THE EFFECT OF ELECTRONIC WORD OF MOUTH (EWOM), PRICE AND BRAND IMAGE ON RE-PURCHASE INTENTION (A CASE STUDY OF CITILINK INDONESIA CONSUMER IN MALANG)

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ABSTRACT

Nowadays, the low-cost carrier becomes more popular because the middle-lower segment of society shows more promising choice to travel by planes with an affordable price, for example Citilink Indonesia. The purpose of this research is to explain the factors which influence the Citilink customer’s repurchase intention. This research implements Electronic Word of Mouth (EWOM), brand image, and price as the independent variables that influence customer’s repurchase intention. This research applies explanatory research, and the data are collected by employing a survey method (questionnaires). The respondents comprised 180 customers who had purchased Citilink Indonesia minimum in one purchased. The research data and hypothesis are analyzed by using Structural Equation Modeling (SEM) based on Partial Least Square (PLS). The research findings mainly indicated that EWOM and brand image significantly and positively influence Citilink customer’s repurchase intention. In conclusion, the more positive the EWOM from the Citilink Indonesia’s previous customer, the higher the repurchase intention. In line with it, the more positive (good) brand image of Citilink Indonesia, the higher the repurchase intention of the customers.

Keywords: Electronic Word of Mouth (EWOM), Price, Band Image, Repurchase Intention

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I. Introduction

Nowadays, the low-cost carrier is becoming more popular because the lower middle class can enjoy travel by airplane at an affordable price. For some people, air transportation is favorite transportation for vacation or long trips. A study by the University of Survey found that people will feel happy when planning a vacation. Also they will maintain their health, economy, and quality of life in general. Indonesia is one of the favorite countries for traveling for domestic or foreign tourism. Indonesia is the largest archipelago in the world; from Sabang in Aceh to Merauke in Papua, which is made up of thousands of large and small islands, which are connected by the land and sea. Besides, an increase in domestic and foreign tourists has an impact on Indonesian economy growth and low-cost carrier airlines, for example, Citilink. Through its vision “to become the leading low-cost carrier in the region by providing scheduled, low-cost and safety-focused air transport services,” Citilink Indonesia is one of the airlines company which has operated as a low-cost carrier in Indonesia. Citilink Indonesia had become the fastest growing airline in Indonesia since 2011 at the time when it took the first Airbus A320 aircraft and accelerated growth as part of Garuda Group’s effort to compete aggressively on the market.

Top Brand Award is an award presented to brands regarded as “top.” The “top” criteria are based on the surveys conducted by Frontier Consulting Group. Top Brand Index is formulated based on three variables; those are Mind Share, Market Share, and Commitment Share. The first variable is Mind share, it indicates a brand’s strength inside the minds of the consumers of the respective product category. The second variable, Market Share shows a brand’s strength in a certain market in terms of consumers’ actual buying behavior. The third variable is commitment share, it indicates a brand’s strength in encouraging consumers to buy that brand in the future. According to Top Brand Award, here is the ranking of top 5 airlines in Indonesia:

Table 1.1

<table>
<thead>
<tr>
<th>Rank</th>
<th>Brand</th>
<th>TBI</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>Garuda Indonesia</td>
<td>40.5%</td>
</tr>
<tr>
<td>2nd</td>
<td>Lion Air</td>
<td>27.2%</td>
</tr>
<tr>
<td>3rd</td>
<td>Citilink</td>
<td>9.8%</td>
</tr>
<tr>
<td>4th</td>
<td>Air Asia</td>
<td>6.0%</td>
</tr>
<tr>
<td>5th</td>
<td>Sriwijaya Air</td>
<td>5.1%</td>
</tr>
</tbody>
</table>

Source: Top Brand Index Award 2018 Fase 1

Based on Table 1.1, Citilink Indonesia gets the 3rd place of the most wanted airlines in Indonesia after Garuda Indonesia Airline and Lion Air Airline with 9.1% top brand index. This result is not in line with the airline accident which has been happening in this last two years. Whereas, on August 3rd, 2017 a plane crash happened between Lion Air and Wings Air in Kualanamu International Airport, Deliserdang, North Sumatera; On April 29th, 2018 Lion Air JT 892 slipped in Djalaluddin Tautu Airport, Gorontalo; On October 29th, 2018, Lion Air JT 610 route Jakarta – Pangkal Pinang, fell in Karawang, West Java, which loaded 181 passengers and 5 crews. Also, on November 7th, 2018 Lion Air JT 633 route Bengkulu – Jakarta crashed the airport pole (www.kompas.com), it shows that Citilink has a lower flight risk than Lion Air Airline.

