

THE IMPACT OF WORD OF MOUTH ON CONSUMERS' PURCHASING DECISION

Hario Tamtomo¹, Wella Sandria², Arniwita³, Ayu Astri Purwati⁴

¹²³Faculty of Economic and Business, University of Muhammadiyah Jambi

⁴Faculty of Business, Pelita Indonesia Institute of Business and Technology, Pekanbaru

*Corresponding Author: wellasandria@umjambi.ac.id

Abstract: This study aims to analyze the description of consumer characteristics and analyze the effect of Word Of Mouth (WOM) on consumers' purchasing decisions in Jkov Koffie Jambi. This study uses a quantitative approach, primary data collection was obtained through interviews, observations and distributing questionnaires to 100 respondents to obtain information about the influence of the power of word of mouth promotion on Jkov Koffie Jambi's consumers' purchasing decisions. The data is processed by a simple regression method with word of mouth as the independent variable (X) and consumers' purchasing decisions as the dependent variable (Y). The results of this study indicate that men still dominate by 52% compared to female respondents, 75% of consumers are aged 26-36 years, the majority of consumers are millennials and students where they have visited Jkov Koffie at least 1-2 times. Meanwhile, the simple regression test results show that significantly ($0.000 < 0.05$), the word of mouth variable affects purchasing decisions at Jkov Koffie Jambi by 17.9% with an R2 value of 0.125.

Keywords: Consumers' Purchasing Decision, Word of Mouth, Promotion, Marketing

1. Introduction

The culinary business is a business that never dies because culinary business opportunities are always wide open if entrepreneurs are able to seize these opportunities. Along with the times, the conditions of business competition, especially in the culinary world, have experienced many developments. One proof of the rapid development of the culinary business in Indonesia is the number of coffee shops that have sprung up. Nowadays, the number of coffee shops is a natural sight that is enjoyed by all people. Coffee shop spread out supported by a specific theme and purpose, for example a variety of concepts with background music, affordable prices and menu offerings with traditional to modern concepts that are the main attraction especially for young people. The development of this culinary business does not only occur in big cities. In Jambi City, there are many coffee shops with various concepts and varied menus, ranging from simple ones to those suitable for family/office events. Coffee shops in Jambi City not only show business competition, but have also become a lifestyle for most people. Based on data from etalasekopi.com until 2020 there are 42 coffee shops in Jambi City. Jkov Koffie is a culinary business with an attractive cafe atmosphere, clean environment, strategic location, as well as a comfortable place for teenagers to adults. Jkov Koffie also provides a room for meetings without having to rent the room. Although Jkov Koffie has many competitors who offer similar concept, but the number of visitors Jkov Koffie over the past 4 years has increased.

Table 1. Number of Consumers of Jkov Koffie per Year

| Year | Number of Consumer | Percentage |
|-------|--------------------|------------|
| 2017 | 19.345 | - |
| 2018 | 25.550 | 32,07% |
| 2019 | 29 200 | 14,28% |
| 2020 | 21.200 | (25%) |
| Total | 95.995 | 21,36% |

Source : Jkov Koffie

From the table 1 above, it can be seen that the increase in the number of consumers was 32.07% previously in 2017 there were 19,345 people increased to 25,550 consumers in 2018, while in 2019 it increased by 14.28% and in 2020 it happened decreased by 25% to 21,900 consumers. Increasingly fierce business competition makes companies must be able to meet consumer needs and win business competition. For this reason, a company is required to make the right marketing strategy, one of which is through word of mouth promotion. Word of mouth can also be considered in making purchase decisions by consumers (Siregar, 2018). Word of mouth is the most powerful medium in communicating products or services to two or more consumers. Word of mouth between consumers appears naturally and honestly which makes the resulting marketing message much better and more effective than other media (Hasan, 2010). Word of mouth is a marketing strategy where consumers are in control and participate as marketers to influence and accelerate marketing messages (Hasan dalam Siregar, 2018). The goal of word of mouth marketing is to create a product or experience that consumers will share with their friends, family, and colleagues. Another advantage is that this promotion does not require a large fee and can even be free if consumers are satisfied with the products and services offered by the company. According to Putri et al., 2016, word of mouth has proven to be more effective than any other marketing method. Word of mouth is a promotional activity from one individual to another that creates a stimulus to find out and even buy the product. Word of mouth is one of the fundamental means of distribution. Word of mouth can influence others' views, thoughts and their decision. If word of mouth power utilized correctly, it could market any product/services for the long time. It has the power to create strong image in the individual mind. Word of mouth could be beneficial as well as harsh. Local market influencers, trendsetters and tastemakers are supported by word of mouth marketing process also by which advertising messaging campaign releases. The word of mouth marketing campaigns are connected with influencers and trendsetters who help to begin consumer trends such as consumer products trends, automobile purchase trends, entertainment trend, fashion trends, and beverage consumption trends. Word of mouth values twice like advertisings values for consumer. By advertising we all are captured in the world all day and night.

