

# Effect of Brand Image and Promotion on the Decision to Use Shipping Services from PT Pos Indonesia, Medan Kesawan Branch with Trust as an Intervening Variable

Noni Maindayanti<sup>1</sup>, Endang Sulistya Rini<sup>2</sup>, Beby Karina Fawzee Sembiring<sup>2</sup>

<sup>1</sup>Postgraduate Students, Department of Management, Faculty of Economics and Business at Universitas Sumatera Utara, Indonesia

<sup>2</sup>Postgraduate Lecturer, Department of Management, Faculty of Economics and Business at Universitas Sumatera Utara, Indonesia

Corresponding Author: Noni Maindayanti

## ABSTRACT

In the era of globalization, business competition in the shipping service sector has increased significantly. This is influenced by the increasing needs of the community, and also influenced by the development of online shops or e-commerce that uses goods delivery services. North Sumatra is one of the developing provinces in Indonesia, with the development of North Sumatra Province, goods delivery services have become a promising business area. PT Pos Indonesia is a state-owned company engaged in postal services. PT Pos Indonesia is very helpful in various needs, for example for the delivery of raw materials for processed food from Medan to several cities in Java. This situation also shows that the growth of online shops in Medan is experiencing good development because online stores are the biggest contributor to the running of the delivery service business. The purpose of this study was to analyze the effect of brand image and promotion on the decision to use shipping services from PT Pos Indonesia, Medan Kesawan Branch with trust as an intervening variable. The population in this study are all customers who have used PT Pos Indonesia, Medan Kesawan Branch and the number of population is unknown, therefore the determination of the sample using the Malhotra formula as many as 115 customer respondents who have used the services of PT Pos Indonesia. Data analysis was performed using PLS-SEM. The results showed that brand image, promotion

and trust directly had a positive and significant effect on the decision to use shipping services, then indirectly brand image and promotion had a positive and significant effect on the decision to use shipping services through trust.

**Keywords:** Brand Image, Promotion, Trust, Decision to Use Shipping Services

## INTRODUCTION

In the era of globalization, business competition in the shipping service sector has increased significantly. According to Kotler and Keller (2016) services are any benefit or performance activity offered by one party to another that is intangible and does not cause any transfer of ownership where in its production it can be tied or not with physical products. Of course, this situation stimulates service companies to compete in providing services in order to reach potential consumers. This competition forces courier service companies to maximize performance in order to be able to compete. The trick is to know the desires and aspirations of consumers in the hope of providing valuable input for these companies.

This is influenced by the increasing needs of the community, and also influenced by the development of online shops or e-commerce that uses goods delivery services. North Sumatra is one of

the developing provinces in Indonesia, with the development of North Sumatra Province, goods delivery services have become a promising business area. PT Pos Indonesia is a state-owned company engaged in postal services. PT Pos Indonesia is very helpful in various needs, for example for the delivery of raw materials for processed food from Medan to several cities in Java. This situation also shows that the growth of online shops in Medan is experiencing good development because online stores are the biggest contributor to the running of the delivery service business.

According to Kotler and Armstrong (2016) consumer purchasing decisions are the buyer's decision about the most preferred brand. The purchase decision is an individual activity that is directly involved in obtaining and using the goods offered. The company's success in influencing consumers for purchasing decisions is strongly supported by good communication efforts to consumers. It also builds a brand through its marketing strategy.

According to Wicaksono (2015), trust is a person's willingness to rely on other people where someone has faith in that other person. Trust is defined as the dimension of a business relationship that determines the degree to which each party feels they can count on the integrity of the promises offered by the other.

According to Kolsaker and Payne (2002), the way marketers take to build personal relationships with customers is through a symbol, namely a brand. In this situation, the brand acts as a substitute for the person-to-person relationship between the company and its customers, then trust can be built through the brand. With so many brands, it can cause consumers to be more selective in choosing the use of delivery services.

According to Kotler and Keller (2016), brand image is the perception and belief made by consumers, as reflected in the associations that occur in consumer memories. Through a good brand image,

consumers or customers will have positive assumptions about the brands offered by the producers. Through a good brand image, there will be positive feelings when buying or using certain brands, so that the brand image can also influence consumers to make repeat purchases. In addition, a good brand image will affect consumer confidence in a product or service.

