

Purchase Intention Model through E-Wom: Social Media Analysis on Purchasing Msmes Products in Bungo Regency

¹⁾ Nanik Istianingsih,²⁾ Erwin H. Harahap,³⁾ Susriyanti,⁴⁾ Hapzi Ali

¹⁾ Doctoral Student on Universitas Putra Indonesia YPTK Padang, Indonesia

²⁾ Doctoral Student on Universitas Putra Indonesia YPTK Padang, Indonesia

³⁾ Doctoral Student on Universitas Putra Indonesia YPTK Padang, Indonesia

⁴⁾ Lecture on Universitas Putra Indonesia YPTK Padang, Indonesia

Article Info

Volume 83

Page Number: 9024 - 9032

Publication Issue:

May - June 2020

Abstract:

In 2017 the number of SMEs in Indonesia was 62.9 million then decreased in 2018 there were 59.2 million, but 7.7% registered using online marketing technology whereas the government is targeting 12.8% of SMEs to be technology-based. This impact for Indonesia's competitiveness in the world at number 40 and lower than Singapore, Malaysia and Thailand. Technological developments open up business opportunities to promote through various networks such as social media and the power of Electronic Word of Mouth (e-WOM) in influencing the interest in buying goods / services. The research objective empirically examines the effect of social media on buying interest through e-WOM on MSME products. This research used Path Analysis with data collection techniques through questionnaires and interviews with a sample of 42 respondents. The results of this study prove that social media (X) and e-WOM (Y), have a significant effect on Purchase Intention (Z) either partially or simultaneously.

Article History

Article Received: 19 November 2019

Revised: 27 January 2020

Accepted: 24 February 2020

Publication: 18 May 2020

Keywords: Purchase Intention, e-WOM and Social Media

INTRODUCTION

SMEs have a strategic role in Indonesia's economic growth, especially in the 4.0 Industrial Revolution era as it is today. The potential of MSME is very important with its role as a source of community income, meeting the needs of domestic goods and services, job creation, and increasing added value which has an impact on reducing poverty and economic growth (Cooperatives and MSMEs, 2019). At present the number of MSMEs in Indonesia reaches 62.92 million business units or 99.92% of the total domestic business units. The contribution of MSMEs to GDP reached 60% and employment of 116.73 million people or 97.02% of the total workforce employed (Indonesia.go.id, 2020).

The Industrial Revolution Era 4.0 is a challenge for MSMEs to continue to survive and have a

competitive advantage. The development of information technology and digitalization especially the use of social media offers benefits for MSMEs to increase marketing and sales, expand market share, and help business decision making (Priambada, 2015). In 2017 the number of SMEs in Indonesia was 62.9 million but decreased in 2018 there were 59.2 million MSMEs. Of this number only 7.7% registered using online marketing technology on the e-Commerce platform (source: Kemenkop UKM, 2019), whereas the government is targeting 12.8% of SMEs to be technology-based. This has an impact on Indonesia's competitiveness in the world at number 40 and lower than other ASEAN countries such as Singapore, Malaysia and Thailand.

Most of the previous research related to the use of the internet such as social media by MSMEs in Indonesia uses qualitative research including the case study method (Utami and Purnama, 2012), descriptive observational research on the implementation of social media on the development of MSMEs (Purwiantoro and Hadi, 2016), the benefits of using social media (Priambada, 2015) and social media as marketing media (Siswanto, 2013). Exploratory studies on the factors that influence the use of social media in quantitative terms have not been done much, especially in the context of MSME. So that the motivation of MSME businesses in adopting and using internet and social media in their business activities is still inconclusive. According to data from Deloitte Access Economics, it shows that more than one third of MSMEs in Indonesia or 36% are still offline and another third or 37% only have very basic online capabilities such as computers or broadband access.