One of the businesses that uses word of mouth as a promotional strategy is Jkov Koffie, in Jambi City. This is because Jkov Koffie is one of the coffee shops in Jambi City which is very busy visited by both students, young businessmen and adults. A strategic location, a very comfortable place to relax or a meeting place, a variety of food and beverage menus and other facilities provided also provide satisfaction to consumers and recommend Jkov Koffie to others. Based on the research of Febiana, 2014 it can be concluded that the word of mouth variable has an effect on consumers' purchasing decisions. Information and knowledge about the experiences of other people around about the products offered and presented will be a stimulus for a consumer in deciding to make a purchase of a product or service. In addition, according to research conducted by Oktavianto (2014), it proves that the WOM variable has a positive influence and has a strong influence on product purchasing decisions.

The formulation of the problem in this study is how the description of consumers at Jkov Koffie and how the influence of word of mouth on customers' purchasing decisions at Jkov Koffie.

While the objectives to be achieved in this study are to find out and analyze how the description of consumers at Jkov Koffie and to determine and analyze the effect of word of mouth on customers' purchasing decisions at Jkov Koffie.

2. Literature Review

Marketing Management

According to Kotler in Dharmmesta and Handoko (2012), marketing management is the analysis, planning, implementation, and supervision of programs aimed at creating exchanges with the target market with a view to achieving company goals. Marketing management occurs when at least one party to a potential exchange thinks of a way to get the other party to respond as he or she wants. Thus, marketing management can be interpreted: Marketing management is the process of planning and executing the thinking, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual goals within the organization. (Kotler & Keller in Limakrisma & Purba, 2017).

Marketing Strategy

Marketing strategy is basically a comprehensive, integrated and unified plan in the field of marketing, which provides guidance on the activities to be carried out to achieve the marketing objectives of a company. In other words, marketing strategy is a set of goals and objectives, policies and rules that give direction to the company's marketing efforts from time to time, at each level and reference and allocation, especially as the company's response to the environment and competitive conditions. always changing. The results of the assessment are used as a basis for determining whether the current strategy needs to be changed, as well as being used as a basis for developing or determining strategies that will be implemented in the future (Assauri in Sunyoto, 2013). A good marketing strategy must be built on the basis of a strong business understanding in market dynamics, combined with an understanding of needs and wants, competitors, human capital skills, suppliers both internally and externally.

One of the elements of an integrated marketing strategy is the marketing mix strategy, which is a strategy carried out by the company related to determining how the company presents product offerings in certain market segments which are its target market. The four elements of the marketing mix strategy are product strategy, pricing strategy, distribution strategy, and promotion strategy.

Word Of Mouth

According to WOMMA (Word of Mouth Marketing Association) (Sumardy in Munda, 2019) word of mouth marketing is a marketing effort that encourages buyers to talk about, promote, offer, and sell products or services to others. In other words, WOM is a marketing activity that triggers consumers to talk, promote, recommend and sell the brand of a product to other potential consumers (Sumardy in Oktavianto, 2014).

Word of mouth has advantages and disadvantages (Sutisna in Siregar, 2018). The advantages of word of mouth are as follows:

- a) Word of mouth is a very efficient form of communication. This activity can take place at any time indefinitely allowing consumers to reduce the time for browsing and brand evaluation.
- b) Word of mouth is a very cheap means of promotion for marketers, this means that word of mouth allows marketers not to spend large funds on promotions but can only take advantage of consumers owned by the company.

While the disadvantages of word of mouth are as follows:

- a) If the word of mouth that is disseminated is negative news, then consumers will usually tell more people about the negative experience they had than when they had a positive experience.
- b) In the process of delivering word of mouth, the news conveyed may be disturbed so that the news develops in the wrong direction even far from what actually happened.
- c) If consumers have received a negative message it will be very difficult for the company to change their perception. This is because consumers trust the people closest to them more than information from the company.