II. Literature Review and Research Framework

2.1 Electronic Word of Mouth (eWOM)

Electronic word of mouth (eWOM) can be defined as any positive or negative made by real consumers, the potential consumer, or former consumers about a product or company that can be accessed by many people or institutions through the internet (Hennig-Thurau et al., 2004:8).

2.2 Price
Price is the amount of money charged for a product or service, or the sum of the values that consumer exchanged for the benefit of having or using a product or service (Kotler and Armstrong, 2016). According to Tjiptono (2008) in the context of service marketing, simply put the price can be defined as the amount of money (monetary unit) or another aspect (non-monetary) containing the utility or usefulness in particular that need to get service.

2.3 Brand Image
Brand image is a associations (perceptions) series that exist in the consumers’ minds towards a brand, usually organized into a meaning. Brand relationships will become stronger if based on experience and get much information. Images or association represent perceptions that can reflect objective reality or not. That this image is formed from the association (perception) is what underlies the decision to buy brand loyalty from consumers.

2.4 Research Framework

Source: Researcher (2019)
Based on the research conceptual framework, the hypotheses are:

H1: EWOM has a positive influence on Citilink customers’ repurchase intention
H2: Price has a positive influence on Citilink customers’ repurchase intention
H3: Brand image has a positive influence on Citilink customers’ repurchase intention

III. Research Method
The research method used in this research is a quantitative method. The research design that the researcher used in this research is explanatory research, that is understanding and become clear to define each variable that investigated in some situation, where the purpose of this explanatory study can provide to researcher a history or illustrated an aspect that relevant with phenomena of someone.

This study adopts structural equation modeling (SEM) for data analysis. The hypotheses that have been formulated in this research are tested by using Partial Least Squares (PLS) Version 2.0 as a multivariate statistical technique that makes comparisons between multiple dependent variables and multiple independent variables. PLS can simultaneously test the measurement model as well as the structural model.

IV. Result and Discussion

4.1 Result of Data Collection
The number of questionnaires distributed online is 200 and received as many as 200. But, the questionnaire that useable is only 180. Based on age, two (0.96%) respondents are less than 18 years old, 92 (50.64%) respondents are in the range of 18-20, 82 (46.82%) respondents are in the range 21-23 years old, and four respondents are citizen >23 years old. Based on gender, 103 participants are female (57.64%), and 77 participants are male (42.36%).

4.2 Descriptive Statistics
In this research, analysis of descriptive statistics is conducted on 180 respondents, and the statistical measurements of the sample utilize Microsoft Office Excel 2013.

Table 4.1
Descriptive Statistics of Research

<table>
<thead>
<tr>
<th>Variable</th>
<th>N</th>
<th>Min</th>
<th>Max</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>EWOM (X1)</td>
<td>180</td>
<td>1</td>
<td>5</td>
<td>3.43</td>
<td>0.026</td>
</tr>
<tr>
<td>Price (X2)</td>
<td>180</td>
<td>1</td>
<td>5</td>
<td>3.82</td>
<td>0.131</td>
</tr>
<tr>
<td>Brand Image (X3)</td>
<td>180</td>
<td>1</td>
<td>5</td>
<td>3.58</td>
<td>0.105</td>
</tr>
<tr>
<td>Repurchase Intention (Y1)</td>
<td>180</td>
<td>1</td>
<td>5</td>
<td>3.85</td>
<td>0.165</td>
</tr>
</tbody>
</table>

Source: Primary Data (processed)

4.3 Evaluation Model
Evaluation of the model is performed with three stages, including the testing of convergent validity, testing of discriminant validity, and testing of reliability.

Table 4.2
Table of Algorithm

<table>
<thead>
<tr>
<th>Variable</th>
<th>AV E</th>
<th>Composite Reliability</th>
<th>R Square</th>
<th>Cronbachs Alpha</th>
<th>Communality</th>
<th>Redundancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>EWOM</td>
<td>0.7</td>
<td>0.908</td>
<td>0.000</td>
<td>0.848</td>
<td>0.7676</td>
<td>0.0000</td>
</tr>
<tr>
<td>BI</td>
<td>0.7</td>
<td>0.918</td>
<td>0.000</td>
<td>0.881</td>
<td>0.7372</td>
<td>0.0000</td>
</tr>
<tr>
<td>P</td>
<td>0.7</td>
<td>0.924</td>
<td>0.000</td>
<td>0.896</td>
<td>0.7105</td>
<td>0.0000</td>
</tr>
</tbody>
</table>
Hence, the data and the results of the measurements are considered reliable. Based on the test results of convergent validity, discriminant validity and reliability testing can be concluded by using algorithm models in Figure 4.10 below.

4.4 Hypotheses Testing
Based on the data processing, the form of Total Effects is illustrated in the following Table 4.5.