The data also revealed that only a small portion or 18% have medium online capabilities, namely using the web or social media, while only one tenth or 9% of SMEs already have advanced online business capabilities with e-commerce capabilities. Ironically, data from the McKinsey Global Institute also mentions that only 5% of SMEs have been able to transact online, whereas Word of Mouth has the power to provide more reliable information, so that the type of communication with non-commercial messages has a higher level of persuasion with trust and credibility. also high (Jalilvand, 2012).

Changes in the digital era shift WOM channels to E-Wom (Electronic Word of Mouth) where information provided to recipients is done without face to face and without asking or searching (De Bruyn, 2008). The level of one's confidence in an information is determined from where the source of the information comes from (Abubakar, 2016). This is because of the ease of access and high coverage, this is more effective compared to offline word-of-mouth communication (Abubakar, 2016). Affirmed by (Chevalier, 2006) that e-WOM communication has become an important platform for consumers.

Where e-WOM plays an important role in influencing consumer purchase attitudes and decisions (Abubakar, 2016).

Previous studies on the impact of the use of social media in the context of MSME in quantitative terms were mostly carried out in developed countries. While research in developing countries is still limited. Research on the antecedents and consequent use of the internet and social media for MSMEs in the context of developing countries was conducted by (Odoom et al. 2017). The research investigates the factors that influence the motivation of MSMEs in the adoption and use of the internet and social media, namely interactivity, cost effectiveness, and compatibility with outcome variables, only the overall MSME performance. So it has not yet been detailed and detailed in describing the impact of the benefits of using the internet and social media in purchasing decisions. The purpose of this study was to determine how the influence of Social Media on Purchase Intention through Social Media as an Intervening variable for MSME products in Bungo District.

LITERATURE REVIEW

Social Media

Social media are grouped based on applications that are more specific based on the characteristics: blog, content, community, social networking sites, virtual gaming world and virtual social world (Andreas, 2010) where social media is a group of internet-based applications that are built based on ideology and web 2.0 technology which makes it possible to exchange or create new content (Andreas, 2010). Social media has an important role in the development of marketing, this is shown through the use of social media such as Facebook with a total of 1.65 billion and 5100 comments from brands that are informed through social media. About 56% are likely to recommend to friends in the network and 33% have made purchases based on social platform recommendations (Zephoria, 2016).

Kaplan M., (2010) states that social media is a group of web-based groups, applications and technology

base. (Solis, 2010) states that there are 4Cs in using Social Media, they are :Context: "How we Frame our stories" is how we form a story or message / information, Communication: "The practice of sharing our stories as well as listening, responding and growing." This is how to share stories or messages, respond and various ways that make users feel comfortable and the message delivered can be well received, Collaboration: "Working together to make things better and more efficient and effective". Namely how cooperation to make things better and Connection: "The relationships we forge and maintain." Namely how to maintain good relations in the collaboration carried out.

Electronic Word of Mouth (e-WOM)

The development of communication technology that continues to increase changing the promotion model that can be done by business people to introduce the products to be offered. The presence of social media in this millennial era is put to good use by business people and e-women who are one of the processes to share consumers' views online and direct consumers to support and fight certain products (Cheung & Lee, 2012). WOM communication occurs when consumers give advice or opinions and share experiences with other consumers about a product, service, or brand providing information or advice about a product by parents or friends. Because they see that the sender of the message is not considered to have any benefit in relation to the decision of the recipient of the message in the future, then the informal communication of Word of Mouth is considered more persuasive (Schiffman, 2010). Kotler, (2012) states that Word of Mouth Communication or communication from mouth to ear is a communication process in the form of giving recommendations both individually and in groups to a product or service that aims to provide personal information. So it can be concluded that WOM communication is one important part of the brand and product / service that is very influential on consumer behavior to decide whether or not to choose, because the information obtained is

considered important as a reference material for consumers to determine the desired product choice. Some definitions of E-WOM according to experts are Schiffman, (2010) defines E-WOM as Word of Mouth which is done online, Jalilvand, (2012) says that Electronic Word of Mouth is a negative or positive statement made by actual, potential or previous consumers about a product or company where this information is available to people or institutions through via the internet media, Dumrongsiri, (2010) ie E-WOM is a positive or negative statement about a product or company made by potential customers, current and former customers available to many people via the internet. E-Wom Dimensions (Goyette, 2010), they are :Intensity is the number of opinions written by consumers about what has been observed on a networking site, Positive valence is positive comments given by consumers, Negative valence is a negative comment given by consumers, WOM Content is a comment given by consumers about the product's good quality, content and ways / uses.

