

# The Role of Corporate Image in Mediating the Effect of Service Quality on Buying Decision for a Retail Outlet in Bali

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*Purchase decision is a decision to choose one from two or more alternative options. It can be assumed that all behaviors are deliberately based on the desire that are produced when consumers consciously and rationally choose one of the alternative actions. This study was conducted in Hardy's Retailindo, Sanur Branch. The sample included 100 respondents. The techniques of data collection were through observation, interviews, and questionnaire. The techniques of data analysis were through a validity test, reliability test, path analysis, and Sobel test. The results of this study showed that service quality has a significant effect on the purchase decision in Hardy's Retailindo, Sanur Branch. The level of significance for service quality on the purchase decision is  $0.000 < 0.05$ . Moreover, the service quality also had a significant impact on the corporate image for the retail outlet that was examined in this paper. Another significant effect was established between service quality and purchase decision. All hypotheses displayed levels of significance lower than 0.05. This paper also aimed to explore the mediation role of corporate image in the 'services quality' – 'purchase decision' relationship.*

**Keywords:** service quality, corporate image, purchase decision, buying decision

**JEL Classification:** M31

## 1. Background

In the era of globalization, business rivalry is increasing, and every company aims to get maximum profit in their development of business strategies. According to Indonesia's Retail Employers Association (Aprindo.org, 2018), retail business in Indonesia began to grow in the range of the 1980s along with developing Indonesia's economy began. The other thing that encourages the development of retail business in Indonesia is a lifestyle change of upper middle-class communities, particularly in urban areas that tend to prefer shopping in the modern shopping centers. According to Indonesia's Retail Employers Association (Aprindo.org, 2018), retail is an important link in the process of good distribution and is the last link in the distribution process. Through retail, a product can meet directly with its designated users. The retail industry is defined as the industry that sells products and services that have been given plus value to fulfill

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the needs of personal, family, group, or end-user. Most of the products sold reflect the fulfillment of household needs including nine basic commodities. The retail industry in Indonesia contributes greatly to Gross Domestic Product (GDP) and also absorbs the workers in the large number. As a developing country, the growth rates of retail industry in Indonesia is influenced by the strength of the community's purchasing power. The company's implementation of concepts is oriented towards forming partnerships with customers through the development of interactive and intensive communication with consumers, it is believed by marketing practitioners or experts can be easily affect the purchase decision which owned by consumers. The vary needs and desires of consumers become the guideline for each company to design the right marketing strategies in order to fulfill the desire of each consumer. Today, with the development of technology, consumers are getting smarter in choosing the products that they will consume. The consumers' decision-making process often involves some complex decisions.

Kotler and Keller (2009, p.234) argue the smart company will try to fully understanding the customer decision making process, all their experiences in learning, choosing, using, even in disposing products. Purchase decision is a decision as the choice of two or more alternative options (Sumarwan, 2014, p.289). It is assumed that all behaviors are deliberately based on the desire that are produced when consumers consciously and rationally choose one of among different alternatives. Wijayanti (2008, p.140) states that the alternative choice of consumers is related to the expected benefits and narrows its choice to the final alternative chosen that can fulfill and satisfy their needs and desires. Before understanding the consumers' purchase decision making process, it is important to understand the characteristics of consumers' involvement with products or services (Sutisna, 2003, p.11). Consumers' attitude and actions toward on a brand are determined by their perception regarding brand image. Brand image is one of the important elements that encourage consumers to buy a product. If the brand image attached to a product is favorable, the consumers will be more interested to buy it, because they assume that a product with an already trusted brand image is more secure when the consumer uses the product to be purchased. Sometimes, if a brand already has a high level of popularity, the company will not be difficult to perform promotional activities. Even not rarely the consumers who have an experience with the brand will join to promote without realizing it. The corporate image may improve the people's view or public perception of a company in positive perceptions that may affect the marketing of company. The company decision to take the corrective actions of systematic service is a component to follow up the consumer complaints, so it is able to build the consumers' loyalty. The quality has a close relationship to the customers' decision. The quality provides an incentive to the customer to build strong relationship to the company in the long period. Surely, it can be used to understand the customers' expectations. The company decision to take the corrective actions of systematic service is a component to follow up on consumer complaints and build the consumers' loyalty (Elu, 2005).

