



The effect of company credibility on Indosat Ooredoo's purchase interest with attitude towards advertising as an intervening variable

Gunawan ^{1*}, Ginanjar Suendro ², Sugiarto ³

¹ Student, Sekolah Tinggi Ilmu Ekonomi Cendekia Karya Utama Semarang, Semarang, Indonesia

^{2,3} Lecturer, Sekolah Tinggi Ilmu Ekonomi Cendekia Karya Utama Semarang, Semarang, Indonesia

* Corresponding Author: **Gunawan**

Article Info

ISSN (online): 2582-7138

Impact Factor: 5.307 (SJIF)

Volume: 04

Issue: 06

November-December 2023

Received: 25-09-2023;

Accepted: 26-10-2023

Page No: 816-821

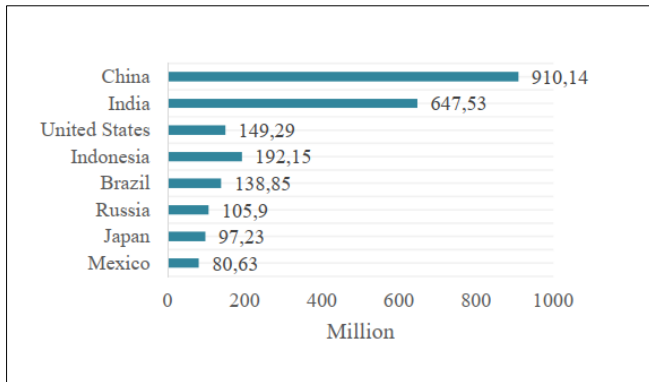
Abstract

Telecommunication technology is developing very rapidly and has been embedded in people's daily lives. This is an opportunity for mobile operator companies. Indosat Ooredoo is the operator with the second most users in Indonesia in January 2023. However, over the past 5 years Indosat Ooredoo's churn rate has increased and reached the highest percentage in 2020 (16%). There are indications of less purchase interest in the product because the company's credibility decreases which can be influenced by advertising. The purpose of this study is to determine the influence of company credibility on the purchase interest of Indosat Ooredoo products through attitudes towards advertising. The study used a quantitative approach with descriptive analysis techniques, regression analysis (T-test) and path analysis (Sobel-test). The independent variable is the credibility of the company, the dependent variable is purchase interest and the intervening variable is the attitude towards advertising. The study population is people who have seen advertisements and know Indosat Ooredoo products in Yogyakarta City. The sampling technique by means of simple random purposive sampling obtained a sample of 125 people. The results showed that the company's credibility had a partial positive influence (value indirect effect = 0.1870 < value direct effect = 0.6975) and significant (sig. = 0.0018 < 0.05) on the purchase interest of Indosat Ooredoo products through attitudes towards advertising. The recommendation to Indosat Ooredoo operator operators is that they should be able to evaluate and optimize strategies through advertising so that product purchase interest can be increased effectively and efficiently.

Keywords: telecommunication; company credibility; purchase interest; attitude towards advertising

