



The Influence of Social Media on Purchasing Decision Through Electronic Word of Mouth As a Variable of Mediation

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ABSTRACT

The research objective is to examine the effect of social media on purchasing decisions with electronic word of mouth (e-WOM) as mediation. The sample used in this study is 140 customers in Joglo Agung Resto and Gallery Semarang City. The sampling technique used a probability sampling method with an accidental sampling technique. The research approach with quantitative methods with path analysis, using analysis tools namely SEM (Structural Equation Model) with the help of Amos version 20.0. The findings obtained in this study are that social media has a positive and significant effect on e-WOM customers in Joglo Agung Resto and Gallery Semarang City. Social media has a positive and significant influence on customer purchasing decisions at Joglo Agung Resto and Gallery in Semarang. E-WOM has a positive and significant influence on customer purchasing decisions at Joglo Agung Resto and Gallery in Semarang. E-WOM mediates partially the effect of social media on customer purchasing decisions at Joglo Agung Resto and Gallery Semarang City.

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1. Introduction

Nowadays social media is becoming one of the new movements in the marketing world, various social media are emerging with their advantages. This makes it easy for everyone to be able to communicate and obtain information without space and time. Social media is a medium to express opinions openly or to comment on anything written by others. So that communication that occurs in social media is two-way, this communication creates a community quickly because of the same interests with each other.

The impact caused by social media is very real in increasing website traffic and increasing online sales (Solis, 2010: 21). Social media has been used as one of the tools used to do product marketing or commonly referred to as social media marketing. Social media marketing is a process that encourages individuals to promote through their websites, products, or services through online social channels and to communicate by utilizing a much larger community that is more likely to do marketing than through traditional advertising channels (Weinberg, 2009: 3-4). Social media marketing is a form of online advertising that uses the cultural context of social communities including social networks, virtual worlds, social news sites, and social opinion sharing sites to meet communication objectives (Tuten, 2008: 19).

Through social media, many people update information because it is considered more efficient and easily accessible. Many internet users are not just looking for or getting information, but also use social media to communicate with people who are far away, or can conduct online business activities by selling and buying products online. Social networking sites are public media where users can write, store, and publish information online. In addition to the theory of consumer behavior, social networking sites have an important influence in the process of finding information before consumers decide to buy a product (Jones, 2010).

Before consumers make a purchase of a product or service consumers will certainly find information about the product or service that they bought. e-WOM is the most effective way to create a purchasing decision now. (J. Q. Zhang, Craciun, & Shin, 2010) said that the internet is currently very empowered by consumers to share information easily accessed and most consumers can share their experiences through the internet and influence other consumers through e-WOM. Furthermore (J. Q. Zhang et al., 2010) also mentioned that when information exchange takes place through e-WOM, consumers will evaluate the product.



Online product reviews are done by consumers more and more when looking for re-purchase information, it establishes the intention of purchasing (Zhang and Tran, 2009). Therefore, e-WOM communication has a strong effect on direct or indirect purchase intent (Jalilvand and Samiei, 2012) leading to the involvement of purchasing decisions.

Indonesia is one of the countries in the world that has the most population populations with a population ranging in the number of 200 million people, then it is not wrong when many people call Indonesia as a potential market for the digital world. According to research conducted, there are about 88.1 million people who use active internet in Indonesia as their social media. The social media services business is increasingly profitable moreover Indonesia residents are very diligent to access the Internet. The amount is expected to increase annually. Here are the pictures of Internet use in Indonesia:

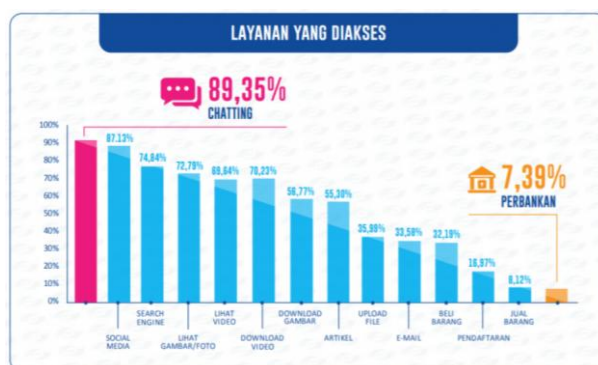


Fig 1. Penetration of Internet Users in Indonesia
Source: Asosiasi Penyelenggara Jasa Internet Indonesia (APJII), 2018

