THE ROLE OF BRAND IMAGE AND BRAND TRUST IN MEDIATING THE INFLUENCE OF E-WOM ON PURCHASE DECISION (CASE OF VIDEO-ON-DEMAND NETFLIX)

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ABSTRACT

It is now evident that technology is progressing at a rapid rate around the globe. Due to the significance of technology, our lives have become entirely digital. Streaming has gained popularity owing to its accessibility, as opposed to viewing television or movies on a huge screen. This presents an opportunity for SVoD services to compete, beginning with practical issues such as the amount of money that must be spent and shifting lifestyle habits. Subscription Video on Demand, or SVoD, is a service that allows anyone to view as many television programs as they choose for a monthly fee. E-WOM is the independent variable, purchase decision is the dependent variable, and brand image and brand trust are the mediating factors. This research distributes questionnaires using a quantitative approach, non-probability sampling, and the snowball sampling method, and is processed with SmartPLS 3.3.7. (Partial Least Square-Structural Equation Model). The total number of Indonesian participants in this study is 148. The findings indicates that E-WOM has a major impact on buying choice, brand trust, and brand image. Additionally, brand image and brand trust have a substantial impact on purchasing decisions. Consequently, E-WOM has a substantial impact on purchasing decisions mediated through brand trust and brand image.

Keywords: brand image, brand trust, E-WOM, purchase decision, video-on-demand.

1. Introduction

In this modern-day, the use of the internet network in Indonesia is increasing. According to Kusnandar (2021), internet users in Indonesia account for 76.8 percent of the entire population, or 212.35 million Indonesians using the Internet in March 2021. With that data, Indonesia ranks third in Asia regarding internet users. Streaming has been popular among many individuals due to its ease of access, rather than only viewing television or movies on a big screen. According to study data from the Association of Internet Service Providers (APJII) on 2019, online video is the most commonly visited entertainment content by internet users in Indonesia, accounting for 49.3 percent (Annur, 2020).

Online streaming, also known as Video on Demand (VoD), is expanding with the advent of new derivatives such as Ad-based Video On Demand (AVoD), Transactional Video On Demand (TVoD), and Subscription Video On Demand (SVoD) (Gasella, 2020). SVoD is service that gives user unlimited access to various program with a
fixed monthly rate. The development of SVoD can be seen in the increase in the number of SVoD users in 2018 as many as 8.1 million users, while in 2021, SVoD users will climb to 17.4 million users (Statista Market Forecast, 2021). In the SVOD space alone, at least eight platform providers are present and legal in Indonesia in 2020, including Netflix, Disney+ Hotstar, Viu, Iflix, HOOQ, Vidio, and WeTV.

Netflix is one of Indonesia’s fastest-growing digital platforms for video streaming services. Netflix entered Indonesia in 2016 by offering an online streaming subscription service for many film and television series, including some self-produced programming by Netflix. According to Jayani (2019), the number of Indonesian Netflix streaming subscribers rapidly increases year after year. In 2017, Netflix Indonesia had 95 thousand streaming subscribers. In 2018, Netflix Indonesia customers increased by 2.5 times to 237.3 thousand. In 2019, the number of Netflix users in Indonesia was expected to reach 482,000, representing a twofold increase over 2018. The number of Netflix users is expected to reach 907 thousand in 2020, increasing 88.35 percent over 2019.

In today’s all-digital world, watching movies is no longer limited to television or the cinema, but can also be done through Video on Demand. As a result, their attitude toward the internet, particularly video on demand, is critical to monitor in this digital age. Netflix is a Video on Demand (VoD) service provider with many Indonesian competitors. Netflix have some problems, such as a bad brand image because it is considered to display shows, such as SARA materials, LGBT issues, as well as pornography-related elements that are not in relate with the norms and laws in Indonesia. This makes Netflix became a hot topic on social media. The hashtag #NetflixNotSave was a popular on Twitter in 2020, with a total of 14.4 thousand tweets (Rufaida, 2021). Not only that, Netflix’s customers also growth lower than the prediction. The number of paid customers could reach 222.06 million by the end of 2021. However, this prediction was not realized correctly, as the amount of paid customers only reached 221.84 million (Azizah, 2022).

