

THE INFLUENCE OF BRAND IMAGE AND SERVICE QUALITY ON THE DECISION TO PURCHASE A HOUSE WITH MODERATING EFFECT OF LIFESTYLE: A CASE STUDY ON MORTGAGE LOANS AT BANK TABUNGAN NEGARA BRANCH OFFICE

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Abstract

This study analyzes the influence of brand image, service quality, and lifestyle on the decision to finance home ownership loans (KPR) at Bank Tabungan Negara (BTN). Data were collected through questionnaires distributed to BTN customers who have taken out KPR. Data analysis was performed using multiple regression techniques. The results show that brand image and service quality have a positive and significant influence on KPR financing decisions. Additionally, lifestyle moderates the relationship between brand image and KPR financing decisions, as well as between service quality and KPR financing decisions. These findings highlight the importance of enhancing brand image and service quality and considering customer lifestyle in designing KPR products and services

Keywords: Brand Image, Service Quality, Lifestyle, Mortgage Loans

Introduction

Competition in various sectors has become increasingly intense, leading to significant changes across different fields. One of the growing needs is the demand for housing. The increasing population and density in Kabupaten Bungo drive the demand for suitable residential areas. Bank Tabungan Negara (BTN), as a financial institution, plays a crucial role in providing financing through mortgage loans (KPR). This study aims to analyze the impact of brand image, service quality, and lifestyle on mortgage financing decisions at BTN Kabupaten Bungo.

In the era of increasingly intense competition, many sectors are experiencing significant changes. One of the sectors seeing considerable growth is the housing sector. The increasing population and density in Kabupaten Bungo are driving the demand for suitable residential areas. Bank Tabungan Negara (BTN) plays a crucial role in providing housing financing through mortgage loans (KPR).

The decision-making process for purchasing a house is influenced by various factors. Among these, brand image and service quality are critical in attracting customers to choose mortgage loans from a specific bank. Brand image reflects the reputation and reliability of the bank, which can significantly influence customers' trust and confidence in the bank's products and services. Service quality, on the other hand, pertains to how well the bank meets customers' needs and expectations during the loan application process and throughout the loan tenure.

Moreover, lifestyle also plays a vital role in moderating the relationship between brand image, service quality, and mortgage financing decisions. Different lifestyles lead to varying preferences and perceptions, which can impact how customers value brand image and service quality when making mortgage financing decisions. Specifically, brands must create strong, profitable and unique brand associations with customers. (Kotler & Keller, 2016).

Given the importance of these factors, this study aims to analyze the influence of brand image and service quality on the decision to finance a house purchase through mortgage loans at BTN in Kabupaten Bungo, with a particular focus on the moderating effect of lifestyle. By understanding these relationships, BTN can better tailor its marketing strategies and improve its service delivery to meet customers' needs and expectations effectively.

This study is significant for both academic and practical reasons. Academically, it contributes to the literature on financial services marketing and consumer behavior by providing insights into the factors influencing mortgage financing decisions. Practically, it offers valuable insights for financial institutions, particularly BTN, to enhance their marketing strategies, brand management, and service quality to better serve their customers and stay competitive in the market.

The study's findings can help BTN understand the needs and preferences of its customers more deeply, allowing the bank to develop products and services that align more closely with customer expectations, thereby enhancing customer satisfaction and loyalty.

Literature Review

Service marketing cannot be conceptually understood without comprehending what services mean as marketing objects, which involves the conceptual development of services as offerings or objects to be marketed. Service marketing requires an entirely new approach that does not fit the conventional marketing

mix management paradigm. Services are intangible, inseparable, variable, and perishable. These characteristics require marketers to rethink their strategies and adapt to the unique challenges and opportunities that service marketing presents.

The conventional paradigm offers too formidable a barrier to allow for an approach to how service companies can approach their customers to keep them satisfied (Grönroos, 2020). Marketing of services is different from marketing of goods because services are intangible, perishable, and consumed at the same time as they are produced (Lahtinen, Dietrich and Rundle-Thiele, 2020).

Brand image

A brand is a name, symbol, logo, design, or image, or a combination of all these elements, used to identify a product or service and distinguish it from competitors. A brand is an entity that offers added value to customers (and other relevant parties) beyond its functional performance.