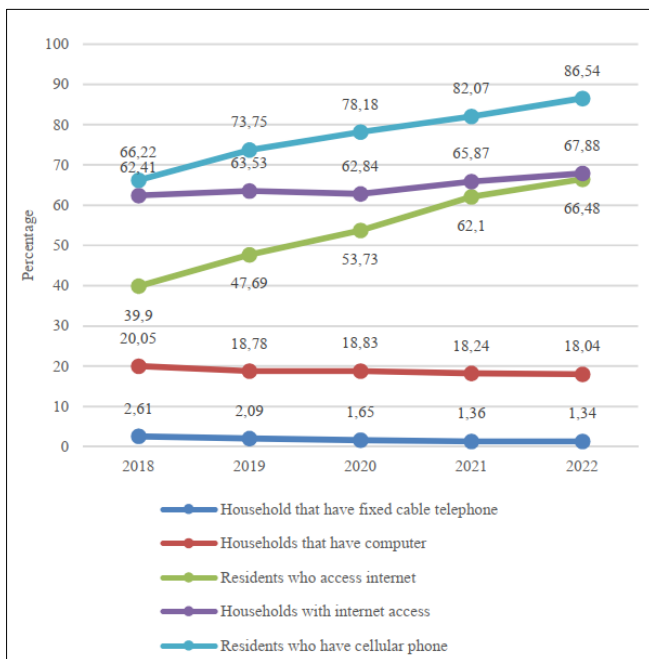
1. Introduction

Technology today is inherent in every element of human life, including in communication technology, namely smartphones. Based on Newzoo data (figure 1) in 2022, it is recorded that Indonesia is the fourth country with the highest number of smartphone users in the world (Sadya, 2023). This certainly affects directly in the cellular phone and telecommunications industry where services are developing not only telephone and SMS, but have penetrated instant message services). Telecommunication networks have developed very advanced and are almost available in all parts of the world, including in Indonesia. Based on the results of the telecommunications survey (figure 2), it can be seen that there has been an increase in population with continuous internet access from 2018 to 2022 (Sutarsih and Maharani, 2023). This makes Indonesia a strategic market for cellular operator business.



Source: Newzoo

Fig 1: Countries with the Most Smartphone Users in the World in 2022



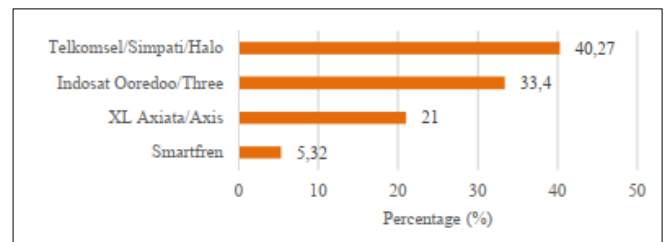
Source: BPS-Statistics Indonesia

Fig 2: Percentage of Population Using Information and Communication Technology in Indonesia (2018-2022)

The rapid development of this cellular business attracts foreign investors to Indonesia, several operators from the Asian region such as Singapore Telecommunication Ltd (SingTel), Axiata Group Berhad (formerly Telekom Malaysia) and Maxis Communication Bhd from Malaysia have planted their business into Indonesia buying shares of domestic cellular operators, namely Telkomsel and XL Axiata (formerly Excelcomindo). Mobile cellular service providers in Indonesia consist of 6 telecommunication companies, namely PT Indosat, PT Telkomsel, PT Smart Telecom, PT Smartfren Telecom, PT XL Axiata, and PT Hutchison CP Telecommunication (Sutarsih and Maharani, 2023).

Indosat Ooredoo, which was previously a state-owned telecommunications company that has been privatized, currently the majority of its shares are controlled by foreigners, namely Qatar Telecom Group by 65% by buying 41% owned by STT (Singapore Telecommunication Technologies), while the rest of the market through tender offer, while the Indonesian government only has 15% (Naeruz, Afifuddin and Rujiman, 2018). The survey results

of the Indonesian Internet Service Providers Association (APJII) (figure 3) show that Indosat Ooredoo is ranked number 2 as the most widely used operator in Indonesia (Ahdiat, 2023). Cellular operator companies must be able to attract public purchase interest in order to continue to exist and become a leading operator.



Source: databoks.katadata.co.id

Fig 3: Survey Results of Most Used Operators Percentage in Indonesia (Januari 2023)

The churn rate of Indosat prepaid cards over the past five years has reached a large number, when compared to the percentage in 2015 and 2018 (15.3%) which was the highest customer loss rate in the last five years (Haq, Mulyaningsih and Rohandi, 2023). In 2016, 2017 and 2019 the churn rate could have dropped to 15% but in 2020 it increased again beyond the previous highest churn rate of 16%. This shows that there is a decrease in purchase interest from existing customers towards Indosat Ooredoo products. Some of the reasons customers switch to other providers can be due to unsatisfactory service, expensive rates, or customers interested in other operator promos. The incessant advertising carried out by Indosat Ooredoo must also be considered. Seen in various media, the advertising of competing companies is no less vociferous and more attractive. Advertising is a company tool to introduce its products/services to the market so that the market knows the existence of these products/services and stimulates consumers to use the Indosat Ooredoo products they advertise.