Purchase Intention

Purchasing interest is a step that consumers do before planning to buy a product (Kotler P. K., 2012). Basically every consumer in determining a choice depends on the beliefs they face. A person's behavior in determining choices becomes one of the forms of attitudes and subjective norms based on the beliefs he believes. (AG Suyono, 2012) states that consumer buying interest is the stage where consumers form their choices among several brands incorporated in the choice of devices which become an alternative choice that is most preferred through consideration. (Schiffman K., 2007) indicators of buying interest are:Interested in finding information about the product, Consider buying, Interested to try, Want to know the product and So want to buy a product

RESEARCH METHODS

This type of research causality research is directed to describe the existence of a causal relationship

between several situations that are described in the variable and on that basis then a general conclusion will be drawn.

The population in this study MSME product consumers who use social media in buying MSME products in Bungo Regency, with 15% of 361,182 people, as many as 55 people. However, at the time of distributing the questionnaires the number returned only 42 questionnaires. According to Nazir (2010), if the questionnaire returns more than 75% then data processing can be carried out so that it is calculated that 42 out of 55 people is 76.38%.

The sampling technique using purposive sampling method is the technique of determining the sample chosen with certain criteria Sugiyono, (2009: 78). Sample criteria are consumers who buy MSME products through social media.

Definition of Variable Operations

In this research several terms are used so that they are defined

operational in order to be a guide in this study. The operational definitions are:

Tabel 3:Operational Variable Defenition

Variable	Indicator
Media Sosial (X)	<ol style="list-style-type: none"> 1. Context 2. Communication 3. Collaboration 4. Connection
e-WOM (Y)	<ol style="list-style-type: none"> 1. Intensity 2. Positive Valence 3. Negative Valence 4. WOM Content
Purchase Intention (Z)	<ol style="list-style-type: none"> 1. Interested in finding information about the product, 2. Consider buying, Interested to try, 3. Want to know the product and 4. So want to buy a product

The multiple linear regression model can be called a good model if it meets the assumptions of data normality and is free from classical assumptions, both normality, multicollinearity, autocorrelation and heteroscedasticity.

Hypothesis test

Multiple linear regression outputs generated through the SPSS program need to be carried out simultaneously with the F-test, and partial tests with

the T-test, the explanation for each of these tests is as follows:

Path Analysis

To test intervening variables, the path analysis method is used. Path analysis is an extension of multiple linear regression analysis, path analysis is the use of regression analysis to estimate causal relationships between variables (causal) that have been predetermined based on theory, arrows will show the relationships between variables.

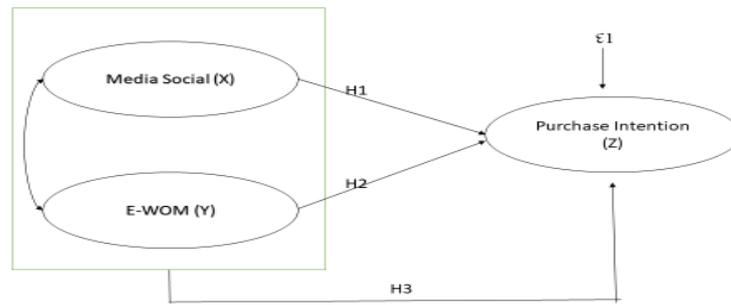


Figure 1. Conceptual Framework

FINDINGS AND DISCUSSION
Determinant Test Results (R Square)

