



The Effect of Word of Mouth Influence on Consumer Purchasing Decision

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Abstract. This research aims to recognize the effect on how Word of Mouth by direct communication as a marketing tool related to consumer purchasing decision at NdalemRatu Singosari, one of a historic themed restaurant. The samples of this study were taken from 30 customers at the diner. This research uses validity and reliability tests as the examine methods to a set of questionnaires as research instrument, including hypothesis testing, T-test, and the coefficient of determination. The simple linear regression analysis were tested by SPSS ver. 25. The result of this study show that there is effect of word of mouth on customer's purchasing decision at NdalemRatu Singosari. The word of mouth influencing 43% customer's purchasing decision at NdalemRatu Singosari.

Keywords: Historic Restaurant · Purchasing Decision · Word of Mouth

1 Introduction

The awareness of any product will be effectively increased by the role of word of mouth. This pattern has gained popularity between many producers or marketers because its efficiency and has been proven effective as a tool to spreading detail information about the product. There are various ways to deliver the information, and sometimes it depends on certain conditions or the character of communicator so the message delivered would get a feedback which then followed by customer needs and resulted on customer's purchasing decision.

NdalemRatu Singosari is a historical themed restaurant that indirectly using word of mouth as their marketing tool. They were organically promote their products, selectively using personal approach towards their customer. NdalemRatu Singosari actively promoting and giving any updates to their customers through social media such as Instagram feed. Customers who were coming to the site usually come after being recommended by their peers, or other people who were coming before them. Alternatively, some other customers come to visit after they saw NdalemRatu's digital content on Instagram. NdalemRatu Singosari holds their image and originality by doing sufficiently closed promotion and rather selective to pick the promotion media and method.

The main focus of NdalemRatu is maintaining its quality and service so the communication process within word of mouth could run according to the plan. Experience from the coming customers is crucial because their impression would be the important

recommendation object to suggest other people, shared their quality time, and eventually as an option for customer to tell one another. The positive impression they were shared naturally would increase the next prospective customer's buying interest and purchasing decision. NdalemRatu is a cultural-heritage themed restaurant that aim to remind today's generation about the history of the greatness of the Singhasari, Majapahit, and Kediri Kingdoms.

Impression experienced by the past customers has become the crucial part of word of mouth success story of NdalemRatu Singosari. Word of mouth communication is positive by consumer and ends on the repurchase and the emergence of potential buyers [1]. The customer who has ever come to the restaurant recommended by past customer will be chosen as samples in this research. Such customers has finally come to visit the place after being told about interesting stories and experiences at NdalemRatu, either about the foods, beverages, and mainly history related experience. Word of mouth has many advantages because it is cost-efficient, moreover word of mouth has also been proven effective and has become an ideal organic marketing for NdalemRatu marketing goals. Based on research background, the problem statement of this research is how the influence of word of mouth affects customer's purchasing decision at the historic themed restaurant, NdalemRatu Singosari.

2 Literature Review

2.1 Word of Mouth

Word of mouth or known as mouth-to-mouth direct communication is a marketing effort that is used to causes customer to talk about, to promote, to suggest, and to sell such product to another customer [2]. Word of mouth is one the most frequently used communication channel by business actor. This type of communication is considered effective to expedite the marketing process and also able to provide benefits to each business actor.

Pamungkas and Zuhroh [3] defined word of mouth as the marketing activity that could trigger consumer to talk about, to promote, to suggest, even to sell such products to another prospective consumer. Word of mouth provides huge capability to influence consumers, which at some point will have an impact on consumer buying behavior. The impact of word of mouth will rather be felt by consumers who get recommendations from someone who is closed and trusted such as friends or family, and other consumers who have ever purchased a certain brand. Recommendations that come from the closest circle will be more trusted by customer, rather than commercial sources such as advertisements and sales people. In general, word of mouth often occur naturally. It starts with customer tendency to talk about product they have used to other people.

Word of mouth can be defined as a communication between consumers about a product, service, or company that is independent from the commercial influence of a brand [4]. Commercial influence is also known as personal resource which is seen as more trustworthy. That personal source has a role to influence and to persuade consumer persuasively, causing them to make a buying decision on a product.

The role of word of mouth as communication channels has drawn attention between scholars and practitioner in marketing field, because how important it is to influence the attitude and consumer behavior in the market [5]. Word of mouth is related to personal

and informal information about the brand that is distributed from one to another. The information obtained through word of mouth is generally transmitted verbally, face to face situation, by telephone, and also internet. On the definition written above, word of mouth is considered to be more effective than commercial source marketing and sales people.

2.2 Purchasing Decision

Kotler and Armstrong claimed that consumer purchasing decision is the decision to buy the most preferred brand. In a buying process, there is considering process from consumer. Moreover, they stated that consumer purchasing decision is an action made by consumer to buy a product, and that is also the most decisive step in the decision making process. There are few characteristics that indicates the process of consumer purchasing decision as follows:

1. Need recognition, is where the buying process begin when customer start to identify their problems or needs, they are feeling the difference between their actual condition and their desired condition.
2. Information gathering, individual who were stimulated will try to find more information required to recognize their needs. Information gathering is an activity which is motivated by memory-stored knowledge dan information gathered from their surroundings.
3. Evaluate the alternatives, is a process where one alternative is adjusted and eventually chosen to fulfill the consumer need.
4. Purchasing decision in actual buying. After all those step above is done, consumer has to make the decision whether they will buy or not. Consumer also could have might be mean to buy certain brand but eventually decide to buy another brand.
5. Post purchase behavior in this context is when the purchasing process has been done, which will affects consumer satisfying level. Buyer satisfaction or dissatisfaction about the product will influence their next behavior. Satisfied buyer will be showing higher probability to give the product another chance in the future buying.