A successful brand is a product, service, person, or place that is identified and enhanced in such a way that buyers or users feel it provides a uniquely relevant and sustainable added value that best meets their needs. Essentially, a brand exists to differentiate a particular product or service from its competitors. (Kotler et al., 2016). A brand is the embodiment of a customer's goodwill or their feelings and experiences accumulated over a period of use and engagement with a brand. Therefore, the following hypothesis is formulated:

H1: Brand Image Has a Significant Impact on Home Ownership Credit Decisions.

Service Quality

Service quality is a critical factor in service marketing and is defined by the customer's perception of the service provided. Service quality can be measured using various models, such as SERVQUAL, which evaluates five dimensions: tangibles, reliability, responsiveness, assurance, and empathy. High service quality can lead to increased customer satisfaction, loyalty, and positive word-of-mouth, which are essential for the success of service-oriented businesses.

According to Kotler and Keller, quality is the completeness of the features of a product or service that has the ability to provide satisfaction to a need. (Kotler et al., 2016). Evert Gummesson, Professor of Marketing at Stockholm University, said: Customers co-create service value for the benefit of themselves and the service provider. Therefore, the following hypothesis is formulated:

H2: Service Quality has a significant impact on Mortgage Loan Decisions.

Lifestyle

Lifestyle refers to the way individuals live, spend their money, and allocate their time. It is influenced by various factors, including personal values, attitudes, interests, and external environment. In marketing, understanding lifestyle is crucial as it affects consumer behavior and purchasing decisions. Marketers use lifestyle segmentation to target specific groups of consumers with tailored marketing strategies that resonate with their values and preferences.

Lifestyle is essentially a function of consumer values. Consumer preferences for certain values tend to be expressed through their activities, interests, and opinions, and ultimately through their consumption." (Kotler & Keller, 2016). Marketers in all industries are seeking ways to offer greater value to today's more financially conscious buyers—finding just the right combination of product quality and good service at a fair price." (Kotler & Armstrong, 2021). Therefore, the following hypothesis is formulated:

H3: Lifestyle Has a Significant Impact on Home Ownership Credit Decisions

H4: Brand Image Has a Significant Impact on Home Ownership Credit Decisions Moderated by Lifestyle

H5: Service Quality Has a Significant Impact on Home Ownership Credit Decisions Moderated by Lifestyle

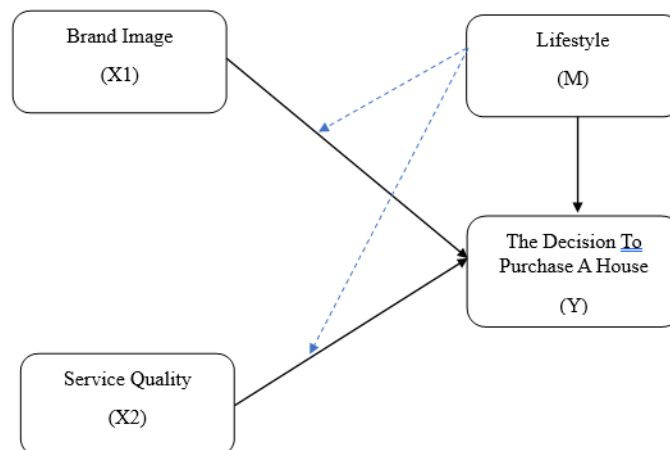


Figure 1. Proposed Conceptual Framework

Methods

Sample and Data Collection

This research adopts a quantitative approach using survey methods. Data were collected via questionnaires distributed to BTN customers who have taken out mortgage loans. The research sample was determined using purposive sampling techniques. Data analysis was conducted using multiple regression analysis to determine the influence of independent variables on the dependent variable, as well as the moderating effect of lifestyle.

According to Daru Sekaran, (2022) that population is a group of elements that can later be claimed by researchers. A sampling strategy in which relevant characteristics of the population under study and their overall presence in the population are identified. Then cases (participants) are selected to represent each relevant characteristic in the same proportions as they are represented in the population.

