

## **WORD OF MOUTH RELATIONSHIP ANALYSIS ON PURCHASE INTENTION AND ITS IMPACT ON PURCHASE DECISIONS**

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### **Abstract**

*This study aims to analyze the relationship of Word of Mouth in Purchase Intention toward Purchase Decision. This study is a quantitative study using SEM PLS. The sample in this study was 100 respondents to consumers of Alfamart Kramat Pulo 2 with a non-probability sampling technique, namely a sampling technique that provides equal opportunities for each element (member) of the population to be selected as a member of the sample. The data the analyzed using validity test and hypothesis test to obtain the result. The finding reveals that by empirical analysis, word of mouth has a statistically significant positive impact on purchasing interest, such that as word of mouth improves, so does purchasing intention. Meanwhile, in empirical evidence, purchasing intention has a positive and significant impact on purchasing decisions, such that if the purchasing interest in a product becomes increasingly attached to the minds of customers, the likelihood of making a purchase increasing. Furthermore, according to empirical research, word of mouth has a positive and statistically significant impact on purchasing decisions.*

*Keywords: Word of Mouth, Purchase Intention, Purchase Decision*

## **1. INTRODUCTION**

In order to keep up with the expansion of the global economy, one must put in more effort in the face of intense job rivalry. A person's ability to innovate in order to meet their everyday demands is inversely proportional to the small number of job possibilities available and the huge number of prospective workers. Creating a work for oneself is one of the inventions that can be accomplished; this is commonly referred to as starting a business. The definition of business according to Alma (2008) is a structured individual commercial activity that produces and sells goods and services in order to make a profit while serving the requirements of the community.

Generally speaking, customers choose restaurants as places to dine because they favor word of mouth recommendations while also paying attention to the proper price from a variety of perspectives. As a consequence, in order to make long-term purchasing decisions, managers must pay close attention to word of mouth and the appropriate price perception. Word of mouth is vital since quality is determined by what buyers see and feel immediately. If the product's quality is poor, buyers will see the company negatively and will refrain from making additional purchases in the future.

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Word of mouth is vital since quality is determined by what buyers see and feel immediately. If indeed the product's quality is poor, buyers will see the company negatively and will refrain from making repeat purchases in the future.

Word of mouth spreads as a result of two sources, the first of which is a reference group and the second of which is a leader. According to Peter & Olson (2000), a group is comprised of two or more persons who engage with one another in order to achieve a common objective, who share a common background, and who are not legally distinct from one another. Family, close friends, and coworkers are some of the most essential types of groups, and those groupings can serve as reference groups for each other. According to Shimp (2003), an opinion leader is someone who frequently has an impact on visionary views or actions, as well as on the attitudes and behaviors of other individuals. Most of the time, consumers seek information on the products they intend to purchase before making a purchasing decision. The search for information is carried out in order to determine whether or not the product is appropriate for the demands of these consumers. When a consumer perceives the utility of a product in relation to his or her needs, he or she will have a strong desire to own it. According to Shimp (2003), purchasing interest is defined as a person's desire for an object that motivates them to make a purchasing decision.

## **2. THEORETICAL REVIEW**

### **2.1. Word of Mouth**

According to Mowen & Minor (2002), word of mouth communication refers to the exchange of remarks, opinions, or ideas between two or more consumers, none of whom is a source of marketing information or advertising. Word of mouth is formed by two sources, namely the reference group and the opinion leader, who both contribute to the establishment of the phenomenon.

### **2.2. Purchase Intention**

Interest or intention is defined as a powerful internal response that inspires action (Kotler, 1999), and this impulse is impacted by the stimulus and pleasant feelings associated with the product (Kotler, 1999).

### **2.3. Purchase Decision**

Purchasing decisions can be defined as choices made by consumers between two or more alternative options that meet their needs. Purchasing decisions are an integrated process that involves the integration of knowledge in order to evaluate and select one of two or more alternatives from among a group of alternatives (Peter & Olson, 2000).