Besides brand image, service quality is also an important factor in determining the purchase decision made by the consumers. Lewis and Booms (1983) and Tjiptono, (2012, p.157) state that service quality is a measure of how good the services level provided is able to match customers' expectation. The assessment of service quality is determined by customer as the user or who feels the service itself. Now, through the existence of retail stores, the business rivalry is getting tighter. Service quality or customers' service can be divided into two types, namely good service quality and bad service quality. Service quality is not a permanent or rigid thing, but it is flexible and it can be changed. The change is certainly in the form of improving service quality to make it better. The process of service quality changes requires several things. For example, surveys or observations of customers, including suggestions, opinions or feedback about services that have been provided.

Service quality can be defined as the satisfaction level of consumers. The satisfaction level of a consumer can be obtained from the comparison of service types that are actually received by the consumer with the service expected by the consumers. A good type of service quality is the service type satisfying and in accordance with the service expected by the consumer. If the service can exceed consumers' expectations, the type of service quality can be categorized as highly qualified or a very satisfying service. While bad service quality is the service type that is far from the standard or not in accordance with service expected by the consumer.

Service quality is important because it will have a direct impact on corporate image. A good service quality will be an advantage for the company. If a company has got a positive value in the consumer, the consumer will provide good feedback, as well as not impossible will become a regular or repeat buyer. Therefore, it is very important to consider related aspects of customer satisfaction regarding service quality provided. Some of the results state that there are closed relationships between the corporate image and service quality on the purchase decision.

According to Puspita (2016), brand image has a significant effect on buying decision. This idea was strengthened by the results of study conducted by Tjandrasa (2006) that stated that a good brand image will be firmly embedded in the minds of consumers. According to Ridhwan (2015), the independent variable that consists of brand image and service quality has a significant effect on purchase decision, as a dependent variable. If the brand is more famous, it will impact consumers' perception and confidence to products so it can form an image. Service quality is closely related to creating corporate profits, the good service quality provided by the company then the satisfaction felt by customers will be higher.

The basis for this study is the retail outlook of Hardy's Retailindo, a famous retail company operating in Bali. Often experiencing ups and downs, with changes of ownership and bankruptcy risks, Hardy's Retailindo is still able to become one of retail companies that the Balinese people always remember and treasure. One branch of Hardy's Retailindo which was able to survive amid the management turmoil is the Sanur Branch. This branch of Hardy's Retailindo began its operations at the beginning of 2000s and has always tried to be a company that has been a good image in the mind of its target customers, by always prioritizing maximum service quality with the final goal of consumer loyalty. One way to examine consumers' preference for Hardy's Retailindo, Sanur Branch is to look at sales and visits data, which are presented in Table 1, based on data from January to December of 2017:

**Table 1.** The Number of Sales and Visit Data from Hardy's Retailindo Sanur Branch, Denpasar, Bali

Month of 2017	Visit	Percentage of Increase (%)	Number of Sales (Rupiah)	Sales equivalent in US Dollars*	Percentage of Increase (%)
January	68,814	0	15,892,160,071	1,125,277.77	0
February	64,880	-5.71	12,342,268,558	873,920.24	-28.76
March	68,749	5.96	13,466,767,820	953,542.78	8.35
April	74,090	7.76	11,609,709,278	822,049.85	-16.00
May	72,317	-2.39	12,705,212,274	899,619.24	8.62
June	70,609	-2.36	11,688,069,291	827,598.29	-8.70
July	64,054	-9.28	10,477,895,274	741,909.38	-11.55
August	55,894	-12.73	10,272,120,254	727,339.05	-2.00
September	50,830	-9.06	10,330,161,929	731,448.81	5.6
October	50,410	-0.82	10,536,609,004	746,066.73	1.96
November	44,864	-11.01	8,776,459,978	621,435.68	-20.06
December	46,573	3.80	8,212,565,745	581,507.96	-6.87
Total	732,084	-	136,309,999,476	9,651,715.76	-
Average	61,007	-3,25	11,359,166,623	804,309.65	-6.20