This research involves a total of 16 indicators with details, namely: Brand Image variable with 3 indicators, Service Quality variable with 5 indicators, Lifestyle variable with 3 indicators and KPR Decision variable with 5 indicators. Referring to the third rule, a minimum sample size of 5x18 is required so that a value of 90 is obtained. So the sample in this study was determined to be 90 respondents.

Measures

A questionnaire is a data collection technique that involves providing a set of written questions to respondents for them to answer (Sugiyono, 2019). Questionnaires can consist of both open and closed questions and can be administered directly to respondents or distributed via the internet. The list of questions on this research questionnaire aims to understand respondents' perceptions of the impact of Brand Image and Service Quality on home ownership credit decisions at Bank Tabungan Negara Muara Bungo, moderated by Lifestyle. This questionnaire will be distributed to respondents who already have home ownership credit with Bank Tabungan Negara Bungo.

Partial Least Squares Structural Equation Modeling (PLS-SEM) is a statistical analysis technique that combines principal component analysis with multiple regression. This method is a variance-based approach to confirm measurement models and estimate structural relationships to maximize the explained variance in dependent variables (Hair et al., 2020). According to Hair et al. (2020), Partial Least Squares (PLS) is a statistical procedure for simultaneously estimating systems of equations, referred to as Structural Equation Modeling (SEM).

Results and Discussion

Demographics

The characteristics of respondents in this study are detailed as debtors who already have Home Ownership Credit at Bank Tabungan Negara Kabupaten Bungo. The characteristics of the respondents collected in this study include research data categorized by respondent age, housing name, and location.

Table 1. Respondent's Gender

		Frequency	Percent
Valid	Male	35	39 %
	Female	55	61 %
		90	100 %

Table 2. Respondent's Age

Age Range	Frequency	Percent
19-25	22	24%
26-30	17	19%
30-35	20	22%
36-40	23	26%
>40	8	9%
Total	90	100%

Table 3. Respondent's Occupation

Type of work	Frequency	Percent
BUMD/ BUMN	1	1%
Private companies	66	73%
PNS	5	6%
TNI/POLRI	3	3%
Entrepreneur	15	17%
Total	90	100%

Respondents were male and female. This research was dominated by female respondents. There were 55 female respondents or 61% and 35 male respondents or 39%. In the table it can be seen that based on the research results of 90 respondents, (24%) were aged 19-25 years or as many as 22 respondents, (19%) were

aged 26-30 years or as many as 17, (22%) were aged 30-35 years or totaling 20, (26%) aged 36-40 years or totaling 23, (9%) aged >40 years or totaling 8. At age >40 there were fewer respondents. From these data it can be concluded that the dominant number of respondents was 36-40 years old. shows that home ownership credit debtors at Bank Tabungan Negara from the research results of 90 respondents, (1%) work in Bumd/BUMN or as many as 1 respondent, (73%) work in private companies or as many as 66 respondents, (6%) work as civil servants or as many as 5 respondents, (3%) worked as TNI/POLRI or as many as 3 respondents, (15%) worked as entrepreneurs or as many as 15 respondents. In this study, the respondents' jobs were predominantly working in private companies.

Measurement Model Assesmen

Based on the data processing results using SmartPLS 4.0, the validity test results can be presented based on three criteria: Convergent Validity, Average Variance Extracted (AVE), and Discriminant Validity. The analysis results using SmartPLS are presented in the following figure:

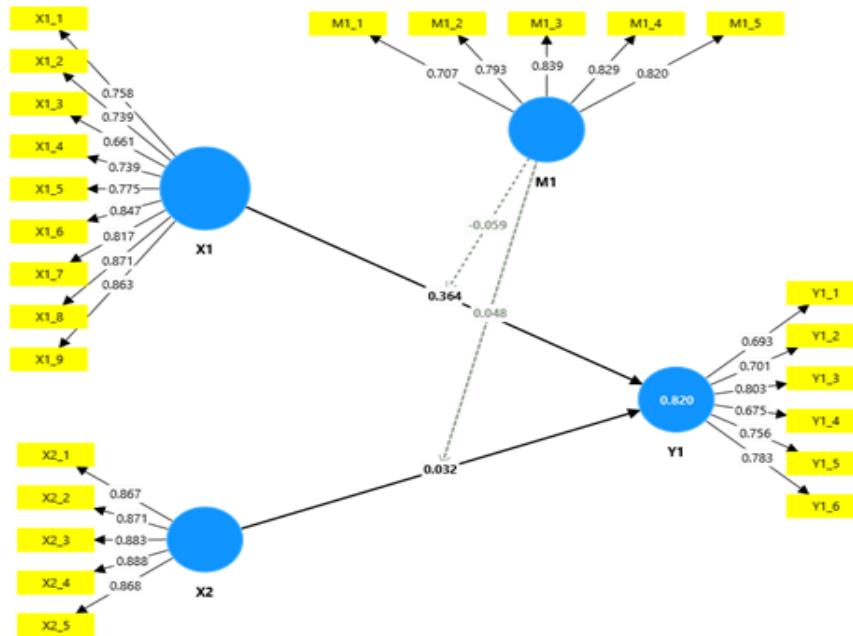


Figure 2. Outer Model (Convergent Validity Test Results)

Table 4. Average Variance Extracted and Discriminant Validity

Variable	AVE	Discriminant Validity
Brand Image	0.638	0.876
Service Quality	0.621	0.898
Lifestyle	0.766	0.936
The Decision To Purchase	0.543	0.943

To measure discriminant validity, reflective indicators can be examined through cross-loading between indicators and their constructs. The second criterion for discriminant validity is to compare the square root of the Average Variance Extracted (AVE) for each construct with the correlation between that construct and other constructs in the model. A model has sufficient discriminant validity if the square root of the AVE for each construct is greater than the correlations between that construct and other constructs. The Average Variance Extracted (AVE) value has met the specified requirement, which is 0.50, as has the Discriminant Validity value.

Result of Structural Model

The results of this research hypothesis analysis used SmartPLS data processing software. Hypothesis testing is carried out to find out whether the initial variables ultimately have a statistical relationship or influence on the previously proposed hypothesis or whether it is possible to reject the hypothesis that has been proposed. The first step in creating a research hypothesis is to use SmartPLS software, the display of results that have gone through processing and construction can be seen in the following image:

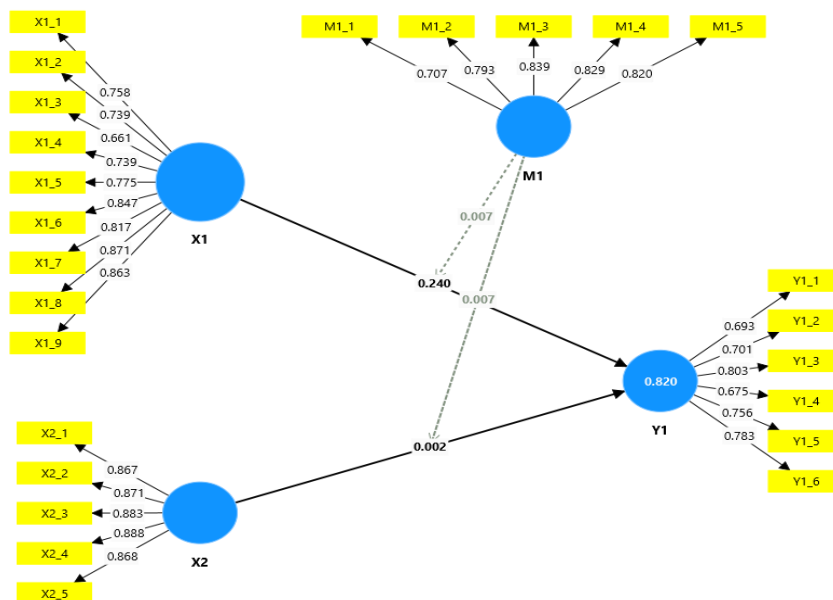


Figure 3. Structural Model

The Brand Image variable has a T-statistics value of 3.293, a P-value of 0.000, and an original sample value of 0.364. The research results identify that the first hypothesis, which is the effect of Brand Image on Home Ownership Credit Decisions, shows a positive and significant result, thus the first hypothesis proposed is accepted. The variable Service Quality on Home Ownership Credit Decisions has a T-statistics value of 0.392, a P-value of 0.348, and an original sample value of 0.032. The research results identify that the second hypothesis, which is the effect of Service Quality on Home Ownership Credit Decisions, shows a positive but not very significant result. Therefore, the second hypothesis proposed is rejected. The Lifestyle variable has a T-statistics value of 7.506, a P-value of 0.000, and an original sample value of 0.586. The research results identify that the third hypothesis, which is the effect of Lifestyle on Home Ownership Credit Decisions, shows a positive and significant result. Therefore, the third hypothesis proposed is accepted. Hypothesis Test of the Effect of Brand Image on Home Ownership Credit Decisions Moderated by Lifestyle. Based on the table, the T-statistics value is 0.615, the P-value is 0.269, and the original sample value is -0.059. The research results identify that the fourth hypothesis, which is the effect of Brand Image on Home Ownership Credit Decisions moderated by Lifestyle, shows a negative and insignificant result. Therefore, the fourth hypothesis proposed is rejected. Hypothesis Test of the Effect of Service Quality on Home Ownership Credit Decisions Moderated by Lifestyle. Based on the table, the T-statistic value is 0.505, the P-value is 0.307, and the original sample value is 0.048. The research results identify that the fifth hypothesis, which is the effect of Service Quality on Home Ownership Credit Decisions moderated by Lifestyle, shows a positive but insignificant result. Therefore, the fifth hypothesis proposed is rejected.

Discussion

The Impact of Brand Image on Mortgage Financing Decisions

The results indicate that brand image positively and significantly influences mortgage financing decisions. Customers tend to choose BTN’s mortgage loans due to their trust in the bank’s brand image. A successful brand is an identifiable product, service, person or place, enhanced in such a way that buyers or users find it relevant. Unique and sustainable added value that best suits their needs. A brand essentially exists to differentiate a particular product or service from its competitors. (Kotler et al., 2016).

The Impact of Service Quality on Mortgage Financing Decisions

Service quality also has a positive and significant impact on mortgage financing decisions. Customers value the quality of service provided by the bank in the process of applying for and managing mortgage loans.

It is mandatory for companies to provide the best service quality so that they can survive and remain trusted by customers. According to Kotler and Keller, quality is the completeness of the features of a product or service that has the ability to provide satisfaction to a need. (Kotler et al., 2016). Service quality is a central point for the company because it influences consumer satisfaction and consumer satisfaction will arise if the quality of service provided is good.

The Moderating Role of Lifestyle on Mortgage Financing Decisions

Lifestyle moderates the relationship between brand image and mortgage financing decisions, as well as between service quality and mortgage financing decisions. Customers' lifestyles affect how they perceive the brand image and service quality of the bank when making mortgage financing decisions.

Lifestyle is essentially a function of consumer values. Consumers' preferences for certain values tend to be expressed through their activities, their interests and opinions, and ultimately through their consumption. (Kotler & Keller, 2016) Consumers have now adopted a return to basics in their lifestyle and shopping patterns which will likely continue in the years to come.

They are buying less and looking for greater value in the items they buy. In turn, value marketing has become a watchword for many marketers. Marketers across all industries are looking for ways to offer greater value to today's more financially frugal buyers - just the right combination of product quality and good service at a reasonable price (Kotler & Armstrong, 2021). Lifestyle often influences the choice of residence location. Customers who adhere to an urban and active lifestyle may prefer a house that is located close to the city center, shopping center or recreation area.

Conclusion

This study underscores the importance of brand image and service quality in influencing customers' decisions to take out mortgage loans at BTN Kabupaten Bungo. Additionally, customers' lifestyles play a significant moderating role in these relationships. Banks need to consider these factors when designing and marketing mortgage products to meet customers' needs and enhance their satisfaction. These findings provide practical implications for BTN in developing marketing strategies and improving services. Strengthening the brand image through effective and consistent marketing campaigns, as well as enhancing service quality through staff training and operational process improvements, can increase BTN's competitiveness in the banking market.

Limitations and Future Research Discussion

This study has several limitations, such as the sample size being limited to one BTN branch and the use of self-reported data. Future research is recommended to adopt a longitudinal approach, expand the geographic scope, and include additional variables to provide a more comprehensive understanding of the factors influencing house purchase decisions.

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