In any case, brand image and brand trust are two characteristics that might influence purchasing decisions (Tarigan & Zeplin, 2017). To get Indonesians to adopt its services, Netflix must improve its brand image and reliability. According to Anggitasari (2016), E-WOM has a favorable impact on brand image and brand trust. To put it another way, Netflix needs the help of E-WOM to improve its brand image and trust. Consumers will initially search the web to read online comments and reviews about the products or services they are interested in before making a purchasing decision. E-WOM will spread faster and more broadly, having a more significant impact on consumer decision-making processes (Pourabedin & Migin, 2015). With E-WOM activity, consumers will have a high level of market transparency; in other words, consumers will have a more active part in the value chain cycle, allowing them to influence products and pricing based on individual preferences (Lkhaasuren & Nam, 2018). Recommendations from other consumers are usually viewed more trustworthy than promotional actions by the company, and this will influence the Decision of others to use or avoid a service (Dewi & Sudiksa (2019). As a result, the purpose of this research is to examine the function of brand image and brand trust in moderating the impact of E-WOM on purchase decisions. Organizations must analyze the worth of their clients and the various factors that impact them (Hiep et al., 2018). This study looks at the factors that impact users’ purchasing of video-on-demand services like Netflix.

2. Literature Review

Purchase Decision

According to Khairunnisa & Genoveva (2019) a buying decision is a technique that involves evaluating at least two alternative behaviours and deciding on one of them. According to Kotler & Armstrong (2015) suggest that consumer purchasing decisions are decisions made by buying most preferred brand among available alternative options. Consumer trust will make it easier for them to determine whether or not to purchase the Netflix application service. According to the study’s findings, brand image substantially impacts purchasing Decision (Ermawati, 2018).

Electronic Word of Mouth (E-WOM)

According to Kotler & Keller (2012) Word Of Mouth communication (WOM) is a communication technique that gives recommendations for a product or service both individually and in groups to deliver personal information. E-WOM is the internet-based communication of positive or negative words made by future, present, or past
consumers about a company or product for a large number of people or organizations (Hennig-Thurau et al., 2004). According to S. Sari et al. (2017), the E-WOM communication variable had a positive and significant impact on purchasing Decision. A favorable E-WOM reference is one of the measures to increase brand trust (Jansen et al., 2009). In addition, the findings of Yonita & Budiono (2020), E-WOM has a strong and favorable impact on brand image.

**Brand Trust**

Tumbuan (2019) define brand trust as the willingness of some consumers to rely on the brand’s ability to carry out all of its uses or functions. The above opinion is also confirmed by Claranita (2020), which defines brand trust as customers' willingness to trust a brand despite all risks since there is an expectation in the minds of consumers that the brand will offer positive results consumer loyalty to the brand.

**Brand Image**

According to Kotler & Keller (2012) brand image is a person's belief, notion, or impression of a brand. Furthermore, brand image is described as a collection of memories about brands that have been formed and left an imprint on the minds of consumers (Oscar & Keni, 2019). Brand image has a significant impact on purchasing Decision. As a result, one of the things that buyers must consider while making purchasing selections is the brand. According to Bawono et al. (2018) findings suggest that brand image strongly influences purchasing Decision. In Denpasar City, brand trust considerably moderates the effect of E-WOM on consumer purchasing Decision for Maybelline products (Dewi & Sudiksa, 2019). Brand Image is a link that can help E-WOM influence customers' Decision to buy or not buy a product or service. According to Wibisono & Syamsudin (2021) research, brand image considerably influences the effect of WOM on purchasing Decision.

**Hypotheses**

H1: There is a significant influence of E-WOM on Purchase Decision.
H2: There is a significant influence of E-WOM on Brand Trust.
H3: There is a significant influence of E-WOM on Brand Image.
H4: There is a significant influence of Brand Trust on Purchase Decision.
H5: There is a significant influence of Brand Image on Purchase Decision.
H6: There is a significant influence of E-WOM on Purchase decision partially mediated by Brand Trust.
H7: There is a significant influence of E-WOM on Purchase decision partially mediated by Brand Image.