Source: Hardy's Retailindo Sanur Branch, Denpasar, 2018; \*1 IDR = 0.0000708071 USD

From the table above, it can be noticed the fluctuation in the number of visits that tend to decrease at the end of 2017, and when it is averaged, there was decrease of -3.25% during 2017. The decrease in visits will certainly contribute to the income obtained by the company. It also causes a decrease in the number of sales. Based on Table 1, it can be observed that sales data in Hardy's Retailindo during January to December of 2017 has a drastic decreased. Over the previous year, sales of Hardy's Retailindo Sanur Branch as a whole dropped by 6.2 percent compared to 2016. This happened because in 2017, Hardy's Retailindo Sanur Branch experienced the decreasing sales in seven months and it only experienced increasing sales in four months in 2017. Sales decreasing is certainly related to consumers' purchase decision that is affected by the issue of corporate image that is decreasing. News about the bankruptcy of the owner of Hardy's Retailindo Sanur Branch also had an impact on consumers' image and it lead to their hesitation to come shopping in Hardy's Retailindo Sanur Branch. The consumers are certainly afraid if they wasted in vain – come to Hardy's Retailindo Sanur Branch after news circulated that the Hardy's Group has gone bankrupt. The decrease of corporate image is what contributed to the sales' decline during 2017. Hardy's Retailindo Sanur Branch is fighting the issue of declining sales, but it is also getting a lot of complaints about the service quality from the multiple customers, as presented in Table 2.

From Table 2, it can be noticed that in 2017 there were many complaints regarding service quality from the input boxes provided by Hardy's Retailindo Sanur Branch. In addition, the problem of corporate image is the bankruptcy of the old owners and the transfer of management to the new owner which also contributed to the decrease in service quality by employees. Many consumers' complains about the service quality they get for shopping in Hardy's Retailindo Branch Sanur is that it tends not to be optimal, starting

from the few available employees, to low enthusiasm in serving consumers. From the employees' side, the issue of succession management makes them doubt their future at Hardy's Retailindo Sanur Branch. The remaining employees have not been able to ascertain how their work will continue amid the issue of succession of management. Looking at these problems, in this paper we aim to raise the issue services quality's effects on purchase decision, through corporate image for this retail point, namely Hardy's Retailindo, Sanur Branch in Denpasar, Bali".

**Table 2.** Data of Customer Complaints in Hardy's Retailindo Sanur Branch 2017

Months of 2017	Number of Complaints
January	4
February	12
March	6
April	1
May	11
June	5
July	5
August	6
September	12
October	8
November	11
December	14
<b>Total</b>	<b>95</b>

Source: Hardy's Retailindo Sanur Branch, Denpasar, 2018

## 2. Theoretical Framework

### 2.1. Marketing Management

All companies want all activities carried out to run well, increase and obtain maximum profit. All the steps needed to achieve a good management process in carrying out marketing activities is known as marketing management. According to Kotler and Keller (2012, p.27): "Marketing management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value." This definition explains that marketing management has an important function to determine and increase demand in the market through a process that involves analysis, planning and implementation and supervision of programs aimed at serving the target market, according to the market's needs and desires.