Consumer purchase interest is a very crucial thing that must be conquered by cellular operator companies in order to continue to exist in this industry. Purchase interest can represent consumer behavior so it can be used as an opportunity analysis. This increase in purchase interest means an increase in the likelihood of purchase (Schiffman and Kanuk, 2007). When the amount of information reaches a certain level, the consumer begins the appraisal and evaluation process, and makes a purchase decision after comparison and appraisal. One of the factors that influence purchase interest is the credibility of the company (Goldsmith, Lafferty and Newell, 2000). Company credibility is how far consumers believe that a company can design and present products and services that can meet customer needs and desires (Keller, 1998). Consumers will tend to be interested in buying products produced by credible companies because they believe in the design and process of making these products carried out by the company well. This is in line with the results of research on competitors' products where the company's credibility positively affects purchase interest (Putri, 2015).

Another factor that drives purchase interest is the attitude towards advertising. Advertising is a communication medium to enter something into the mind of consumers, change consumer perceptions and encourage consumers to act (Kotler, 2003). Consumer perceptions of a negative

product can turn into positive after they see the product advertisement (Guiltinan, Paul and Madden, 1998). If many people have the desire to buy the advertised product, it means that the advertisement is successful. This also means that consumer attitudes towards the ad are positive so that it can stimulate consumer purchase interest.

Attitude is a process of relative evaluation of an object, problem, person or action, which is then translated into general (Hoyer and MacCinis, 1997). Attitude toward advertising is the tendency to respond in a behavior like or dislike to an advertisement under certain conditions. The results of consumer attitudes towards advertising can be used to evaluate and predict the amount of consumer purchase interest. Attitudes towards advertising depend largely on the ads consumers see. The credibility of the company has an important role in determining the attitude towards advertising. The credibility of the source is defined as the extent to which the source is seen as having expertise and being trustworthy. Consumers tend to trust credible producers over unaccounted for their credibility.

Sources that have high credibility produce more attitude changes compared to sources that have low credibility. This applies to consumers in response to advertisements issued by companies (Hovland, 2007). Based on the description above, researchers are interested in examining the influence of company credibility on Indosat Ooredoo's purchase interest with attitudes towards advertising as an intervening variable.

2. Methods

The research method used is quantitative. Data collection by means of surveys and instruments used are questionnaires. The independent variable of the study is the credibility of the company, the intervening variable is the attitude towards advertising and the dependent variable is purchase interest. The research was conducted in March – August 2023 in Yogyakarta City. The study population is people who have seen Indosat Ooredoo advertisements and know Indosat Ooredoo products in Yogyakarta City. The sampling technique used is simple random purposive sampling with the final sample results of 125 people. The analysis techniques of this research are descriptive analysis, regression analysis (T-test) and path analysis (Sobel test).

3. Results

A. Characteristics of Respondent

This research was conducted on 125 respondents who were included in the population inclusion criteria, namely people who had seen Indosat Ooredoo advertisements and knew Indosat Ooredoo products in Yogyakarta City. Descriptive analysis of respondents' characteristics was conducted based on gender, age, recent education, type of work and yield. The results of the analysis (table 1) show the dominant characteristics of research respondents according to their respective categories, including: female gender (55.2%), age group 17-26 years (86.4%), recent university education (76.6%), type of student work (64%) and income less than or equal to Rp 1.000.000 (55.2%).

Table 1: Descriptive Analysis of Respondents Characteristics Results

Characteristics	Frequency	Percentage
Gender		
Male	56	44,8%
Female	69	55,2%
Total	125	100%
Age		
17-26 years old	108	86,4%
27-36 years old	17	9,6%
Total	125	100%
Recent Education		
Senior High School	30	24,4%
College	95	76,6%
Total	125	100%
Length of Work		
Student	80	64%
Entrepreneurial	13	10,4%
Private Employees	15	12%
Government Employee or TNI/POLRI	5	4%
Other	12	9,6%
Total	125	100%
Income (Rp)		
≤ 1.000.000	69	55,2%
1.000.001 – 2.500.000	26	20,8%
2.500.001 – 4.000.000	17	13,6%
> 4.000.000	13	10,4%
Total	125	100%

Variabel Category Description

The results of respondents' questionnaires on variables were categorized into high, medium and low categories. The categorization results (table 3) show that the dominant category of all variables is the medium category with each

percentage, namely: company credibility (70.4%), attitude toward advertising (72.8%) and purchase interest (73.6%). This shows that respondents' assessment of the three variables is quite good.