The R Square test results are obtained as in Table 1 below:

Table 1 Model Summary

Model	R	Model Summary			Change Statistics				
		R Square	Adjusted R Square	Std. Error of the Estimate	R Square Change	F Change	df1	df2	Sig. F Change
1	.787 ^a	.619	.600	1.14710	.619	31.716	2	39	.000

a. Predictors: (Constant), E_WOM, Social_Media
Source : SPSS Data Processing, 2020

Based on the model summary table above obtained R Square figures of 0.619 or (61.9%). This shows that the percentage contribution of the influence of independent variables Social Media_X and E-WOM (Y) to Purchase Intention (Z) of 61.9%. While 100-61.9% = 38.1% influenced or explained by other variables not included in this research model.

F Value Analysis

F value or F test is performed to determine whether all independent variables included in the model have a joint effect (SIMULTAN) on the dependent variable. The F Value is obtained in the following Table 2:

ANOVA^a

Model	Sum Squares	of df	Mean Square	F	Sig.
-------	-------------	-------	-------------	---	------

1	Regression	83.468	2	41.734
	Residual	51.318	39	1.316
	Total	134.786	41	

a. Dependent Variable: Purchase_Int
b. Predictors: (Constant), E_WOM, Social_Media
Source : SPSS Data Processing, 2020

From Table 2 Anova above obtained an F value of 31.716 with a sig value of 0,000, meaning that the independent variables Social Media (X) and E-WOM (Y) have a significant effect on Purchase Intention (Z) simultaneously

Variable Coefficient Value

The coefficient values of each variable can be seen in Table 3 below:

Model		Coefficients ^a				Correlations			
		Unstandardized Coefficients B	Std. Error	Standardized Coefficients Beta	t	Sig.	Zero-order	Partial	Part
1	(Constant)	.629	.709		.886	.381			
	Social_Media	.482	.097	.499	4.990	.000	.585	.624	.493
	E_WOM	.486	.091	.534	5.332	.000	.613	.649	.527

a. Dependent Variable: Purchase_Int
Source : SPSS Data Processing, 2020

Statistically the output coefficients table above obtained the following equation.

$$Y = P_{zx} \cdot X + P_{zy} \cdot Y + e_1$$

$$Y = 0.499 \cdot X + 0.534 Y + e_1$$

From the above equation it is known that E-WOM (Y) has a dominant influence on Purchase Intention (Z) with a coefficient value of 0.534

The results of the above equation are entered into the structural equation image as below:

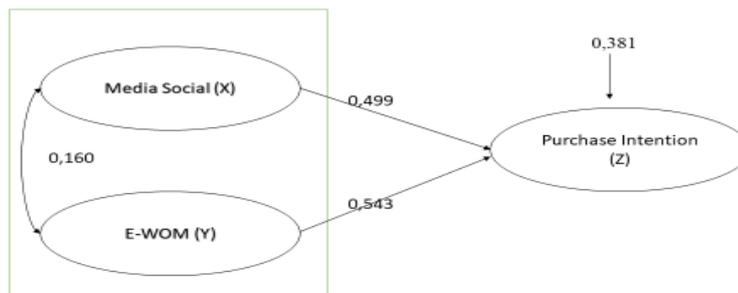


Figure 2. Path Analysis

The direct effect of X1 on Y

$$X_1 \rightarrow Z = X_1 \cdot X_1$$

$$= (P_{zx}) (P_{zx})$$

$$= (0.499) (0.499) = 0.249 = 24.9\%$$

The indirect effect of X1 on Y

$$X \text{ with respect to } Z \text{ through } X_2 = X_1 \Omega X_2 \rightarrow Y$$

$$= (P_{zx}) (r_{xy}) (P_{zy})$$

$$= (0.499) (0.160) (0.534) = 0.0426 = 42.6\%$$

$$\text{Total direct and indirect effects} = 0.249 + 0.0426 = 0.291 = 29.1\%$$

The relationship between Social Media and e-WOM has a correlation coefficient of 0.160 or 16% meaning it still has a weak relationship. This is different from research conducted by (Kandampully, Zhang, & Bilgihan, 2015) and (Zhang TO, 2017) say that when one member in an active group uses social media and cellular that is used sophisticated, he will gain positive experience while using the service received and will have a positive impact on e-WOM.