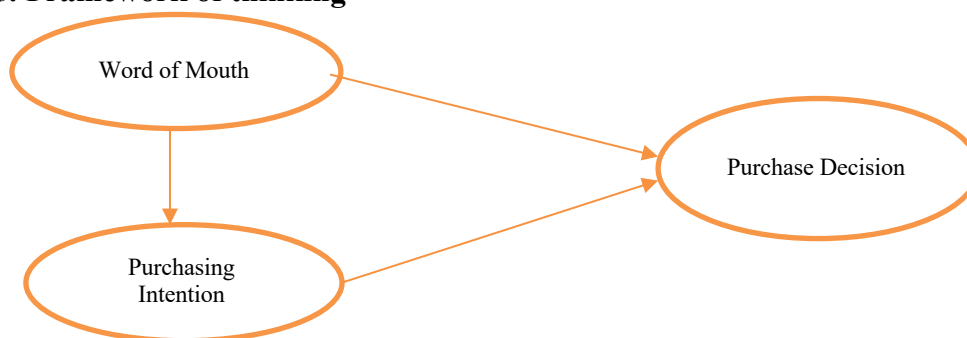
### **2.4. Word of Mouth Relationship with Purchase Intention and Purchase Decision**

Customers who are interested in the opinions of those who have used the product can benefit greatly from word-of-mouth advertising. In fact, when compared to commercials and promotional media created by a corporation, people are more likely to trust the opinions of individuals who have used the product. Anwar & Gulzar (2011) conducted a study on word of mouth in ready-to-eat food establishments in Turkey to determine the quality and perceived worth of word of mouth recommendations. According to the findings of the study, there is a

strong relationship between customer satisfaction and word of mouth communication from one client to another about a ready-to-eat food vendor. An investigation of a similar nature was undertaken in Indonesia by Kumala, who discovered that word of mouth has a considerable impact on purchase interest (Kumala, 2012).

Following the opinion expressed by Saptaningsih (2008), it is believed that the phenomenon of Word Of Mouth is believed to encourage consumer purchasing interest, can have an impact on a community, is efficient because it does not require a large budget (low cost), can create a positive image for the product, and can touch consumer emotions (Kumala, 2012). According to Herche in (Yoestini & Rahma, 2007), there is a positive association between consumer purchasing interest and purchasing decisions, with strong consumer purchasing interest encouraging customers to purchase a product. In contrast, a low level of customer purchasing desire will discourage consumers from purchasing things. Consumers' shopping decisions can be influenced by a variety of variables, one of which is word of mouth. Word of mouth can generate purchasing interest, which can then have an impact on consumer purchasing decisions.

### 2.5. Framework of thinking



**Figure 1** Framework of Thinking

### 2.6. Research Hypothesis

- H1 : Variable Word Of Mouth (X) has an effect on variable Purchase Intention (Y1)
- H2 : Word Of Mouth variable (X) has an effect on the Purchase Decision variable (Y2)
- H3 : Purchase Intention Variable (Y) has an effect on Purchase Decision variable (Y2)