### 2.2. Purchase Decision

Purchase decisions of consumers represent the act committed by a consumer to buy a product. Every manufacturer is definitely running a variety of strategies to let consumers decide to buy its products. Kotler and Keller (2012, p.29) states that a purchase decision reflects the attitude of a person to buy or use a product in the form of goods or services that has been believed to be satisfying and willingness to bear the risks that may arise. Purchase decisions taken by the buyer are actually a collection of organized decisions. Engel et al. (2000, p.31) states that purchase decisions represent the process of formulating the various alternative actions in order to make the choice on one specific alternative and to make a purchase. A process of buying is not just know the various factors that will effects the buyer, but is also based on the role in the decision to buy and purchase. Purchase decisions represent the real purchase process, whether buying or not (Swastha and Handoko, 2012, p.110). According to Tjiptono (2008, p.19) states that consumers' purchase decision is the choice of an action from two or more alternative options. The consumers aim to buy, postpone, or cancel a purchase decision if they are strongly effected by perceived risk. The magnitude of the risk that consumers will feel varies depending on the magnitude of the uncertainty attribute, and the magnitude of consumer confidence.

### 2.3. Indicators of Purchase Decisions

Schiffman and Kanuk (2007, p.506) state that there are six indicators that can affect purchase decisions, namely: Trial Purchase, Repeat Order, Long-term Purchase, Purchase Interest due to the existence of needs or desires, purchase decisions on the basis of the information and related sources, purchase decisions after evaluating and selecting various alternatives. Swastha and Handoko (2012, p.120)

state that a very strong driving factor in consumers' purchase decision is effected by a number of people who have involvement in the purchase decision. People who have involvement in the purchase decision also have different roles: taking the initiative (initiator), affected person (influencer), decision makers (a decider), buyer and user.

## **2.4. Service Quality**

Quality is a dynamic condition that affects products, services, people, processes and environments that meet or exceed expectations (Tjiptono, 2001). So the definition of service quality can be defined as an effort to fulfill the needs and desires of consumers as well as the precision of delivery to offset consumers' expectation (Tjiptono, 2007, p.83). The consistency of service quality is very difficult to maintain. In most services, quality occurs during the process of interaction with a customer, generally in the interaction with customers and personal contacts with service companies. Thus, service quality has a high dependence on the performance of employees, organizational resources, where they cannot be controlled as easily as the components of the goods produced. According to Arief (2007, p.118), service quality is an effort centered on the fulfillment of consumer needs and desires as well as the timeliness of delivery to offset consumers' expectation. Service quality, according to Gronroos (1984), is an activity or series of invisible activities that occur as a result of interaction between consumers with employees or other things provided by the service provider company intended to solve the problems of consumers/customers. Service quality in principle that focuses on efforts to fulfill the needs and desires of customers as well as the precision of delivery to offset customers' expectation (Tjiptono, 2009, p.246). When tangible products cannot be easily distinguished, the main key to competitive success lies in adding the value of good services and improving products quality. The criterion service can be enjoyed by consumers is the ease of ordering, shipping, installation, consumer training, consumer consulting, maintenance and improvement.

### **2.4.1. Indicators of Services Quality**

The dimension of service quality (SERVQUAL) proposed by Parasuraman et al. (1988) are divided into five SERVQUAL dimensions including: Tangibles (Physical Evidence), Reliability Responsiveness, Assurance and Certainty, Empathy. Service quality is an absolute thing that must be owned by companies or agencies that offer services, because with service quality to consumers, companies or agencies can measure the level of performance that has been achieved (Setiawan, 2014, p. 14). Service quality can be explained as the ability to plan, create and deliver products that offer extraordinary benefits to customers Gronroos (1984).

## **2.5. Corporate Image**

According to Kotler and Armstrong (2012), "corporate image is described as the overall impression created in people's minds about an organization". Kasali (2003, p.30) explains that: "a good corporate image of the company is intended to be kept alive and the people therein continue to develop creativity even give more benefit to others". Shirley Harrison (2007, p.71) states that corporate image is a valuable asset that companies need to manage. Soemirat and Ardianto (2007, p.114) define corporate image of an organization "as a whole, so it is not just the image of products and services. Corporate image is formed by many things. Positive things that can improve the corporate image include the history or the life company that is a resounding, successes in the financial sector that it has achieved, successful export, good industrial relations, reputable as a creator of employment in large numbers, the willingness to bear the social responsibility, commitment to conduct research, etc."