Based on Figure 1 above, it is known that in Indonesia the use of the Internet is dominated by social media by 87.13%. survey results can be noted, the development of social media (social media) in Indonesia has great potential to be used as a marketing destination for business people who will market the products or services offered. This is because Medsos is an important part of sales, service, communication and marketing strategies that reflect adaptations between markets and buyers. (Solis, 2010:9).

Furthermore, according to a report from Indonesia Digital 2019, the widely used social media was the first rating of Youtube with total users as much as 88%, followed by WhatsApp 83% and Facebook 81% which topped the second and third ratings. For more details, see the following figure 2:

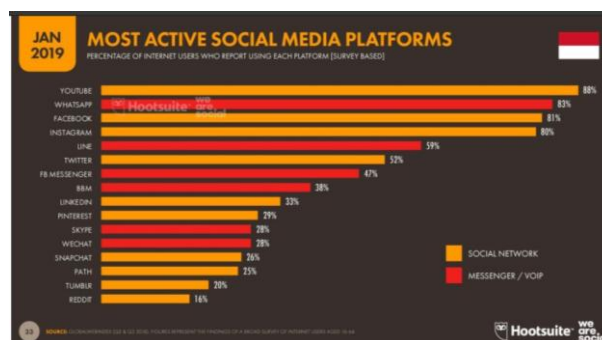


Fig 2. Most Active Social Media Platforms
Source: <https://websindo.com/indonesia-digital-2019-media-sosial/>, 2020

Furthermore, when reviewed by Gender and age, most social media users are seen at the age of 18-34 years, both male and female. It's a very productive age period. At this very productive age, it is generally easier to share experiences they can have on social media, therefore social media is rated the most effective promotional tool to increase purchases.



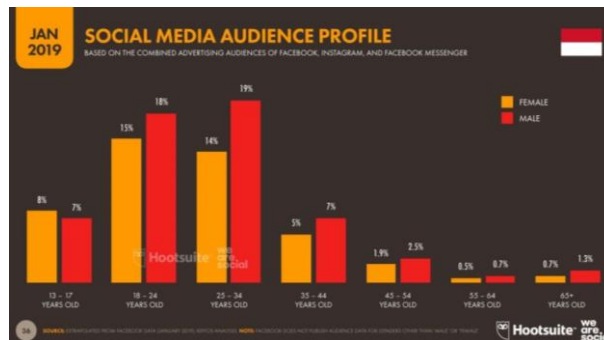


Fig 3. Social Media Audience Profile

Source: <https://websindo.com/indonesia-digital-2019-media-sosial/>, 2020

One of the many restaurants talked about by netizens on social media is Joglo Agung Resto and Gallery. Joglo Agung Resto and Gallery is located in Jalan weak Abang, Bandungan village, which is located in Telomoyo area proof. The restaurant is open from 10.00-21:00 WIB. The outdoor section is a favorite spot for customers who want to eat with the proof view of Telomoyo. What's more, there is a tree with stems towering over the dining table. The natural atmosphere is very tasted in this restaurant.

This restaurant began to be crowded in 2012 because it was widely discussed on social media. In addition to outdoor dining, the restaurant also made several photo spots, one of which is a photo spot that is above the saung with Telomoyo's hill background. Customers who visit also really like this photo spot, after they take pictures they will share it on their respective social media while giving comments about the impression they feel about Joglo Agung Resto and Gallery. The number of positive comments shared by customers on their social media accounts is one of e-WOM's for Joglo Agung Resto and Gallery.

Based on this background, researchers are interested in conducting research by raising the title: "The Effect of Social Media on Purchasing Decisions Through Electronic Word of Mouth as a Mediation Variable".