One of the causes of this weak correlation is because MSME products that have only been purchased by consumers do not yet have a brand. Products that are mostly bought through online by consumers in general are culinary products so that taste and taste are the main causes. The products offered by MSMEs do not yet have standards, making it difficult for consumers to give an assessment.

The partial effect of social media on Purchase Intention has a path coefficient of 0.499 or 49.9% and the effect of e-WOM on Purchase Intention has a path coefficient of 0.534 or 53.4%, thus the path coefficient ($0.499 < 0.534$) and it can be stated that variable-WOM has more influence than social media. Research (Thoumrungroje, 2014) states that there is a significant direct relationship between social media intensity and dependence on e-WOM. Meanwhile according to (Zhang TO, 2017) in his research mentioned that the Generation Y subgroups which range in age between 21-24 years have a very strong influence on the use of social media, technological sophistication of cellular technology based on positive behavior of e-WOM. Honesty and trust in providing information become capital for business people to find prospective customers. Good trust in the eyes of consumers will have a positive impact on e-WOM from customers and prospective customers. Able to describe well what customers want.

The partial effect of e-WOM (Y) on Purchase Intention (Z) has a path coefficient of 0.534 or 53.4% and it is stated that the e-WOM (Y) variable has a strong relationship to Purchase Intention (Z). This research has been proven by (Dewi Putri & Prabowo, 2015) the results of the study indicate that the dimensions in e-WOM: intensity, positive valence, negative valence and content simultaneously have an influence on Purchase Intention. This research supports research conducted by (Abubakar, 2016), (Chevalier, 2006), (Chang, 2010), (Dewi Putri & Prabowo, 2015), (Dumrongsiri, March 2010), (Goyette, 2010), (Jalilvand, 2012), (Prasad, 2017), (Thoumrungroje, 2014), (Zhang TO, 2017), (Wiridjati & Roesman,

2018) where social media and e-WOM have a strong relationship / influence with Purchase Intention.

CONCLUSION AND SUGESTION

Conclution

1. The relationship between Social Media and e-WOM has a correlation coefficient of 0.160 or 16% meaning it still has a weak relationship.
2. The partial effect of social media on Purchase Intention has a path coefficient of 0.499 or 49.9% and the effect of e-WOM on Purchase Intention has a path coefficient of 0.534 or 53.4%, thus the path coefficient ($0.499 < 0.534$) and it can be stated that variable-WOM has more influence than social media..
3. The partial effect of e-WOM (Y) on Purchase Intention (Z) has a path coefficient of 0.534 or 53.4% and it is stated that the e-WOM (Y) variable has a strong relationship to Purchase Intention (Z).

Suggestions

This study still has limitations, especially in determining the sample where the sample is taken only around the market place of the research area. for that future research is expected to develop the number of samples and the range of samples. Another limitation is the number of variables so that in the future you can add relevant new variables.

REFERENCES

1. Abubakar, A. M. (2016). Impact of online WOM on destination trust and attention to travel: A Medical tourism perspective. *Journal of Destination Marketing and Management*, 192-201.
2. Adityo, B. (2011). Analysis of the Effect of Trust, Ease and Quality of Information on Online Purchasing Decisions on the Kaskus site.