### **2.5.1. Indicator of Brand Image**

Corporate image is sourced from the experience gives an overview of involvement between consumers and companies. This involvement has not occurred in the corporate image sourced from the company's communication efforts. The efforts of the company as a source of information for corporate image formation requires the presence of the complete information. Complete information is intended as information that can answer the needs and desires of the target consumers. Kasali (2003, p.28) suggests that the understanding that comes from an incomplete information produces image that is not perfect. According to Harrison (2007, p.3), full information about corporate image includes four elements as follows: Personality, Reputation, Value, and Corporate Identity.

### 3. Research Methodology

#### 3.1. Research Design

The research approach describes the type or form of research that underlies the research. The research approach used in this study has an associative approach. Based on the theoretical support, the conceptual framework can be described through the conceptual framework below

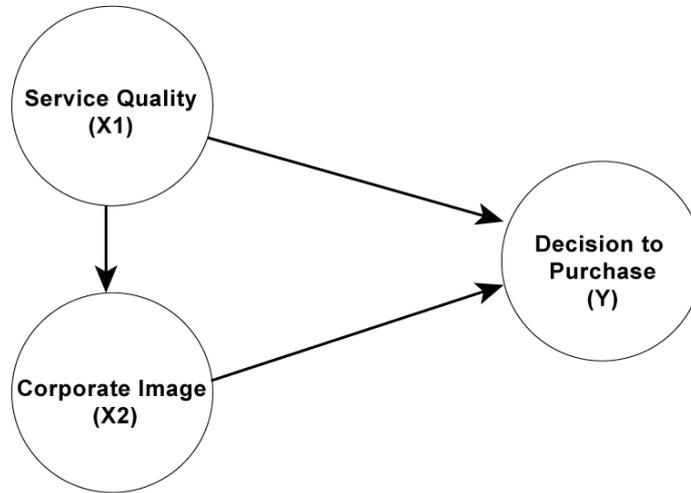


Figure 1. Examined model

#### 3.2. Population, Sample and Sample Determination Method

**Research Population:** The population in this study was 732,084 customers in the vicinity of Hardy's Retailindo, Sanur Branch.

**Sample:** Determination of the sample in this study was based on the formula of Yamane (Rakhmat, 2005, p.82) as follows:

$$n = \frac{N}{1 + Nd^2}$$

Notes :

n = Number of Samples

N = Population

d = Margin of error's maximum, that could still be tolerated (specified at 10%)

From the population in this study, the following calculation are determined:

$$n = \frac{732.084}{1 + 732.084(0,10)^2} = 99.92$$

n = 99,92, which is rounded up to 100 samples.

#### Sample Determination Method

The sampling used in this study was by accidental sampling technique. Accidental sampling technique is a technique for determining samples based on chance, that was, anyone who happened to (the customer) meet with a researcher could be used as a sample, if it was viewed by the person who happened to be found, it was suitable as a data source.

#### Data Collection Method

Research instrument was a tool used to obtain data in the field. The validity of data depended on the instruments used as this affected the quality of research results, which were: Interview Technique, Observation Technique, Documentation Technique, Questionnaire.

### 3.3. Data Analysis Techniques

#### 3.3.1. Path Analysis

That is an attempt to explain the factors that exist in the interrelated problems. Path analysis aims to show the direct and indirect effects of exogenous variables on endogenous variables by calculating the path coefficient. Path coefficient state the direct effects degree of exogenous variables on endogenous variables. In this study the equations for path diagrams are analyzed by computer programs. In this paper, we examine the following stages in conducting path analysis:

*Step 1: Development of the theoretical model.* The first step that must be done is the disclosure of the theory are used. Structural equation model is based on causality, in which one variable's changes brings changes to other variables. The structural equations illustrated by path diagram is a theoretical representation aimed to support the analysis (Ghozali, 2008). The relationship between latent variables in the path diagram is an embodiment of the theory.