4.5 Discussion and Result
4.5.1 EWOM on Citilink Customers’ Repurchase Intention (H1)
Hypothesis 1 in this research states that electronic word of mouth has a positive effect on the Citilink customers’ repurchase intention. Mostly, the respondents of this research are 18-20 years old. In these range of age, people are already supported with gadget to encourage their productivity. Together with it, people can always gather information about a product before repurchasing it. In line with it, the woman respondent is greater than then man respondents, which means that woman has many range of age, people are already supported with gadget to encourage their productivity. Together with it, people can always gather information about a product before repurchasing it. In line with it, the woman respondent is greater than then man respondents, which means that woman has many

<table>
<thead>
<tr>
<th>Source: Primary Data (processed)</th>
</tr>
</thead>
<tbody>
<tr>
<td>EWOM: Electronic Word of Mouth; BI: Brand Image; P: Price; RI: Repurchase Intention.</td>
</tr>
</tbody>
</table>

Besides the AVE and communality parameters in Table 4.2, convergent validity can be determined based on the following loading factors as presented in Table 4.3.

Table 4.3
Outer Loadings

<table>
<thead>
<tr>
<th>BI</th>
<th>E-WOM</th>
<th>P</th>
<th>RI</th>
</tr>
</thead>
<tbody>
<tr>
<td>BI1</td>
<td>0.871327</td>
<td>0.843730</td>
<td>RI1</td>
</tr>
<tr>
<td>BI2</td>
<td>0.870462</td>
<td>0.850907</td>
<td>RI2</td>
</tr>
<tr>
<td>BI3</td>
<td>0.886552</td>
<td>0.837387</td>
<td>RI3</td>
</tr>
<tr>
<td>EWOM1</td>
<td>0.825042</td>
<td>0.770920</td>
<td>RI4</td>
</tr>
<tr>
<td>EWOM2</td>
<td>0.864876</td>
<td>0.880581</td>
<td></td>
</tr>
<tr>
<td>EWOM3</td>
<td>0.865444</td>
<td>0.846999</td>
<td></td>
</tr>
<tr>
<td>EWOM4</td>
<td>0.911907</td>
<td>0.882115</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data (Processed)
EWOM: Electronic Word of Mouth; BI: Brand Image; P: Price; RI: Repurchase Intention.

Thus, based on the processing results, it can be concluded that the convergent validity has been fulfilled.

Table 4.4
Cross Loadings

<table>
<thead>
<tr>
<th>BI</th>
<th>E-WOM</th>
<th>P</th>
<th>RI</th>
</tr>
</thead>
<tbody>
<tr>
<td>BI1</td>
<td>0.417692</td>
<td>0.581862</td>
<td>RI1</td>
</tr>
<tr>
<td>BI2</td>
<td>0.417692</td>
<td>0.581862</td>
<td>RI2</td>
</tr>
<tr>
<td>BI3</td>
<td>0.458394</td>
<td>0.543426</td>
<td>RI3</td>
</tr>
<tr>
<td>EWOM1</td>
<td>0.482115</td>
<td>0.825042</td>
<td>RI4</td>
</tr>
<tr>
<td>EWOM2</td>
<td>0.467862</td>
<td>0.864876</td>
<td></td>
</tr>
<tr>
<td>EWOM3</td>
<td>0.420249</td>
<td>0.623085</td>
<td></td>
</tr>
<tr>
<td>EWOM4</td>
<td>0.426848</td>
<td>0.805819</td>
<td></td>
</tr>
</tbody>
</table>

Source: Primary Data (Processed)
EWOM: Electronic Word of Mouth; BI: Brand Image; P: Price; RI: Repurchase Intention.
supported. This result is consistent with researches conducted by Stauss (1997, 2000); ACNieslen (2007), Rowley (2001), Chevalier and Mayzlin (2006).

Stauss (1997, 2000) stated that the opportunities and threats for business brought about by the rise in online customer articulations, which means that EWOM gives a significant and positive impact. In line with that, a recent survey found that most consumers perceive online opinions to be as trustworthy as brand websites (ACNielsen, 2007). Not only that, Rowley (2001), also proposed that commercial enterprises should try organizing online communities rather than to simply advertise on the internet. These studies indicate how great of a potential impact EWOM can have on the consumer decision process. At this moment, a WOM message will be very important references for consumers to establish their purchasing decision making process and a related study of Chevalier and Mayzlin (2006) that examined the effects of online product reviews on the relative sales of two online bookshops based on publicly available data from two leading online and booksellers. The result of their study showed that such online communication significantly affects the consumers’ purchase intention.