![Figure 1. Theoretical Framework](Source: Adjusted by Researcher, 2022)

3. **Research Method**

This research applied a quantitative method. Researcher investigates the role of brand trust and brand image in mediating the influence of E-WOM on Netflix purchase decision, the result of this research will be used to measure
the variables and the hypothesis. Non-probability sampling is being used in this study. The target population in this thesis is the people who use Netflix in Indonesia. Because the total population in Indonesia is unknown, the researcher will conduct a survey of Indonesian citizen who have used Netflix at least once. The researcher in this study used snowball sampling to distribute the questionnaires by google form. During data collection, the respondents were filtered only those who ever use Netflix app, this study collected 148 respondents. Moreover, in these research were using five degree of the scale in each question with strongly disagree, disagree, neutral, agree, and strongly agree (Sugiyono, 2013). The researchers calculated the data analysis with Partial Least Square of Structural Equation Modeling (SEM-PLS) through SmartPLS 3.3.7 as the software instrument. The result from Hair et al. (2014) state that there are two sub-models used in PLS methods such as the outer model (measurement model) and the inner model (structural model). The researcher used reflective measurement model which are Cronbach’s Alpha and Composite Reliability to measure the reliability test, and used Convergent Validity and Discriminant Validity to measure the validity test. On inner model measurement, the researcher used Coefficient of Determination (R2) and Path Coefficient.

4. Results and Discussion

Respondent Profile

The characteristic concluded by the age characteristic that the respondents who filled the questionnaire were dominated by aged 17-25 years old with a total of 119 respondents with the percentages of 81%, aged by <17 years old (10%), 25-35 years old (8%) and >35 years old (1%). Second, by the gender characteristic, the number of female respondents is more dominant (54%) than male respondent (46%). It means that most of respondents used Netflix are female. Third, by occupation consisting of 148 respondents, there were 95 respondents are student (65%), 35 respondents are employee (24%), 14 respondents are entrepreneur (9%), 4 respondents are others occupation (3%). It means that most of respondents used Netflix are student. Fourth, by domicile background consisting of 148 respondents, there were 126 respondents are from Jabodetabek (85%), 8 respondents are from Bali (5%), 14 respondents are from others domicile (10%). It means that most of respondents used Netflix are from Jabodetabek. Fifth, by the monthly income consisting of 148 respondents, there were 48 respondents with monthly income < Rp. 1.000.000 (32%), 44 respondents with monthly income Rp. 1.000.000 – 3.000.000 (30%), 30 respondents with monthly income Rp. 3.000.000 – 5.000.000 (20%), 26 respondents with monthly income > Rp. 5.000.000 (18%). It means that most of respondents used Netflix with the monthly income < Rp. 1.000.000.

Outer Model Analysis

In outer model analysis, the test is based on the values of the outer loading which is should be ≥0.70 (Hair et al., 2018). In this research, the researchers delete four indicators that are less than 0.70 which are 0.576, 0.681, 0.690, and 0.679. Furthermore, to measure the reliability test to ensure that the measurements used here can be replicated and are reliable, the researchers used Composite Reliability and Cronbach’s Alpha. Ideally, the composite reliability should be >0.70, while Cronbach’s Alpha should be >0.60 (Juliandi, 2018). In this research, the result of composite reliability was found to be above 0.70, ranging between 0.834 and 0.930. The result of Cronbach’s alpha also was found to be above 0.60, ranging between 0.701 and 0.916. Therefore, it can be concluded that all the data have met the criteria for composite reliability and Cronbach’s alpha can be considered to be “reliable”. To evaluate a construct’s convergent validity is the average variance extracted (AVE) for all items in each construct and the value should be ≥0.50 or higher indicating that the construct explains at least 50 percent of the variance of the items (Hair et al., 2018). In this research, the result found all AVE to be above 0.50, ranging between 0.573 and 0.774. It can be concluded that all AVE is “valid” (Table 1). Discriminant validity is used to determine the extent to which a construct is empirically different from other constructs in the structural model. The researcher measures the discriminant validity by using Heteroit-Mototrait Ratio and the value should be lower than 1 (Henseler et al., 2015). As stated in Table 2 below, showed that all of the HTMT ratios are less than 1.