*Step 2: Compilation of Path Diagram (Path Analysis).* The path diagram used to test the research model is presented in Figure 1. In the path diagram, the relationships between the constructs are represented by lines with a single arrow that shows the relationships (regression) from one construct to another (Ghozali, 2012).

*Step 3: Translating the Path Diagram into Structural Equations.* After developing a theoretical model and building a path diagram, the next step is to translate the path diagram into structural equations. Structural equations shows the relationship of causality between various constructs in the model. The following is a description of path diagrams into structural equations. The formulae for Path Analysis:

$$X_2 = \beta_1 X_1 + e_1$$
$$Y = \beta_1 X_1 + \gamma_1 X_2 + e_2$$

where:

$X_1$  = service quality

$X_2$  = customer satisfaction

$\gamma$  = variable coefficient of services quality

$\beta$  = exogenous variable coefficient of services quality

$\gamma_1$  = intervening variable coefficient of customer satisfaction

$e$  = error

*Step 4: Validation of the Model.* There are two factors that perform the validation check of model, namely total determination coefficients and theory trimming, i.e. by removing non-significant paths in order to obtain a model that is truly supported by empirical data.

### 3.3.2. Sobel Test

In this study, we aim to incorporate an intervening variable, namely corporate image. According to Ghozali (2012) a variable is called an intervening variable if the variable also has effects on the relationship between the predictor variable (independent) and the correlation variable (dependent).

Testing the hypothesis of mediation can be achieved using the procedures developed by Sobel (1982) and known as the Sobel Test. Sobel test is a test that determines whether the intervening variables' effects on the relationships between variables is significant. For example, the effect of X on Y through Z. In this case, Z is an intervening relationship between X to Y. To test how much the role of the intervening Z variable has an effect on X to Y, the Sobel (1982) test is used, based on the following formula:

$$Z = \frac{ab}{\sqrt{(b^2 SE_a^2) + (a^2 SE_b^2)}}$$

Where:

a = regression coefficient of independent variable on intervening variable

b = regression coefficient of intervening variable on dependent variable

$SE_a$  = standard error of estimation from the effect of independent variable on intervening variable

$SE_b$  = standard error of estimation from the effect of intervening variable on dependent variable

## 4. Data Analysis and Results

### 4.1. Proposed Models and Results

Testing the data in this study uses path analysis to test the pattern of relationships that reveal the effect of variables or a set of variables on other variables, both direct effects and indirect effects. This analysis is conducted in the following stages.

In the path analysis, a direct effect is represented by  $\rho_i$  coefficients, whereas an indirect effect and total effect can be calculated by making a separate calculation. For the parameter estimation performed by regression analysis through SPSS 22.0 we have obtained the following results:

Substructure 1:

$$Y_1 = \beta_1 X_1 + e$$

From the results of calculations on testing the data we have obtained the following results.

**Table 3.** Substructure Coefficients 1 (Model 1), with Corporate Image as the Dependent Variable

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-0.137	1.534		-0.089	0.929
Service quality	0.679	0.072	0.688	9.379	0.000

Substructure 2:

$$Y_2 = \beta_1 X + \beta_2 Y_1 + e_2$$

From the results of calculations on testing the data we have obtained the following results.

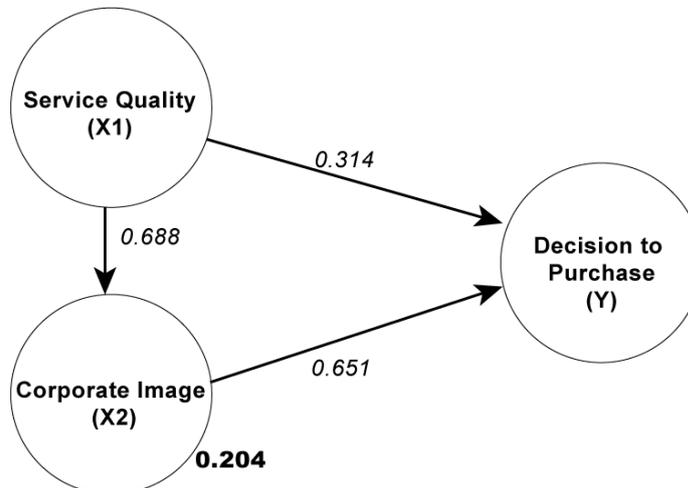
**Table 4.** Substructure Coefficients 2 (Model 2) with Purchase Decision as the Dependent Variable