According to Sernovitz in Siregar (2018), there are five elements in spreading the word of mouth news, namely:

- a) **Talkers.** Speakers are consumers who have consumed a particular product or service. Sometimes other people choose or decide to consume a product depending on the experience of other consumers who have consumed the product before.
- b) **Topics.** Word Of Mouth creates a message that makes other people talk about a particular product because the product has its own advantages.
- c) **Tools.** In delivering news, it takes a tool to help so that the message can reach other people. These tools are like brochures, banners, or any other means that will make it easy for someone to talk about or disseminate information about certain products or services to other parties.
- d) **Taking Part (Participation Company).** It is a follow-up activity to potential customers so that they finally carry out the decision-making process.
- e) **Tracking.** Tracking or monitoring the word of mouth's result is a way to obtain information on how much positive word of mouth and negative word of mouth are obtained from consumers.

Consumers' Purchasing Decision

Consumers' purchasing decisions are a process of selecting one of several alternative solutions to consumer problems and ending with a purchase action (Amirullah in Putri et al., 2016). According to Kotler in Mahdiasukma & Fauzi, (2018), there are five stages in the buying decision-making process, they are :

- 1) **Problem Identification.** A buyer will make a purchase when they begin to recognize a problem or need, and a need will arise due to internal and external influences. In the introduction of needs, there are components that are easy to obtain, low prices and a pleasant atmosphere.
- 2) **Information Search.** In searching for information, consumers do not try actively but seek information as needed. Usually the intensity of information seeking increases from a limited problem solution to a maximum problem solving.
- 3) **Alternative Evaluation.** Consumers will process the information that has been obtained and make judgments and producers must know the attitudes that consumers usually want.
- 4) **Purchasing Decision.** Purchasing decisions cause consumers to form their choices that are incorporated into other sets of choices. In this case, companies must understand consumers by limiting alternative choices or products to be purchased.
- 5) **Post Purchase Behavior.** In this stage, consumers will assess the level of post-purchase satisfaction or not satisfaction in purchasing the product. Satisfaction is judged by how close the product's performance can meet consumer expectations and even exceed their expectations. Meanwhile, consumers feel dissatisfied or disappointed when the goods they buy do not meet their expectations.

According to Idris (2015), the indicators in consumers' purchasing decisions are:

- 1) Stability in a product is a decision made by consumers, after considering various information that supports decision making.
- 2) The habit of buying a product is the experience of the closest people (parents, siblings) in using a product.
- 3) Providing recommendations to others, is the delivery of positive information to others, so that they are interested in making a purchase.
- 4) Repurchase, is a continuous purchase, after consumers feel comfortable with the product or service received.

3. Method

This research uses descriptive and causal research with a quantitative approach. According to Arikunto (2002), descriptive research is research directed at solving problems by describing or describing what the research results are. Causal research according to Sugiyono (2011) is a type of research where there is a causal relationship between independent variables (influenced variables) and dependent (influenced variables). The types of data used in this study are primary and secondary data. Primary data is data collected by researchers directly from the main data source. Primary data in this study were obtained from interviews, observations and filling out questionnaire instruments to obtain information about the effect of word of mouth promotion on purchasing decisions at Jkov Koffie Jambi City. Secondary data is data obtained through collecting or processing data in the form of a documentation study in the form of a study of personal documentation, official institutions, references or literature reports that have relevance to the focus of the research problem. The secondary data in this study was obtained from Jkov Koffie's internal data about the number of Jkov Koffie consumers in Jambi City from 2017-2020.

This study has a population of 21,200 consumers, therefore the sampling was carried out using the Slovin formula with a tolerance value of 5%, so that the sample size was found to be 100 respondents. In collecting primary data through a questionnaire, a 5-point Likert scale was used, where "1" indicates "strongly disagree", "2" "disagree", "3" "disagree", "4" "agree", and "5" "strongly agree". The analytical method used in this research is descriptive method and quantitative method using SPSS software. To test the research hypothesis, used validity test, reliability test and simple regression test. The t-test was conducted to see the effect of the word of mouth variable on the consumers' purchasing decision variable by comparing the results of the T count and T table, if T count > T table, then the hypothesis is accepted, otherwise if the T count < T table then the hypothesis is rejected. The value of R² shows how big and strong the influence given by the word of mouth variable on the consumers' purchasing decision variable.