In conclusion, the more positive the electronic word of mouth, the more the Citilink customers’ repurchase intention. However, the more negative the electronic word of mouth, the less Citilink customers’ repurchase intention. Thus, EWOM becomes one of the determinants of Citilink customers’ repurchase intention.

4.5.2 Price on Citilink Customers’ Repurchase Intention (H2)

Hypothesis 2 in this research states that price has a positive effect on Citilink customers’ repurchase intention. Mostly, the respondents of this research have ever flew with Citilink once. It means that they had already experienced Citilink Indonesia and can rate the quality of the Citilink itself with the price that offered by Citilink Indonesia. The result shows that the value of its t-Statistics is 1.555562, which is lower than the value of t-table (1.64). Based on the result, it can be concluded that the price does not have a significant effect on Citilink customers’ repurchase intention. Thus, hypothesis 2 is not supported. This result is consistent with results conducted by Broekhuizen and Alsem (2002) and Moon, Doren, and Tikoo (2004).

In his research, Broekhuizen and Alsem (2002) suggest that customers are often willing to pay a premium for customized products because their needs are better met. Moon, Doren, and Tikoo (2004) also said that price did not significantly affect consumer purchase intentions for either the computer desks or sunglasses as personalized items. However, if the price goes up beyond a certain range, customers may begin to substitute less customized products. They search for information until the marginal cost of obtaining a unit of information is equal to the marginal benefit of possessing a unit of information. Thus, the price search will increase as the benefits of searching increase, which happens when the price of a seller’s customized product goes up.

In conclusion, as long as the price is equal with the good service provided by Citilink Indonesia, it will not be a problem that matter. Because, in the airline business, the customer will give no regret to pay the high price for their safety.

4.5.3 Brand Image on Citilink Customers’ Repurchase Intention (H3)

Hypothesis 3 in this research states that brand image has a positive effect on the Citilink customers’ repurchase intention. This caused by mostly, the respondents of this research are women, and women have many considerations more than men. Automatically, brand image is being one of the important thing to be considered. The better the brand image, the more it fulfills the consideraation of a woman. The results show that the value of its t-Statistics is 8.227170 which are greater than the value of t-table (1.64). Based on the result it is concluded that brand image has a positive effect on the Citilink customers’ repurchase intention. Thus, hypothesis 3 is supported. This result is consistent with researches conducted by Shukla (2010), Wang and Yang (2010), and Wu et al. (2011).

Wang and Yang (2010) investigated the impact of brand credibility on consumers’ brand purchase intention focusing on China’s automobile industry. They proposed that brand image play a positive role in this research. Wu et al. (2011) also investigated the direct effects of store image and service quality on brand image and purchase intention for a private label brand. Their study revealed that brand image has a direct and positive effect on purchase intention. Not only that, Shukla (2010) indicated that interpersonal influences and branding cues shape consumer luxury purchase intentions. The results of his study showed that while normative interpersonal influences and branding cues shape consumer luxury purchase intentions. The results of his study showed that while normative interpersonal influences were found to be significant among consumers.

In conclusion, the better and strong the brand image, the more the Citilink customers’ repurchase intention. In contrast, the worse and weak the brand image, the less the Citilink customers’ repurchase intention. Thus, the brand image becomes one of the determinants of Citilink customers’ repurchase intention.

V. Conclusion

For this research, it can be concluded that:
1. The findings show that Electronic Word of Mouth (EWOM) on the Citilink’s customer repurchase intention is positive and significant. This result indicates that how great of a potential impact EWOM can have on the consumer repurchase intention. In this
research, EWOM successfully influences how people see Citilink Indonesia using an experimental study of consumers’ use of online recommendation sources. The various platforms which facilitate EWOM, such as social media, discussion boards, and other communication tools are also increasingly being recognized for how they influence the adoption and use of Citilink Indonesia. At this time, EWOM message will be an important reference for consumers to obtain information about Citilink Indonesia and also to establish their repurchase intention.

2. Price has no significant effect on Citilink Indonesia customers’ repurchase intention. This condition happens because neither the Citilink price is suddenly getting an increase or decrease, as long as they can give a good value for their customers, the customers will still buy or repurchase Citilink Indonesia whatever happens.

3. Brand image also gives a positive and significant effect on Citilink Indonesia customers’ repurchase intention. In this case, the brand image successfully evokes feelings of trust, confidence, security, strength, and exclusivity. It happens because the strong brand image of Citilink Indonesia conveys the core value proposition of both the organization and its service in a way that resonates with customers.

In conclusion, the more positive the electronic word of mouth of Citilink Indonesia, the more the repurchase intention of the customers. In line with that, the better the brand image of Citilink Indonesia, the more the repurchase intention of the customers.

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