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	13.054	0.8		16.31	0.000
Service quality	0.263	0.052	0.314	5.052	0.000
Corporate image	0.552	0.053	0.651	10.481	0.000

Based on the calculation of substructure 1, and 2, the magnitude of direct effect, indirect effect and total effect between variables can be determined. Calculation of the effect between variables is as follows:

**Table 5.** Direct Effects, Indirect Effects, Total Effects

Relationship			Direct Effects	Indirect Effects Through Corporate Image	Total Effects
Service quality	→	Corporate image	0.688	-	0.688
Service quality	→	Decision to purchase	0.314	0.204	0.518
Corporate image	→	Decision to purchase	0.651	-	0.651



**Figure 2.** Direct and indirect effects on the model's relationships

**Table 6.** Structural equations for this research model:

Substructure 1:	Substructure 2:
$Y_2 = \beta_1 X + \beta_2 Y_1 + e_2$	$Y_2 = \beta_1 X + \beta_2 Y_1 + \varepsilon_2$
$Y_1 = \beta_1 X_1 + \varepsilon_1$	Error effect (Pei) = $\sqrt{1 - R^2}$
Error effect (Pei) = $\sqrt{1 - R^2}$	Pei = $\sqrt{1 - 0.803} = 0.197$
Pei = $\sqrt{1 - 0.473} = 0.527$	$Y_2 = 0.314 X + 0.651 Y_1 + 0.197$
$Y_1 = 0.688 X + 0.527$	

#### 4.2. Validation Check of Model

There are two factors that aim to perform the validation check of model, namely total determination coefficients and theory trimming where the results can be serve as follows. The result of total determination coefficients:

$$R_m^2 = 1 - (1 - 0.437)(1 - 0.803) = 0.897$$

It means, the various data that can be explained by the model is 89.7 percent or in other words the information contained in the data is 89.7 percent and this percentage can be explained by the model, while the remaining 10.3 percent is explained by other variables (not found in the model) and the error.

#### 4.3. Theory Trimming

This approach is conducted by removing non-significant paths in order to obtain a model that is truly supported by empirical data. Validation test on each path for a direct effect is the same as with regression, using the p value of the t test that is the coefficient testing of variable regression partially standardized with service quality (X) on corporate image (Y<sub>1</sub>) is 9,379 sig. 0.000, service quality (X) on purchase decision (Y<sub>2</sub>) is 5,032 with sig. 0.000, corporate image variables on purchase decision is 10,481 with sig. 0.000.

#### 4.4. Sobel Test Method in Mediation of Variable Regression Analysis

To test the mediator variable that mediates the relationship between dependent variables and independent variables, the following stages can be carried out:

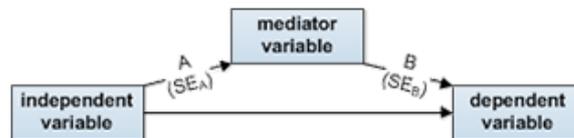


Figure 3. Model proposed by Sobel (1982)

$$Z = \frac{ab}{\sqrt{(b^2 SE_a^2) + (a^2 SE_b^2)}}$$

The Sobel test is based on the direct effects  $A = 0.263$ , with a  $S.E._A$  of 0.052, and  $B = 0.552$  with a  $S.E._B$  of 0.053. Thus,  $Z_{count} = 4.549$ .