Table 2: Descriptive Analysis of Variable Data Distribution Results

Variable	Min	Max	Mean	SD
Company credibility	7	20	13,84	2,5915
Attitude toward advertising	12	63	49,704	6,7549
Purchase interest	14	35	25,592	3,6035

Table 3: Variable Categorization

Category	Interval Score	Frequent	Percentage
Company Credibility			
High	$X \geq 16,4315$	18	14,4%
Medium	$11,2845 \leq X < 16,4315$	88	70,4%
Low	$X < 11,2845$	19	12,8%
Total		125	100%
Attitude toward advertising			
High	$X \geq 56,4589$	17	13,6%
Medium	$42,9490 \leq X < 56,4589$	91	72,8%
Low	$X < 42,9490$	17	13,6%
Total		125	100%
Purchase Interest			
High	$X \geq 29,1955$	17	13,6%
Medium	$21,9885 \leq X < 29,1955$	92	73,6%
Low	$X < 21,9885$	16	12,8%
Total		125	100%

Regression Analysis (T-Test)

The T test is performed to determine the partial influence between variables. The hypotheses proposed in this analysis are: Hypothesis I: The credibility of the company has a positive and significant influence on the purchase interest of Indosat Ooredoo products Hypothesis II: The credibility of the company has a positive and significant influence on the attitude towards Indosat Ooredoo product advertising Hipotesis III : Sikap terhadap iklan memiliki pengaruh positif

dan signifikan terhadap minat beli produk Indosat Ooredoo The statistical results (table 4) show that $\beta = 0.697$ and Tcount = 6.430 with sig. t = 0.000 then hypothesis I is acceptable. The statistical results (table 5) were obtained $\beta = 1.056$ and Tcount = 4.912 with sig. t = 0.000 then hypothesis II is accepted. The statistical results (table 6) show that $\beta = 0.256$ and Tcount = 6.080 with sig. t = 0.000 then hypothesis III is accepted.

Table 4: Regression Analysis Results of Company Credibility on Purchase Interest

Constant	β	Tcount	Sig. t
15.939	0.697	6.430	0.000

Table 5: Regression Analysis Results of Company Credibility on Attitude toward advertising

Constant	β	Tcount	Sig. t
35.095	1.056	4.912	0.000

Table 6: Regression Analysis Results of Attitude toward advertising on Purchase Interest

Constant	β	Tcount	Sig. t
12.846	0.256	6.080	0.000

Path Analysis (Sobel test)

In this statistical test, it is carried out to test the independent variable (company credibility) against the dependent variable (purchase interest) through the intervening variable (attitude toward advertising). Through this statistical test, it will be known the influence of intervening variables as mediation both directly and indirectly. The hypothesis in this analysis is: there is a positive and significant influence of the company's credibility on the purchase interest of Indosat

Ooredoo products through attitudes towards advertising. The results of the statistical test (table 7) show that the indirect effect obtained value = 0.1870 with sig. = 0.0018 so that a mediation relationship occurs. In the results of the direct effect statistical test (table 8) obtained coeff. = 0.6975 which is greater than the indirect effect value (0.1870) so that the intervening variable mediates the influence partially. These results can be concluded that the above hypothesis is acceptable.

Table 7: Indirect Effect and Significance using Normal Distribution

	Value	s.e.	LL 95 CI	UL 95 CI	Z	Sig (two)
Effect	.1870	.0598	.0698	.3041	3.1276	.0018

Table 8: Direct and Total Effects

	Coeff	s.e.	T	Sig (two)
b (YX)	.6975	.1085	6.4303	.0000
b (MX)	1.0556	.2149	4.9122	.0000
b (YM.X)	.1771	.0428	4.1391	.0001
b (YX.M)	.5105	.1115	4.5769	.0000

Discussions

A. The Effect of Company Credibility on Purchase interest

The results showed that the company's credibility variable was obtained $\beta = 0.697$ so that there was a positive influence of the company's credibility on purchase interest. In addition, sig is also obtained. $t = 0.000$ which is smaller than $\alpha = 0.05$ then it can be stated that the credibility of the company is significant to purchase interest. Company credibility shows how far consumers believe that a company can design and deliver products and services that can meet customer needs and desires (Keller, 1998). When a unit is trusted, the smaller units tend to be well trusted, because they belong to the larger unit.