Promotion has an important role in determining consumer purchasing decisions (Setiadi, 2003). Research by Brata et al. (2017) found that promotion has an effect on purchasing decisions,

Promotion can be done through social media, print media and other media by taking into account the costs and opportunities for success. Promotion provides stimulation to customers to make purchasing decisions. Bad and good promotions by the company have a big impact on customers to switch brands because customers are less knowledgeable about the services offered. So with this, promotion is an important factor for delivery services to market this company's services to be known by the public. Through promotion, the public will be able to be interested or be able to trust in advance what the delivery service provides, the trust that customers must have in using that service is the most important. Without that belief, a service no matter how sophisticated it will not be viewed by the public. After they believe in the service or product, these customers will arise to make a purchase decision to use the service.

According to Schoen in Manap (2016), promotion is carried out to get attention, educate, remind, and convince. A promotional activity if implemented properly can influence consumers about where and how consumers spend their income. Promotion tries to make demand inelastic. Promotion can bring benefits to both producers and consumers.

The purpose of this study was to analyze the effect of brand image and promotion on the decision to use shipping services from PT Pos Indonesia, Medan

Kesawan Branch with trust as an intervening variable.

## RESEARCH METHODS

This type of research the writer uses is associative research with a quantitative approach. According to Sugiyono (2015), associative research is research that aims to determine the influence or relationship between the independent variable and the dependent variable and how closely the relationship between the two is. According to Sugiyono (2015), quantitative research is research by obtaining data in the form of numbers or extrapolated qualitative data.

The population in this study are all customers who have used PT Pos Indonesia,

Medan Kesawan Branch and the number of population is unknown, therefore the determination of the sample using the Malhotra formula as many as 115 customer respondents who have used the services of PT Pos Indonesia.

Data analysis was performed using PLS-SEM.

## RESULT AND DISCUSSION

### Result

#### Direct Effect

The results of the SmartPLS algorithm in directly assessing the path coefficient are given in Table 1.

Table 1. Path Coefficients

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ((O/STDEV))	P Values
Brand Image->Trust	0.598	0.599	0.066	9.018	0.000
Brand Image->Decision to Use Shipping Services	0.264	0.262	0.119	2.217	0.013
Trust->Decision to Use Shipping Services	0.553	0.553	0.127	4.348	0.000
Promotion->Trust	0.380	0.379	0.067	5.701	0.000
Promotion->Decision to Use Shipping Services	0.155	0.157	0.091	1.702	0.044

Source: PLS Output (2020)

The following is a discussion of each hypothesis test based on the test results summarized in Table 1:

#### 1. Effect of Brand Image on Trust

Based on Table 1, it explains that the effect of brand image on trust ( $p=0.000<0.05$ ) then  $H_0$  is rejected  $H_1$  is accepted, meaning that brand image has a positive and significant effect on trust.

#### 2. Effect of Brand Image on Decision to Use Shipping Services

Based on Table 1, it explains that the effect of brand image on decision to use shipping services ( $p=0.013<0.05$ ) then  $H_0$  is rejected  $H_1$  is accepted, meaning that brand image has a positive and significant effect on decision to use shipping services.

#### 3. Effect of Trust on Decision to Use Shipping Services

Based on Table 1, it explains that the effect of trust on decision to use shipping services ( $p=0.000<0.05$ ) then  $H_0$  is rejected  $H_1$  is accepted, meaning that trust has a

positive and significant effect on decision to use shipping services.

#### 4. Effect of Promotion on Trust

Based on Table 1, it explains that the effect of promotion on trust ( $p=0.000<0.05$ ) then  $H_0$  is rejected  $H_1$  is accepted, meaning that promotion has a positive and significant effect on trust.

#### 5. Effect of Promotion on Decision to Use Shipping Services

Based on Table 1, it explains that the effect of promotion on decision to use shipping services ( $p=0.044<0.05$ ) then  $H_0$  is rejected  $H_1$  is accepted, meaning that promotion has a positive and significant effect on decision to use shipping services.