Because Z value obtained a value of 4.549, with is higher than the 1.98 threshold, at a significance level lower than 5%, it shows that corporate image is able to mediate the effect of service quality on purchase decision.

#### 4.5. Hypotheses Test

##### 4.5.1. The Effect of Service Quality on Purchase Decision

H1: Service quality has a significant effect on purchase decision in Hardy's Retailindo Sanur Branch.

- If sig.  $t < 0.05$ ,  $H_0$  is rejected and  $H_1$  is accepted.
- If sig.  $t > 0.05$ ,  $H_1$  is rejected and  $H_0$  is accepted.

The results of calculation obtained by the level of significance for service quality on purchase decision is  $0.000 < 0.05$  which shows that  $H_0$  is rejected and  $H_1$  is accepted. Thus, it can be concluded that service quality has a significant effect on consumers' purchase decision in Hardy's Retailindo Sanur Branch.

##### 4.5.2. The Effect of Service Quality on Corporate Image

H2: Service quality has a significant effect on corporate image in Hardy's Retailindo Sanur Branch.

Based on the results of calculation obtained, the level of significance for service quality on corporate image is  $0.000 < 0.05$ .  $H_0$  is rejected and  $H_1$  is accepted. Thus, it can be concluded that service quality has a significant effect on corporate image in Hardy's Retailindo Sanur Branch.

#### 4.5.3. The Effect of Corporate Image on Purchase Decision

H3: Corporate image has a significant effect on purchase decision in Hardy's Retailindo Sanur Branch.

Based on the results of calculation obtained the significance level of study for corporate image variables on purchase decision is  $0.000 < 0.05$ . Thus, it can be concluded that corporate image has a significant effect on purchase decision in Hardy's Retailindo Sanur Branch.

#### 4.5.4. The Effect of Service Quality on Purchase Decision through Corporate Image

H4: Corporate image plays the role of intervening variables (mediation) in the effect of service quality on purchase decision in Hardy's Retailindo Sanur Branch.

If  $Z_{\text{count}} > Z_{\text{table}}$ ,  $H_0$  is rejected and  $H_1$  is accepted.

Based on the result of calculation obtained  $Z_{\text{count}} (4,549) > Z_{\text{table}} (1,98)$ ,  $H_0$  is rejected and  $H_1$  is accepted, it can be concluded that corporate image is the intervening variable that connects the service quality to purchase decision.

### 5. Conclusions and Discussion of the Results

The results of data analysis show that service quality has a positive and significant effect on purchase decision. The analysis result means that if the service quality will increase, the purchase decision will increase, too. If the company is able to add value that makes its service quality more diverse, the consumer will also be able to increase its decision to purchase the products due to the factor of service quality increased.

Moreover, the result of data analysis show that service quality has a positive and significant effect on corporate image. If the company is able to add value that makes the service quality better, the corporate image will increase and it is not impossible that the brand will become more important in consumers' minds and hearts.

This empirical analysis also explored the impact of corporate image on purchase decision and found a positive and significant effect. If the company is able to increase the awareness of a brand in order to be better known in the market, it will have an impact on the increase in the consumers' decision to purchase the product offered. With sufficient knowledge about certain brands, consumers will find it easier to decide whether to buy the product or not.

Another notable result focused on the mediating role of corporate image in the relationship between service quality and purchase decision. It is found that corporate image is a mediating variable because the result of data processing shows that the value of corporate image has a significant effect. Thus, it can be implicated corporate image can help increase purchase decisions caused by services quality.

### 5.2. Suggestions

For the service quality to increase, it is expected that the employees of Hardy's Retailindo Sanur Branch will be able to provide a more friendly and polite interactions with consumers because when this study was taking place, it became the spotlight and got the lowest rating of services quality.

For the corporate image, it is expected of Hardy's Retailindo Sanur Branch to improve its image with regard to the fulfillment of needs of all targeted segments. For the purchase decision, it is expected Hardy's Retailindo Sanur Branch will be able to expand the information access about the products provided in its retail outlet.

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