3 Methods

The sample used in this research is taken based on non-probability sampling technique, while data information and knowledge from the respondents is gathered using purposive sampling method. Samples in this research is either man or woman above 18 years old, who has experience to visit and has ever made purchase at NdalemRatu restaurant. Total number of the respondents used in this research is 30. This is aligned with the determination of the samples number as Sugiyono (2017) has stated, "the proper size (of samples) in marketing research is between 30 and 500 respondents." The data analysis techniques used in this research is requiring both validity and reliability tests to examine the questionnaire as research instrument, also took on hypothesis testing, T-test, and also the coefficient of determination. The test was undertook using simple linear regression analysis that is provided by statistic program SPSS version 25.0.

4 Results and Discussion

In this research we will explain descriptively that the distribution of respondents consist of man and woman above 18 years old who has experience to visit NdalemRatu restaurant. The characteristic of 31 respondents which was taken by random is consist of 15 man and 16 woman. The range of age of NdalemRatu customers is as many as 23 people aged 26–45 years (74.2%), 5 people aged 45–65 years (16.1%), and the remaining 3 people are less than 25 years (9.7%). Respondents who were chosen as samples in this study records an average visit to NdalemRatu between 1 to 3 occasion a month as much as 64.5%, and the remaining 35.5% visited more than 3 times in a month.

4.1 Validity Test and Reliability Test

The initial stage in this research testing is to examine the research instrument used, that is the questionnaire. The test conducted are validity tests and reliability tests. Validity test aims to determine the precision and accuracy of the research instrument, while the reliability test is used to determine the consistency of the research instrument. In the validity test, an item will be considered valid if the r -count value is entirely greater than the r -table value. In this study, all of the tested items were the variable of word of mouth and variable of purchasing decision had a value greater than 0.3009 (r -table for $df = 29$), so it can be considered that all question items proposed in this research instrument were valid. Furthermore, in the reliability test, the research instrument will be considered reliable if within a period of time repeated measurements of the same group of object obtain the results that tend to be relatively the same. Reliability test is conducted by using the alpha Cronbach's method with a value above 0.60. The result of the reliability test calculations in this study show that the word of mouth variable and the purchasing decision variable each have alpha Cronbach's values of 0.774 and 0.601 respectively. These results can be concluded that the research instrument in this study were declared consistent and reliable to use in repeated measurements.

4.2 Hypothesis Test

The next testing stage in this study is hypothesis test. There are two proposed hypothesis in this research, that is:

H0: There is no effect of word of mouth influence on consumer purchasing decision at NdalemRatu.

H1: There is effect of word of mouth influence on consumer purchasing decision at NdalemRatu.

Hypothesis test in this study aims to determine the feasibility of the regression model, therefore it is required to conduct the linearity test between word of mouth variable and purchasing decision variable. In Table 1 it showed that the significance value is 0.001. These results are smaller (less than) the significance test value of 0.05, therefore it can be stated that H0 is rejected and H1 is accepted, means there is effect of word of mouth influence in consumer purchasing decision at NdalemRatu.

Table 1. Simple Linear Regression Calculation Result

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig
		B	Std. Error	Beta		
1	(Constant)	14.806	2.060		7.189	.000
	WOM_x	.430	.119	.557	3.610	.001

4.3 Linear Regression Analysis

Linear regression is a statistical tool that was widely used to recognize the influence of one variable to one another. Regression testing could determine the level of influence a variable could have had towards another variable [6]. The simple regression equation describes the existence of a relationship model between the independent variables and the dependent variables. As it showed in Table 1 that the constant value (α) is 14.806 and the regression coefficient value (b) is 0.430, therefore the regression equation should be written as follows:

$$Y = 14,806 + 0,430x$$

The equation above shows that the word of mouth variable (x) influences the purchasing decision variable (y) by 43%, and the word of mouth variable (x) has a positive relationship to the purchasing decision variable (y).

4.4 T-test

T-test is a testing method used to determine the level of influence of the word of mouth variable (x) partially towards the purchasing decision variable (y). This test was conducted by comparing the calculation results of t-count and t-table. The formula to take the t-table with a significance value of 5% should be written as follows:

$$\begin{aligned}
 t - \text{table} &= 0.05/2; n - k \\
 &= 0.05/2; 31 - 2 \\
 &= 0.025; 29 \\
 &= 2.045
 \end{aligned}$$

Based on t-count value in the table-x, it shows that the values is 3.610. This t-count value is bigger ($>$) than t-table value, therefore it can concluded that the word of mouth variable (x) has an effect on the purchasing decision variable (y).

Table 2. The Coefficient of Determination Calculation Result

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.557 ^a	.310	.286	2.250

4.5 The Coefficient of Determination

The coefficient of determination aims to indicate the level of contribution value of the word of mouth variable (x) towards the purchasing decision variable (y). The higher the value of the coefficient of determination, the higher the ability of an independent variable (word of mouth) in defining the variations of change on its dependent variable (purchasing decision).

In Table 2 it showed that Rsquare value is 0.310, which means that the purchasing decision variable at NdalemRatu is influenced by the variables within the model as much as 31%, and the remaining 69% were influenced by another variables outside the model in this study.

5 Conclusion

Based on the hypothesis test result, we finally obtained the significance value smaller than 0.05. This result showed that H_0 is rejected and H_1 is accepted, therefore we can consider that there is effect of word of mouth influence on consumer purchasing decision at the historical themed restaurant, NdalemRatu Singosari. The word of mouth variable influences the purchasing decision variable by 43%. Furthermore, the word of mouth variable has a positive relationship to the purchasing decision variable at NdalemRatu Singosari.

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