When consumers trust a particular company, the products produced by that company will also be trusted by consumers. Consumers will tend to be interested in buying products produced by credible companies because they believe that the design and manufacturing process of the product is carried out by the company well. This result is in line with the results of research on competitors that the credibility of the company has a very strong influence on purchase interest (Putri, 2015). Because companies with good credibility have a role to play in creating purchase interest that is most likely to shape purchasing decisions.

B. The Effect of Company Credibility on Attitude toward advertising

From the results of the study, $T_{count} = 4,912$ and $\beta = 1,056$ can be concluded that the company's credibility variable has a positive influence on attitudes towards Indosat Ooredoo product advertisements. In addition, the sig value is also obtained. $t = 0.000$ which is less than $\alpha = 0.05$, it is stated that the company's credibility variable is significant to the attitude towards Indosat Ooredoo product advertisements. Sources with high credibility have a greater impact on audience opinion than sources with low credibility.

This applies to consumers in response to advertisements issued by companies (Hovland, 2007). Consumers who perceive a company as credible will prefer to evaluate a company's advertising with a supportive attitude (Keller, 1998). The credibility of the company plays a role in influencing consumer attitudes towards advertising and this can be an opportunity for corporate strategy. It is relevant to research at Mobil Oil Company that a company's credibility influences attitudes towards advertising (Goldsmith, Lafferty and Newell, 2000).

C. The Effect of Attitude toward advertising on Purchase Interest

From the results of the study, $T_{count} = 6,080$ and $\beta = 0,256$ can be stated that the variable attitude towards advertising has a positive influence on the interest in buying Indosat Ooredoo products. In addition, the sig value is also obtained. $t = 0.000$ which is less than $\alpha = 0.05$, it is stated that the variable attitude towards advertising is significant towards the

purchase interest of Indosat Ooredoo products. Attitude towards advertising as the tendency to respond in a behavior like or dislike to an advertisement under certain conditions. Positive and negative responses will be one of the considerations for consumers before making the purchase process.

One of the benchmarks for the success of an advertisement is the purchase interest possessed by consumers or the public (Goldsmith, Lafferty and Newell, 2000). If many people have the desire to buy the advertised product, it means that the advertisement is successful. This also means that consumer attitudes towards the ad are positive so that it can stimulate consumer purchase interest. A positive consumer attitude towards advertising will be followed by consumer purchase interest.

D. The Effect of Company Credibility on Purchase Interest through Attitudes towards Advertising

The results of the study obtained value = 0.1870 so that there is a positive indirect influence of the company's credibility on the interest in buying Indosat Ooredoo products through attitudes towards advertising. In addition, the value of sig. = $0.0018 < \alpha = 0.05$ so that the company's credibility is significant to Indosat Ooredoo's product purchase interest through an attitude towards advertising. On the direct influence is known the value of the coeff. = 0.6975 but the value is greater than the indirect effect value (0.1870). Therefore, it was concluded that the attitude towards advertising mediates the influence of the company's credibility on the purchase interest of Indosat Ooredoo products partially.

A credible company can be used by consumers to evaluate the products or services produced by the company (Wang, Bruce and Hughes, 2011). Consumer purchase interest is an after- purchase evaluation or evaluation results after comparing what is perceived with their expectations. The results of this study are relevant to research on competitors' products which states that purchase interest can be influenced by the credibility of the company by mediating attitudes towards advertising (Putri, 2015). The results of the study stated that the credibility of a good Telkomsel company made consumer attitudes towards advertising positive and then followed by purchase interest.