2. Literature Review

2.1. Theoretical Basis

a. Social Media

According to Gunelius (2011:10), Marketing using social media is a form of direct and indirect marketing through social web such as blogging, microblogging, social networking, social bookmarking, and content sharing. The purpose of marketing with this method is to build awareness, recognition, memory, and actions for brands, businesses, products, people, or other entities. Marketing through social networks also opens opportunities for an individual to communicate socially in the seller of the products and services offered. (Weinberg, 2009: 3-4). Social media marketing is a form of online advertising that uses the cultural context of social communities including social networks, virtual worlds, social news sites, and social opinion sharing sites to meet communication objectives (Tuten, 2008: 19).

Several types of social media channels: blogs, social networking services, social media sharing services, social bookmarking services, social news services, social geolocation and meeting services, and community development services (Zimmerman and Sahlin, 2010: 11-15).

b. e-WOM

e-marketing has emerged along with the times and increasingly easy to access the internet. Strauss and Frost (2012) argue, e-marketing involves users of information technology in the process of creating, communicating, and providing value to customers. the term e-marketing comes the term e-WOM. e-WOM is a very important place for consumers to provide experience in purchasing products and services after they make a purchase transaction. E-WOM is considered more effective than WOM, this is because the level of accessibility and wider reach compared to WOM (offline media). Goldsmith and Horowitz (2006) state that the internet has changed the way consumers communicate, share opinions or offers about products or services that have been consumed. The more e-WOM phenomena develop, the better it will affect the development of marketing products and services. Communication through E-WOM makes consumers not only get information about products and services from people they know, but also get information from groups of people from various geographical regions with the product experience in question (Christy, 2010).

c. Purchase Intention

According to Sumarwan (2014: 377), purchasing decisions are consumer decisions that will occur if the consumer's desire to buy an item is unanimous which includes what goods will be purchased, whether to buy or not when to buy, where to buy, how to pay for it, and so on. Understanding according to Sumarwan can provide an understanding that a purchasing decision will occur if the consumer has found an item in accordance with predetermined criteria that is influenced by several factors that can support the purchase.

2.2. Conceptual Framework

According to Bashar and Ahmad (2012), social media is very capable of providing information and influencing purchasing decisions, this is because at this time social media users trust partners or other parties' opinions more than direct marketing strategies from companies in deciding purchases. Content is stimuli received by consumers that tend to be related to the context or situation surrounding consumers. Therefore, the contents of e-WOM will influence consumers' perceptions of a product (Sangadji, 2013). Based on this description, the conceptual framework in this study can be described as follows:

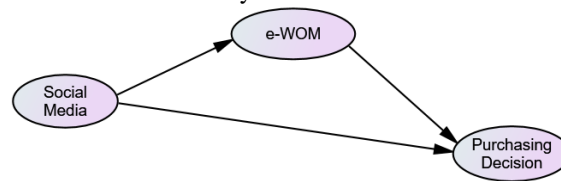


Fig4. Conceptual Framework

2.3. Hypothesis

The research Zanjabila (2017) and Iblasi (2016) found that social media marketing has a significant effect on purchasing decisions. Furthermore, research from Priansa (2016) and Sari et al (2017) states that e-WOM influences consumer purchasing decisions.

Therefore the hypothesis in this study can be described as follows:

- H1: Social media has a positive and significant effect on e-WOM in Joglo Agung Resto and Gallery Semarang City.
- H2: Social media has a positive and significant influence on customer purchasing decisions at Joglo Agung Resto and Gallery in Semarang.
- H3: e-WOM has a positive and significant influence on customer purchasing decisions at Joglo Agung Resto and Gallery in Semarang.
- H4: e-WOM mediates the influence of social media on customer purchasing decisions at Joglo Agung Resto and Gallery in Semarang.

3. Research methodology

The object of this research is all customers in Joglo Agung Resto and Gallery Semarang City. Samples were obtained from 5-10 of the number of indicators (17 x 8 = 136). Added with 4 respondents to be on guard in case of outlier data. So that the sample is 140 customers in Joglo Agung Resto and Gallery Semarang City. Sampling with the probability sampling technique uses an accidental sampling approach.