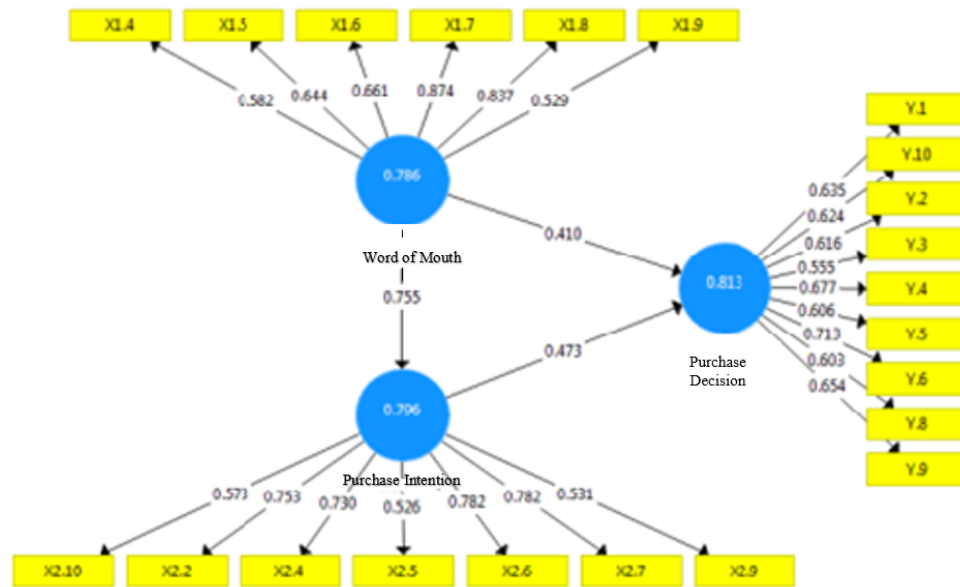
## 3. RESEARCH METHOD

This study is a quantitative study using SEM PLS. The sample in this study was 100 respondents to consumers of Alfamart Kramat Pulo 2 with a non-probability sampling technique, namely a sampling technique that provides equal opportunities for each element (member) of the population to be selected as a member of the sample. The data the analyzed using validity test and hypothesis test to obtain the result.

**4. RESULT AND DISCUSSION**

**4.1. Research Result**

**4.1.1. Validity Test**



**Figure 1** Validity Test Result

Based on the output in the path diagram above, the loading factor has met convergent validity, namely the indicator value is above 0,5.

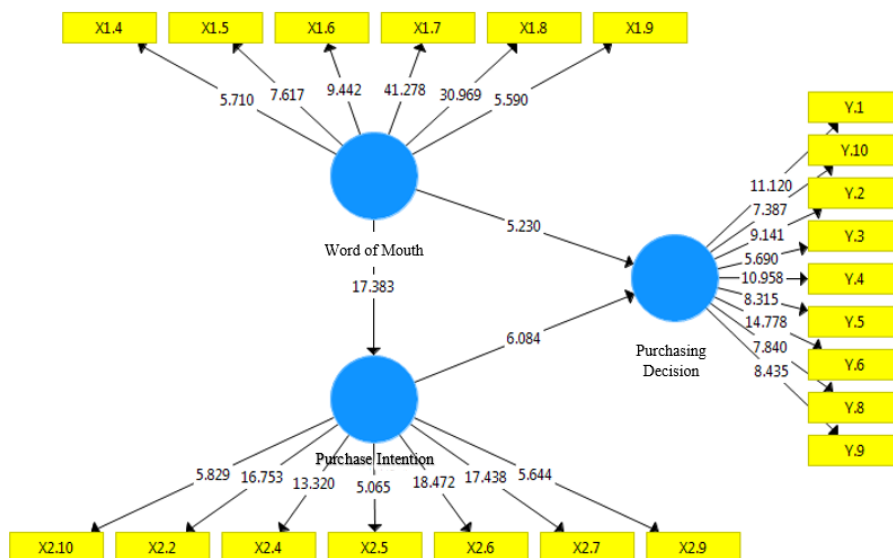
**4.1.2. Reliability Test**

**Table 1** Reliability Test Result

VARIABLE	AVE	Compsite Reliability	Cronbachs alpha
Word of mouth	0.489	0.847	0.786
Purchase Intention	0.459	0.852	0.796
Purchasing Decision	0.400	0.857	0.813

Based on the results of the reliability output above, it can be concluded that composite reliability is above 0.8 and Cronbach's alpha is above 0.7, so that it can be concluded that each variable has good reliability or is able to measure its construct.