3. AG Suyono, S. S. (2012). Considerations in buying goods and services products. Jakarta: Intidayu Press.
4. Andreas, K. M. (2010). "Users of the world, unite! The Challenges and opportunities of social media". *Business Horizons*, 61.
5. Bolton, R. N. (2013). Understanding Generation T and Their use of social media: A Review and review agenda. *Journal of Service Management*, 24 (3), 245-267.
6. Chang, L.-Y. Y.-J.-L. (2010). The Influence of E-Word of Mouth on the Consumers' Purchase Decision: a Case of Body Care Products. . *The Journal of Global Business Management*. Vol. 6 Num. 2
7. Cheung, C. M. (2012). What drives consumers to spread electronic word of mouth in online consumer-opinion platforms. *Decision Support System* Vol.53 (1).
8. Chevalier, J. A. (2006). The Effect of Word of Mouth on Sales: Online BookReviews. *Journal of Marketing Research*, 43 (3), 345–354.
9. De Bruyn, A. (2008). A multi-stage Model of Word-of-Mouth Influence Through Viral Marketing. *International Journal of Research in Marketing*, 25 (3), 151-163.
10. Dewi Putri, L. E., & Prabowo, S. F. (2015). Effect of E-WOM Against Purchase Intention (Case study on Go-Jek Indonesia), (p. 2865).
11. Dumrong Siri, A. (March 2010). Impact if electronic Word-of-Mouth to consumer Adaption Process in the online Discussion Forum: A Simulation Study. *World Academy of Science, Engineering and Technology* Vol: 41, 180-189.
12. Gordhamer, S. (2009). 4 Ways Social Media is Changing Business. Retrieved January 2019, from <http://mashable.com/2009/09/22/Social-Media-Business/>
13. Goyette, I. R. (2010). E-WOM scale: Word of Mouth Measurement Scale for e-services Context *. *Canadian Journal of Administrative Sciences*, 5-23.
14. Jalilvand, M. R. (2012). The effect of electronic word of mouth on brand image and purchase intention. . *Marketing Intelligence & Planning*, 30 (4), 460–476.
15. Kandampully, J., Zhang, T., & Bilgihan, A. (2015). Customer loyalty: A reward and future direction with a special focus on the hospital industry. *International Journal of Contemporary Hospitality Management* Vol.3, 379-414.
16. Kaplan M., A. a. (2010). Users of the world, unite! The challenges and opportunities of social media ". *Business Horizons* 53. (1) p.61.
17. Kotler, d. K. (2012). *Marketing Management*. . Jakarta: Issue 12. Erlangga.
18. Prasad, S. G. (2017). Social media usage, electronic word of mouth and purchase-decision involvement. *Asia-Pacific Journal of Business Administration*. Vol. 9 Issue: 2.
19. Schiffman, K. (2007). *Consumer behavior*. Second Edition. Jakarta: PT. Gramedia Index.
20. Schiffman, L. G. (2010). *Consumer Behavior Tenth*. Tenth Edition Pearson Education.
21. Solis, B. (2010). *Engage: The Complete Guide for Brands and Business to Build, Cultivate and Measure Success in the New Web*. New Jersey: John Wiley & Sons Inc.
22. Solomon, M. R. (2015). *Consumer Behavior: Buying, Having and Being*. 11th Edition. New Jersey: Prentice Hall.
23. Thourunrojro, A. (2014). The Influence of Social Media Intensity and EWOM on Conspicuous Consumption. *Procedia-Social and Behavioral Sciences* 148, 7-15.
24. Wiridjati, W., & Roesman, R. R. (2018). The Phenomenon of Using Social Media and The Effects of Peers on Millennial Generation Against Purchasing Decisions. *Journal of Management and Marketing Services*, 275-290.

25. Zephoria, M. D. (2016, may). Retrieved January 2, 2019, from 20 Great Facebook Valuable Statistics.
26. Zhang, T. O. (2017). Generation's positive and negative eWOM: use of social media and mobile technology. *International Journal of Contemporary Hospital Management*, 732-761.
27. Zhang, Z. Y. (2010). The impact of e-word-of-mouth on the online popularity of restaurants: Comparison of consumer reviews and editor reviews. *International Journal of Hospitality Management*, 694-700.
28. www.indonesia.go.id