4. Result and Discussion

To test the research instrument, each question item will be tested by taking a sample of 100 people. After distributing the questionnaires, then the collected data was processed to carry out data processing for validity, reliability, simple linear regression, t-test and determinant coefficient tests. Based on testing of several characteristics of respondents who filled out the questionnaire, the results obtained are that the majority of Jkov Koffie consumers are men, namely 52 people (52%) more than women, namely 48 people (48%), where 75% are aged 26-36 years. compared to other age levels, this is because the habit of the current millennial generation likes to hang out with friends or family in coffee shops, then followed by 12% aged

18-25 years, 11% aged over 35 years and only 2% aged in under 18 years. In terms of the latest education, consumers of Jkov Koffie in Jambi City are dominated by high school/vocational high school graduates as much as 62% compared to only 34% undergraduate graduates, while only 3% of elementary school graduates and only 1% of junior high school graduates. This is in line with the age of Jkov Koffie's consumers who are young and productive. In terms of employment, Jkov Koffie's consumers are still dominated by 52% students, 19% private employees, 18% entrepreneurs. This is because the facilities offered by Jkov Koffie strongly support the work of these three professions, such as comfortable room facilities for doing assignments, fast wifi network, availability of special rooms for business meetings and so on. As many as 40% of Jkov Koffie's consumers have incomes above IDR 2,500,000, in line with the respondent's profession, namely private employees or entrepreneurs, while 30% earn IDR 500,000-1,500,000 according to the professional category as students. Judging from the intensity of consumer arrivals to Jkov Koffie, the results of data processing show that 69% of consumers make 1-2 visits per month and 17% of consumers come 3-4 times per month. Validity testing is carried out on each indicator item that measures the word of mouth variable and the consumers' purchasing decision variable as shown in table 2 below. Furthermore, with a significance level of 5%, the R table value of 0.196 is obtained. And overall it was found that 3 items measuring "talkers" were declared valid, 4 items measuring "topics" were declared valid, 3 items measuring "tools" were declared valid, 3 items measuring 'taking parts' were declared valid, 3 items measuring "tracking" is declared valid, and 6 items that measure consumers' purchasing decision variables are declared valid. That is, all statement items are really able to measure the constructs of "talkers", "topics", "tools", "taking parts", and "tracking" and consumers' purchasing decision variables, so that they are declared valid.

Table 2. Result of Variable Validity Test

| Statement | R Count | R Table | Information |
|-----------------------|---------|---------|-------------|
| Variabel WOM : | | | |
| 1. Talkers | 1 | 0,768 | VALID |
| | 2 | 0,772 | |
| | 3 | 0,790 | |
| 2. Topics | 1 | 0,762 | VALID |
| | 2 | 0,775 | |
| | 3 | 0,774 | |
| | 4 | 0,661 | |
| 3. Tools | 1 | 0,749 | VALID |
| | 2 | 0,669 | |
| | 3 | 0,753 | |
| 4. Taking Part | 1 | 0,699 | VALID |
| | 2 | 0,858 | |
| | 3 | 0,804 | |
| 5. Tracking | 1 | 0,661 | VALID |
| | 2 | 0,667 | |
| | 3 | 0,514 | |
| Variabel CPD : | | | |
| | 1 | 0,704 | VALID |
| | 2 | 0,709 | |
| | 3 | 0,762 | |
| | 4 | 0,487 | |
| | 5 | 0,535 | |
| | 6 | 0,216 | |

Source: Processed Data

Reliability testing was conducted to measure the consistency of the questionnaire from variable indicators or constructs from time to time as shown in table 3 below. The decision making for

reliability testing, namely a construct or variable is said to be reliable if it gives Cronbach's Alpha value > 0.60 (Ghozali, 2006). The results of the reliability test showed that the word of mouth variable was declared reliable (0.813), the consumers' purchasing decision variable was declared reliable (0.619). This means that overall respondents' answers to the statement items in the questionnaire are stable and consistent from time to time, so they are declared reliable.