According to Gunelius (2011: 59-62), there are four elements that serve as indicators of social media marketing:

- a. Content Creation. Content that is displayed with an attractive appearance is the cornerstone of strategy in conducting social media marketing. The content is displayed attractively and must reflect the personality of the business, so that it can be trusted by consumers.
- b. Sharing Content. Share content with social communities, help expand business networks and expand online users. Share content, causing indirect sales and directly provide results but depends on the type of content shared.
- c. Connecting. Social networking allows one to meet more people who have the same interests. With this activity will build relationships that generate more business. Communication is carried out honestly and carefully is considered when doing social networking.
- d. Community Development. Social Web is a large online community of individuals who will build interactions between people who live throughout the world through the use of technology. Building a community online, having a common interest to be able to capture socially and more.



Goyette, Ricard, Bergeron & Marticotte in Ramadhani (2015), divided the dimensions of e-WOM into three parts, namely:

- 1) Intensity. Intensity is the feasibility of consumers in providing information, interactions, and opinions among consumers on social networking sites. Based on research by Adeliyasari et al (2010), the intensity of e-WOM can be measured through three indicators: (1) Frequency of accessing the information on social networks; (2) The frequency of interactions between users of social networks; (3) The number of reviews written by users of social networks.
- 2) The valence of Opinion. Valence is consumer interest in a product by buying a product based on the opinions and recommendations of other consumers. Based on research by Adeliyasari et al (2010), indicators of Valence of Opinion: (1) Positive comments from users of social networks; (2) Consumer recommendations from social networks; (3) Negative comments from users of social networks.
- 3) Content. Content is information on the quality, price, comfort, cleanliness, and cafe service that will be purchased by consumers. The following Content indicators are based on research by Adeliyasari et al (2010): (1) Information on cafe-quality on social networking sites; (2) Price information offered on social networking sites; (3) Information on comfort, cleanliness, cafe services, on social networking sites.

According to Ferdinand (2014), Purchasing Decisions are divided into four indicators:

- a. Transactional Decisions are the decisions of consumers to buy products from certain websites.
- b. Referential Decision is the decision of consumers to provide references for products that have been purchased, so that they can provide recommendations for other consumers.
- c. Preference Decisions are decisions that explain consumer behavior in having preferences, especially in the products offered. This preference will be able to change if something happens with the product you like.
- d. Explorative Decision is a decision of consumer behavior that always provides information on everything about the product of interest and seeks complete information in supporting the positive and negative nature of the product.

Data collection using a questionnaire with a Likert scale measurement (5-1). The analytical tool used is the Structural Equation Model (SEM) with the help of AMOS version 20.0. The data analysis technique used is path analysis. The mediation test is done by the Sobel test.

4. Research Results and Discussion

4.2. Research Results

The model suitability test is carried out through a flow chart in the full model equation, which is a test carried out on all exogenous and endogenous variables that have been combined into one whole diagram (path) through a variant or covariance matrix and the full model is referred to as the research model. The full model test is carried out in two stages, namely the full SEM model before modification and the full SEM model after modification.

The full model test before modification is presented to see how far the initial model formed in meeting the Goodness Of Fit (GOF) criteria before the model is modified. The following will present a full model image before modification:

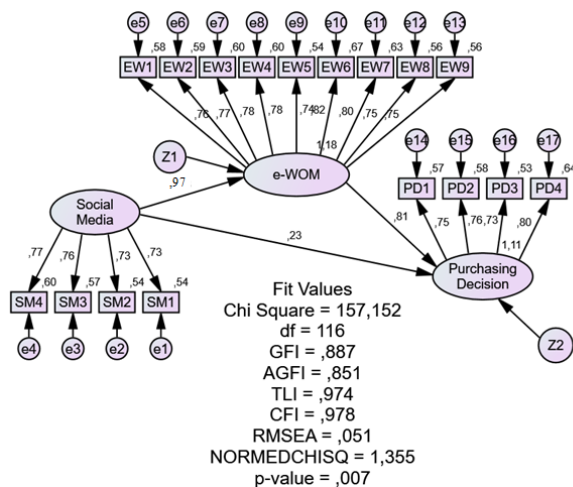


Fig 5. Full Model before modified

Based on Figure 5 it is clear that not the entire value of Goodness of Fit (GOF) meets the required criteria. Thus the model needs modification.