**4.1.3. Hypothesis Test**



**Figure 3 Hypothesis Testing Result**

**Table 2 Hypothesis Testing Result**

Relationship between variables	Parameter coefficient	Standard error	T statistics	P Value	Information
Word of mouth=> Purchase Intention	0.755	0.045	16,908	0.000	Significant***
Purchase Intention => Purchase Decision	0.473	0.080	5.893	0.000	Significant***
Word of mouth=> Purchase Decision	0.410	0.079	5.166	0.000	Significant***

Note: \*\*\*Significant at a 1%, \*\*Significant at a 5%, \*Significant at a 10%

## 4.2. Discussion

### 4.2.1. The Influence of Word of Mouth on Purchase Intention

Based on the results of the study, it was found that there was a positive and significant influence between word of mouth on purchasing interest. The results of this study are in line with research conducted by that the word-of-mouth variable has a significant effect on purchasing decisions Kumala (2012), Aries (2018), and Nurvidiana (2015). Similar results were also obtained by Lasha & Usman (2019)

The results of this study are in line with the theory of Mowen and Minor (John C. Mowen, Michael Minor, 2002) that word of mouth has a strong influence on consumer behavior in purchasing. Word of mouth is the exchange of comments, thoughts or ideas between two or more customers, which is not a source of marketing. According to Hse et al in (Sudarso, 2016) word of mouth reflects the willingness of consumers to give a favorable impression on a particular product or service, such as: and to encourage friends and acquaintances to start using the product or service provided.

#### **4.2.2. The Influence of Purchase Intention on Purchase Decisions**

The results of this study indicate that purchasing interest has a positive and significant effect on purchasing decisions. This is in line with research conducted by Mahendrayasa (2014) Aries (2018), and Nurvidiana (2015)

Moreover, Febriyanti & Wahyuati (2016) and Septiawan et al. (2020) also shows the results that purchasing interest has a significant effect on purchasing decisions. The higher the purchasing interest in the product, the higher the purchase decision.

#### **4.2.3. The Influence of Word of Mouth on Purchase Decisions**

The results of this study indicate that word of mouth has a positive and significant effect on purchasing decisions. This is in line with research conducted by Mahendrayasa (2014), Purbarani (2013), Rahmadevita et al. (2013), Sari & Rahayu (2012), Aries (2018) as well as Nurvidiana (2015)

As stated by Zamil (2011), "Speed has become one of the characteristics of our time; dissemination of knowledge and information, communication, e-management, e-marketing and sales, and even everything, have all become faster and more useful as a result of the various means of communication available today." The significance of this research lies in the fact that it deals with current topics, such as mobile communication services, which are presently subject to fierce rivalry. Organizations must employ an integrated approach to marketing strategy in order to preserve their existence and continuity in the market. They must also invest their current customers as unpaid marketers through word of mouth in order to achieve this. Furthermore, (Zamil, 2011) demonstrates that businesses of all sizes and types must know that word-of-mouth marketing is a crucial component of any successful marketing strategy. Companies must establish positive relationships with their customers in order to earn their loyalty and ensure that they are willing to spread the word about the company's and its goods' merits in any and all venues. Managers must recognize that delighted clients might refer new customers to their business through word of mouth.

## **5. CONCLUSION**

According to the findings of study conducted through both perceptual analysis and empirical analysis, word of mouth has a statistically significant positive impact on purchasing interest, such that as word of mouth improves, so does purchasing intention. According to empirical evidence, purchasing intention has a positive and significant impact on purchasing decisions, such that if the purchasing interest in a product becomes increasingly attached to the minds of customers, the likelihood of making a purchase increase. Furthermore, according to empirical research, word of mouth has a favorable and statistically significant impact on purchasing decisions.

As previously stated by Basri et al. (2016), commercial organizations are particularly interested in Word of Mouth because of the impact it has on purchase decisions and client retention. Due to the fact that word of mouth has long been acknowledged as being extremely significant in the marketplace, numerous research has been conducted to determine the components that influence word of mouth as well as the link between these elements.

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