Table 3. Result of Variable Validity Test

| Variabel | Cronbach's Alpha | Kriteria | Hasil |
|------------------------------------|------------------|----------|----------|
| Word of Mouth (X) | 0,813 | $> 0,60$ | Reliable |
| Consumers' Purchasing Decision (Y) | 0,619 | $> 0,60$ | Reliable |

Source: Proceeded Data

The results of the t-test are shown in table 4 which aims to see the impact of the word of mouth variable on the consumers' purchasing decision variable in Jkov Koffie Jambi City.

Table 4. Results of the T-Test of the Word of Mouth Variable on Consumers' Purchasing Decisions in Jkov Koffie, Jambi City
 Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|-------------------|-----------------------------|------------|---------------------------|-------|------|
| | B | Std. Error | Beta | | |
| | (Constant) | 12,320 | 3,341 | | |
| Word of Mouth (X) | ,179 | ,048 | ,354 | 3,749 | ,000 |

a. Dependent Variable: Consumers' Purchasing Decision (Y)

Source: Processed Data

Simple regression equation used to describe the model the relationship between the independent variables with the dependent variable. This regression equation contains a constant value or intercept the value of the regression coefficient or slope and the independent variable (Suliyanto, 2011). Based on the results of data processing in table 2 above, the t-count value (3.749) $>$ t-table (1.984) and the significance value of generated by 0.000 is still in below 0.05, it can be concluded word of mouth has a significant influence significant effect on consumers' purchasing decisions at Jkov Koffie Jambi City.. From the results of research that has is carried out where the equation $Y = 13.230 + 0.179X$. It means if word of mouth is assumed to be zero (0) or the absence of word of mouth, then the consumers' purchasing decision at Jkov Koffie does not change of 13,230. If word of mouth increased by 1 unit, then this can affect the consumers' purchasing desicion at Jkov Koffie for 0.179.

Consumers of Jkov Koffie put forward many reasons for choosing word of mouth promotion in deciding to purchase products at Jkov Koffie, Jambi City. The first reason that probably affects most consumers is that they want to get as much information as possible about a product or service at Jkov Koffie before making a purchase decision. Consumers strongly believe that close relationships like siblings, family, friends and colleagues are always supportive to make their decision easier especially when buying something. The second reason is that other people's experiences can be used as good references support when making purchase decisions because they can be relied on easily. Word of mouth from trusted sources gives satisfaction to make any decision. The two reasons that are gathered from the experiences of others are very helpful for consumers to take action. Finally, another factor consumers rely on word of mouth is that consumers want to be careful so that the results obtained can be better. Consumers also reveal the reasons for choosing word of mouth when visiting Jkov Koffie, when these consumers have spent large amounts of money from their pockets, in this situation they mostly rely on information that comes from authentic sources.

These results are in line with Pratiwi & Lubis (2017) entitled "The Effect of Word Of Mouth Communication on Consumer Purchase Decisions at the Boardgame Lounge Smart Café Pekanbaru", where the results of this study conclude that word of mouth communication is a stimulus given by talkers (influencers) so that it gives response in consumers' purchasing decisions at the Boardgame Lounge Smart Café. In line with this, Oktavianto,(2014) entitled "The Effect of Word Of Mouth on Consumer Purchase Decisions in Pak Agus' Chicken Noodle Business in Batu City", where the results of this study prove that the WOM variable has a positive influence and has a strong influence on consumers' purchasing decisions product variant.

Table 5. Result of R Square Test (R2)

| Model Summary | | | | |
|---------------|-------------------|----------|-------------------|----------------------------|
| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
| 1 | ,907 ^a | ,822 | ,824 | ,842 |

a. Predictors: (Constant)

Source: Proceeded Data

Table 5 shows the results of the R Square determination test of 0.354 with an R2 value of 0.125 which means that 12.5% of Jkov Koffie's consumers' purchasing decisions in Jambi City are explained by the word of mouth variable. While 87.5% is influenced by other variables that are not examined in this research.

5. Conclusions

From the results of this research data processing, it can be concluded that the description of consumer characteristics in Jkov Koffie Jambi City is dominated by male gender, in terms of age the majority are 26-36 years old, the most recent education is high school / vocational high school graduates, most professions are students, the highest income is above IDR 2,500,000 with the highest intensity of visits being 1-2 times a month. This study also concludes that there is a positive and significant relationship between the word of mouth variable and the consumers' purchasing decision variable in Jkov Koffie Jambi City. This research has limitations that only use one independent variable, therefore it is hoped that further researchers can add other independent variables such as price, product quality, loyalty and others.

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