<table>
<thead>
<tr>
<th>Variable</th>
<th>AVE</th>
<th>Composite Reliability</th>
<th>Cronbach’s Alpha</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Electronic Word of Mouth (E-WOM) (X)</td>
<td>0.626</td>
<td>0.834</td>
<td>0.701</td>
<td>Realible</td>
</tr>
</tbody>
</table>
Variable | AVE | Composite Realiity | Cronbrach’s Alpha | Result
--- | --- | --- | --- | ---
Brand Trust (M1) | 0.628 | 0.894 | 0.850 | Realible
Brand Image (M2) | 0.774 | 0.911 | 0.854 | Realible
Purchase Decision (Y) | 0.573 | 0.930 | 0.916 | Realible

Table 2. HTMT Result
<table>
<thead>
<tr>
<th>BI</th>
<th>BT</th>
<th>E-WOM</th>
<th>PD</th>
</tr>
</thead>
<tbody>
<tr>
<td>BI</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>BT</td>
<td></td>
<td></td>
<td>0.803</td>
</tr>
<tr>
<td>E-WOM</td>
<td></td>
<td></td>
<td>0.931</td>
</tr>
<tr>
<td>PD</td>
<td></td>
<td></td>
<td>0.831</td>
</tr>
</tbody>
</table>

Inner Model Analysis

To find the relationship between latent variables, the researcher uses Coefficient of Determination (R²) and Path Coefficient. The result of the coefficient of the determinant (R²) can show the strength of the influence caused by the dependent variable on the independent variable. According Table 3, showed that the variance of every variable. Electronic Word of Mouth (E-WOM) has an effect on Brand Trust variable by 41.3%. And the rest 58.7% is influenced other variables outside the variables in the study. Electronic Word of Mouth (E-WOM) has an effect on Brand Image variable by 52.1%. And the rest 47.9% is influenced other variables outside the variables in the study. Electronic Word of Mouth (E-WOM), Brand Trust, and Brand Image have an effect on Purchase Decision variable by 77.1%. And the rest 22.9% is influenced other variables outside the variables in the study.

Table 3. Coefficient of the determinant (R²) result
<table>
<thead>
<tr>
<th>Variable</th>
<th>R² Value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Trust</td>
<td>0.413</td>
<td>Weak</td>
</tr>
<tr>
<td>Brand Image</td>
<td>0.521</td>
<td>Moderate</td>
</tr>
<tr>
<td>Purchase Decision</td>
<td>0.771</td>
<td>Substantial</td>
</tr>
</tbody>
</table>

In the path coefficient, To reach the significant result, the significance value is expressed in the statistical test value, which is used 1.96 of t-value (significant level 5%) (Setiaman, 2020). According to the table 5 it can be seen that all of constructions related with the H1, H2, H3, H4, H5, H6, and H7 proposed are positively significant influence between X variables to Y variable, Y variable to Z variable, and X variables to Z variable.

Table 4. Hypotheses Result
<table>
<thead>
<tr>
<th>No.</th>
<th>Effect</th>
<th>T-Data</th>
<th>T-Statistic</th>
<th>P-Value</th>
<th>Result</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Electronic Word of Mouth → Purchase Decision</td>
<td>1.96</td>
<td>2.883</td>
<td>0.004</td>
<td>Significant</td>
</tr>
<tr>
<td>2</td>
<td>Electronic Word of Mouth → Brand Trust</td>
<td>1.96</td>
<td>12.229</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>3</td>
<td>Electronic Word of Mouth → Brand Image</td>
<td>1.96</td>
<td>12.661</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>4</td>
<td>Brand Trust → Purchase Decision</td>
<td>1.96</td>
<td>8.231</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>5</td>
<td>Brand Image → Purchase Decision</td>
<td>1.96</td>
<td>2.864</td>
<td>0.004</td>
<td>Significant</td>
</tr>
<tr>
<td>6</td>
<td>Electronic Word of Mouth → Brand Trust → Purchase Decision</td>
<td>1.96</td>
<td>6.131</td>
<td>0.000</td>
<td>Significant</td>
</tr>
<tr>
<td>7</td>
<td>Electronic Word of Mouth → Brand Image → Purchase Decision</td>
<td>1.96</td>
<td>2.614</td>
<td>0.009</td>
<td>Significant</td>
</tr>
</tbody>
</table>
Discussion of Findings