#### Indirect Effect

The indirect effect is the amount of influence through the mediating variable. The magnitude of the indirect effect is the multiplication of the direct effect of the independent variable on the mediating variable with the direct effect of the

mediating variable on the dependent variable, the magnitude of the indirect effect of the independent variable on the variable

can be calculated and summarized in Table 2.

Table 2. Indirect effect

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics ( O/STDEV )	P Values
Brand Image->Trust-> Decision to Use Shipping Services	0.331	0.331	0.085	3.869	0.000
Promotion->Trust-> Decision to Use Shipping Services	0.210	0.209	0.061	3.443	0.000

Source: PLS Output (2020)

Based on Table 2, the results of the research to answer the hypotheses:

### 1. Effect of Brand Image on Decision to Use Shipping Services Through Trust

Table 2 shows that the empirical evidence that brand image on decision to use shipping services through trust. Thus, there is an indirect effect of brand image on decision to use shipping services through trust is 0.331, with a p-value of  $0.000 < 0.005$ . Bootstrap results indicate that this indirect effect is significant. Evaluation of the contribution of the indirect effect to the total effect is 100%, which is classified as partial mediation. Then the brand image indirectly has a significant effect on trust through decision to use shipping services.

### 2. Effect of Promotion on Decision to Use Shipping Services Through Trust

Table 2 shows that the empirical evidence that promotion on decision to use shipping services through trust. Thus, there is an indirect effect of promotion on the decision to use through trust is 0.210, with a p-value of  $0.000 < 0.005$ . Bootstrap results indicate that this indirect effect is significant. Evaluation of the contribution of the indirect effect to the total effect is 100%, which is classified as partial mediation. Then Promotion indirectly has a significant effect on trust through decision to use shipping services.

## CONCLUSION AND SUGGESTION

### CONCLUSION

The results showed that brand image, promotion and trust directly had a positive and significant effect on the decision to use shipping services, then indirectly brand image and promotion had a

positive and significant effect on the decision to use shipping services through trust.

### SUGGESTION

Based on the conclusions presented by the researcher, there are several suggestions given by researchers for PT Pos Indonesia, namely:

1. Brand image has a positive and significant effect either directly or indirectly. PT Pos Indonesia itself must further update its technology as well as the delivery service of PT Pos Indonesia, which is older than its competitors, PT Pos Indonesia itself is still considered old by consumers compared to the current shipping service which is faster and cheaper. Therefore it is important for PT Pos Indonesia to further increase the duration of delivery of goods by consumers and also at competitive prices.

2. Promotion also has a positive and significant effect in this study, if the promotion is given a good post it will increase consumer confidence and decisions in using the services of PT Pos Indonesia, consumers themselves feel that PT Pos Indonesia is still not very active in promoting. This should be paid more attention by PT Pos Indonesia because promotion is important because it can reach consumers with the information provided, PT Pos Indonesia itself must rearrange its promotion in various media to make it more attractive, PT Pos Indonesia can also collaborate with brand ambassadors who are on the rise to further increase consumer knowledge about PT Indonesian Pos.

3. Trust is also influential and able to mediate between brand image and

promotion, this indicates that whether or not the brand image and promotion provided by PT Pos Indonesia, but if there is no trust from consumers, consumers do not necessarily decide to use the services of PT Pos Indonesia, consumer confidence in using the services of PT Pos Indonesia feels that consumers are good and this must be maintained by PT Pos Indonesia, although some consumers still feel that PT Pos Indonesia itself is often wrong in delivery and there are several damaged goods, in this case PT Pos Indonesia itself must pay more attention to the goods sent and how the process is carried out while the goods arrive at their destination, PT Pos Indonesia must also be more responsible with errors when sending goods and damaged goods because this can damage consumer confidence and will decide to use a different delivery service than PT Pos Indonesia, of course PT Pos Indonesia in delivering goods. Then the government can also give trust to PT Pos Indonesia so that private and public company correspondence activities are required through PT Pos Indonesia so as to increase its own state-owned companies.

4. For further researchers, they should further expand the research so that more complete information is obtained. This research itself is only limited to the research object of PT Pos Indonesia, Kesawan branch, further researchers can develop at PT Pos Indonesia other branches or other shipping services because of course there are differences in the service of each delivery service, as well as the variables studied can be developed with broader variables such as service quality, customer loyalty and social media marketing.

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