A full model after the modified test is intended for a model to be formed to meet GOF requirements. Modifications are done by connecting any error term suggested by the system, in order to increase the GOF value that has not yet fulfilled the criteria. The following will be presented full model image after modified:

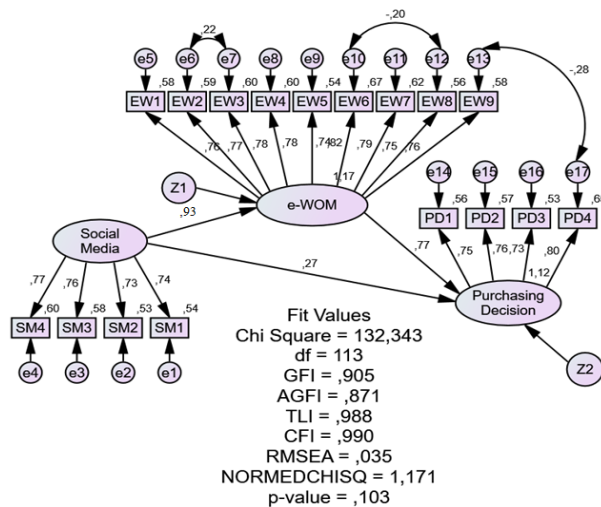


Fig 6. Full Model after modified

Based on Figure 6 it is clear that the entire construction used to form the research model has fulfilled the criteria of GOF. Like the Chi-square, TLI, CFI, RMSEA, CMIN/DF values that meet the required criteria. Only AGFI is still marginal but already closer to good. More reemphasized with the P-value of 0.103 which is greater than 0.05 indicates that the model formed has been very significant.

4.3. Discussion

To see how large the effect of independent variables against dependent variables will be shown in the following table 1:

Table 1. Results of Calculation of Influence of Variables

Influence between variables			Std. Estimate	Estimate	S.E.	C.R.	P
e-WOM	<---	SocialMedia	,934	,940	,105	8,974	***
Purchasing Decision	<---	SocialMedia	,271	,283	,072	3,939	***
Purchasing Decision	<---	e-WOM	,770	,758	,097	7,774	***



From table 1 will be elaborated in detail to be able to clearly answer the hypothesis of this research as follows:

a. Influence of Social Media on E-WOM

The influence of social media on e-WOM amounted to 0.934 (93.4%), with a C.R-value of 8.974 and a probability value of 0.0001. It was concluded that social media positively and significantly affect the customer's e-WOM at Joglo Agung Resto and Gallery of Semarang. Hypotheses 1 received.

b. The influence of Social Media on Purchasing Decision

The effect of social media on purchasing decisions is 0.271 (27.1%), with a C.R-value of 3.939 and a probability value of 0.0001. It was concluded that social media positively and significantly influenced the purchasing decision of customers at Joglo Agung Resto and Gallery of Semarang. Hypothesis 2 received.

c. E-WOM influence on Purchasing Decision

The influence of E-WOM on purchasing decisions is 0.770 (77%), with a C.R-value of 7.774 and a probability value of 0.0001. It was concluded that e-WOM was positively and significantly affected by customer purchasing decisions at Joglo Agung Resto and Gallery of Semarang. Hypotheses 3 received.

d. Perceived e-WOM mediating influence of Social Media against Purchase Decision

Based on the calculation results found the significance of the line-a (0.0001), line-b (0.0001), line-c (0.0001), and Line-c' (0). Then it can be concluded that e-WOM mediated on a partial mediation the influence of social media to the customer's purchase decision at Joglo Agung Resto and Gallery of Semarang. Hypothesis 4 received.

5. Conclusion

Conclusions gained from the research results:

- a. The entirety of the hypothesis in the study is acceptable, supported with data analysis results.
- b. The greatest influence is the influence of social media on customer's e-WOM in Joglo Agung Resto and Gallery of Semarang with the influence of 0.934 (93.4%).

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