Conclusion

Based on the results of research and discussion, the conclusions of this study can be:

1. The credibility of the company has a positive ($\beta = 0.697$) and significant ($T_{count} = 6,430$; sig. $t = 0.000 < 0.05$) influence on the purchase interest of Indosat Ooredoo products.
2. The credibility of the company has a positive ($\beta = 1,056$) and significant ($T_{count} = 4,912$; sig. $t = 0.000 < 0.05$) influence on attitudes towards Indosat Ooredoo product advertisements.
3. Attitude towards advertising has a positive ($\beta = 0.256$)

- and significant ($T_{count} = 6.080$; $sig. t = 0.000 < 0.05$) influence on the purchase interest of Indosat Ooredoo products.
4. There is a positive (coeff. = 0.6975) and significant ($sig. = 0.0018 < 0.05$) influence on the company's credibility on Indosat Ooredoo's product purchase interest through attitudes towards advertising. The attitude towards advertising mediates the partial influence of the company's credibility (value indirect effect = 0.1870 < value direct effect = 0.6975) on the interest in buying Indosat Ooredoo products.
 5. We recommend evaluating and optimizing advertising as a strategy by utilizing the company's good credibility so that efforts to increase interest in buying Indosat Ooredoo products are more effective and efficient.
 6. Researchers can further develop this research by examining other variables as influence factors, such as: endorser credibility, attitude towards brand, brand image, and brand trust. In addition, it can use qualitative research methods so that the information obtained from the research results is more in-depth, valid and creates new points of view.

References

1. Ahdiat A. Ini Operator Seluler dengan Pengguna Terbanyak di Indonesia Awal 2023', *Katadata Media Network: databoks*, 2023. Available at: <https://databoks.katadata.co.id/datapublish/2023/06/23/ini-operator-seluler-dengan-pengguna-terbanyak-di-indonesia-awal-2023>.
2. Goldsmith RE, Lafferty BA, Newell SJ. The Impact of Corporate Credibility and Celebrity Credibility on Consumer Reaction to Advertisements and Brands, *Journal of Advertising*, 2000, 29.
3. Guiltinan, Paul, Madden. *Marketing Management Strategies and Program*. 6th edn. New York: McGraw Hill, New Bakersfield, 1998.
4. Haq MDM, Mulyaningsih HD, Rohandi MMA. Pengaruh E-Service Quality terhadap Kepuasan Konsumen dengan Youtube Advertising sebagai Variabel Moderating, *Bandung Conference Series Business and Management*, 2023, 3(2).
5. Hovland CL. *Definisi Komunikasi*. Jakarta: PT. Raja Grafindo Persada, 2007.
6. Hoyer WD, MacInnis DJ. *Consumer Behaviour*. Boston: Houghton Mifflin Company, 1997.
7. Keller KL. *Building, measuring, and Managing Brand Equity*. New Jersey: Prentice-Hall, 1998.
8. Kotler P. *Marketing Management*. 11th edn. New Jersey: Prentice-Hall, 2003.
9. Naeruz M, Afifuddin S, Rujiman Analisis Determinan Persaingan Industri Telekomunikasi (PT. Indosat Ooredoo, PT. Telkomsel, PT. XL Axiata) di Indonesia dalam Pasar Oligopoli', *QE Journal*. 2018; 7(1):1-21.
10. Putri AN. Analisa Corporate Credibility terhadap Purchase Intention Telkomsel 4G-LTE dengan Attitude Toward the Advertising dan Attitude Toward the Brand sebagai Variabel Intervening', *Jurnal Manajemen Pemasaran*, 2015, 9(1).
11. Sadya S. Pengguna Smartphone Indonesia Terbesar Keempat Dunia pada 2022, *DataIndonesia.id*. Available at: [https://dataindonesia.id/telekomunikasi/detail/pengguna-smartphone-indonesia-terbesar-keempat-dunia-pada-](https://dataindonesia.id/telekomunikasi/detail/pengguna-smartphone-indonesia-terbesar-keempat-dunia-pada-2022)
12. Schiffman and Kanuk. *Perilaku Konsumen*. Kedua. Jakarta: PT. Indeks Gramedia, 2007.
13. Sutarsih T, Maharani K. *Statistik Telekomunikasi Indonesia (Telecommunication Statistics Indonesia) 2022*. Edited by R. Rufiadi. Jakart: BPS-Statistics Indonesia, 2023.
14. Wang L, Bruce C, Hughes H. Sociocultural Theories and their Application in Information Literacy Research and Education, *Australian Academic & Research Libraries*. 2011; 42(4):196-308.