This section explains the influence of electronic word of mouth (E-WOM), brand trust, brand image, and purchase decision. Whereas electronic word of mouth (E-WOM) is exogenous variables, brand trust and brand image are mediating variables, and purchase decision is endogenous variable. In this research, there are seventh interpretation to answer the proposed hypotheses which are made and discovery by the researcher.

The Influence of Electronic Word of Mouth (E-WOM) on Purchase Decision

The first proposed hypothesis in data analysis shows there is a positive significant impact between the electronic word of mouth (E-WOM) on purchase decision with the T-statistic result 2.883 which is higher than the rule of thumb of 1.96. And the P-value result is 0.004, then this hypothesis is acceptable. It can be concluded that electronic word of mouth (E-WOM) can influence purchase decision on Video-On-Demand Netflix. A good word-of-mouth create interest for people to purchase Netflix and install the apps. This hypothesis supported by previous research by (Mighfar et al., 2020) the result showed that E-WOM (Electronic World of Mouth) has a positive and significant effect on purchasing Decision. This shows that the positive comments given by internet users can improve consumer purchasing Decision. Furthermore, (Rufaida, 2021) the result showed that electronic word of mouth (E-WOM) has positive and significant on purchase decision. Another previous research by (Nurhasanah et al., 2021) showed that electronic word of mouth (E-WOM) has a positive and significant effect on purchase Decision, where the better product reviews are, the more people decide to buy products.

The Influence of Electronic Word of Mouth (E-WOM) on Brand Trust

There is a positive significant impact between the electronic word of mouth (E-WOM) on brand trust with the T-statistic result 12.229 which is higher than the rule of thumb of 1.96. And the P-value result is 0.000, then this hypothesis is acceptable. It can be concluded that electronic word of mouth (E-WOM) can influence brand trust on Video-On-Demand Netflix. Brand trust can be created by having a positive word-of-mouth. Thus, maintaining E-WOM will be important in maintaining Brand Trust as well.

This hypothesis supported by previous research by (Haikal et al., 2018) The results showed that electronic word of mouth (E-WOM) had a significant positive effect on brand trust. Furthermore, (Charvia & Erdiansyah, 2020) states that electronic word of mouth (E-WOM) has positive and significant effect on purchase decision on OVO. Another previous research by (Vongurai et al., 2018) the result showed that electronic word of mouth (E-WOM) significantly influence Trust in using Traveling Services for Bangkokian.

The Influence of Electronic Word of Mouth (E-WOM) on Brand Image

There is a positive significant impact between the electronic word of mouth (E-WOM) on brand image with the T-statistic result 12.661 which is higher than the rule of thumb of 1.96. And the P-value result is 0.000, then this hypothesis is acceptable. It can be concluded that electronic word of mouth (E-WOM) can influence brand image on Video-On-Demand Netflix.

This hypothesis supported by previous research by (Hamidah et al., 2021) the result showed that electronic word of mouth (E-WOM) has positively and significantly influence on brand image. Furthermore, (Haikal et al., 2018) the result showed that electronic word of mouth (E-WOM) had a significant positive effect on brand image. Another previous research by (Handoko & Melinda, 2021) the result showed that electronic word of mouth (E-WOM) has a positive and significant effect on brand image.

The Influence of Brand Trust on Purchase Decision

There is a positive significant impact between the brand trust on purchase decision with the T-statistic result 8.231 which is higher than the rule of thumb of 1.96. And the P-value result is 0.000, then this hypothesis is acceptable. It can be concluded that brand trust can influence purchase decision on Video-On-Demand Netflix.

