovations in developing the services offered so that its existence amidst the competition for hotel bookings can continue to survive and increase sales figures.
2. Agoda is expected to maintain and increase consumer trust in Agoda. An increase in brand trust can be considered by increasing consumer safety in using services, brand honesty, and a brand's reliability compared to its competitors. Increased security is the most significant benchmark. When consumers feel safe using the Agoda application, there will be an increase in sales on Agoda.
3. Future researchers are expected to be able to develop this research by examining other variables, such as E-Service Quality, which are outside the research, combining the variables contained in this study, or adding other factors that influence purchasing decisions.

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