This hypothesis supported by previous research by (Rufaida, 2021) the result showed that brand trust has positive and significant effect on purchase decision. Furthermore, (Nurhasanah et al., 2021) the result states that brand trust has a positive and significant effect on purchase Decision. The higher the brand trust, the higher the people
will decide to buy products. Another previous research by (Darmayanti et al., 2022) the result showed that brand trust has a positive and significant effect on purchasing Decision.

**The Influence of Brand Image on Purchase Decision**

There is a positive significant impact between the brand image on purchase decision with the T-statistic result 2.864 which is higher than the rule of thumb of 1.96. And the P-value result is 0.004, then this hypothesis is acceptable. It can be concluded that brand image can influence purchase decision on Video-On-Demand Netflix. This hypothesis supported by previous research by (Rufaida, 2021) the result showed that brand image has positive and significant effect on purchase decision. Furthermore, (Pratiwi & Ekawati, 2020) the result showed that brand image significantly had positive effect on purchasing Decision. Another previous research by (Mbete & Tanamal, 2020) the result states that brand image have a positive significant impact on purchase Decision online in the marketplace Shopee.

**The Influence of Electronic Word of Mouth (E-WOM) on Purchase Decision mediating by Brand Trust**

There is a positive significant impact between the electronic word of mouth (E-WOM) on purchase decision by brand trust with the T-statistic result 6.131 which is higher than the rule of thumb of 1.96. And the P-value result is 0.000, then this hypothesis is acceptable. It can be concluded that electronic word of mouth (E-WOM) can influence purchase decision by brand trust on Video-On-Demand Netflix. This hypothesis supported by previous research by (Vongurai et al., 2018) Word of Mouth and Trust significantly influence Purchase-Decision involvement in using Traveling Services for Bangkokian. Furthermore, (Wiraandryana & Ardani, 2021) the result states that trust is a mediating variable for the influence of E-WOM on purchasing Decision at Bali Beclik Wedding and Florist Denpasar. Another previous research by (Saputra & Wrdana, 2020) the result showed that Trust is a mediating variable of influence between E-WOM on purchasing Decision on Tokopedia Products in Denpasar City.

**The Influence of Electronic Word (E-WOM) of Mouth on Purchase Decision mediating by Brand Image**

There is a positive significant impact between the electronic word of mouth (E-WOM) on purchase decision by brand image with the T-statistic result 2.614 which is higher than the rule of thumb of 1.96. And the P-value result is 0.009, then this hypothesis is acceptable. It can be concluded that electronic word of mouth (E-WOM) can influence purchase decision by brand image on Video-On-Demand Netflix. This hypothesis supported by previous research by (Santra, 2021) the result showed that electronic word of mouth and brand image partially and simultaneously has an effect on purchase decision. Furthermore, (Kamil & Albert, 2020) the result states that There is a significant effect of the electronic word of mouth (E-WOM) and also the Brand Image simultaneously towards the Consumer Purchase Decision of Sushi Masa Jakarta. Another previous research by (Saputra & Wrdana, 2020) the result showed that Brand image is a mediating variable of influence between E-WOM on purchasing Decision on Tokopedia Products in Denpasar City.

5. Conclusion and Implications

The purpose of this study is to analyse the role of brand image and brand trust in mediating the influence of E-WOM on purchase decisions (Case of Netflix). This research was conducted to analyses whether there is any significant influence of E-WOM towards purchase decision through brand trust and brand image as an intervening variable. However, the design of sampling that the researcher used in this research is people who live around Indonesia.

Furthermore, the researcher has some suggestion for the company such as, collaborating with a variety of influencers, provide consumer services that can be accessed easily through digital platforms and social media from Netflix, maintaining and improving the quality of Netflix in terms of film selection and in terms of application development so that Netflix can become the best VoD service in Indonesia.

Not only for the next research, this study also have some suggestion for Netflix such as, future research can use repurchase decision as dependent variable to keep transactions on Netflix running and growing. For the independent variable the next research can use specific social media. The research suggests to use segmented area
and generation so that research results can be identified according to the characteristics of respondents used per region.

References


