THE INFLUENCE OF EWOM AND WOM ON PURCHASE INTENTION OF SHOPEE CUSTOMER IN MANADO

PENGARUH EWOM DAN WOM TERHADAP NIAT MEMBELI PELANGGAN SHOPEE DI MANADO

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Abstract: The purpose of this research is to measure the effect of Electronic Word of Mouth (eWOM) and Word of Mouth (WOM) toward Purchase Intention of Shopee products among people that live in Manado, Manado is currently experiencing growth of e-commerce. Consequently, the practice of online shopping in Manado is gaining popularity. Therefore, it will be an interesting finding to see how eWOM and WOM affects Purchase Intention. The data is collected through questionnaire from 100 respondents who are using Shopee and the methodology that is used in this research is quantitative approach. The collected data was processed using SPSS 20. The result shows that Electronic Word of Mouth (eWOM) does not have a significant effect on Purchase Intention, while Word of Mouth (WOM) have a significant effect on Purchase Intention. But if tested simultaneously, Word of Mouth (WOM) and Electronic Word of Mouth (eWOM) has a significant effect on Purchase Intention.

Keywords: EWOM, WOM, purchase intention

INTRODUCTION

Research Background
In the past year, we are facing coronavirus (COVID-19) pandemic. All the global economic has been disrupted because of this virus. From large to small business has been affected, and it is not a surprise if many business did not survive. The COVID-19 pandemic has affected the decreasing of business income, number of transaction, and disrupted the distribution of products during 2020. According to BPS, as many as 96.02 percent of businesses in the transportation and warehousing sector admit their business income has decreased as a result of COVID-19. The higher the business scale (in terms of the number of workers), the greater the impact that will
be felt. From the 25.53 percent of businesses that experienced a decline in income of more than 75 percent, 33.70 percent were businesses with category I (provision of accommodation and provision of food and drink).

In order to restore the economy, all countries have done many effort. For example, in Indonesia and other countries already have the COVID-19 vaccine available for the people. Not only that, the government has provided various subsidies for the citizen to drive the economy. The rapid development of technology can make it easier for Indonesia to recover its economy. The increasing number of people using internet is not only used to search for information or communicate with each other, but also for economic activity. Buying and selling transaction that were usually carried out by meeting directly between the seller and the customer are now starting to change. The process of buying and selling products and services can be done by using an electronic network. This is what is called online marketplace. According to Hagiu and Wright (2014), marketplace is a platform in which suppliers sell their product directly to buyers. Online marketplace has defined as a website, application or platform that connects buyers and sellers or vendors. The emergence of online marketplace in Indonesia makes it a lot easier for the people to make a transaction between one and another. Online marketplace can make sellers expand their market. Dissemination of information can be done quicker, with a wide range. Marketplace competition in Indonesia is tough, many marketplace that compete with each other. One of the marketplace that is currently growing rapidly is Shopee. Shopee was first launched in Singapore in 2015, and since then has expanded to Malaysia, Thailand, Taiwan, Indonesia, Vietnam, and Philippines. Starting in 2019, Shopee has expand to Brazil and it was the first Shopee in South America and outside Asia.

The important figure who was the founder of Shopee is Chris Feng, who is also the CEO of Shopee. Chris Feng is the best graduate from the University of Singapore. Shopee stands under the SEA Group (formerly known as Garena), which was founded in 2009 by Forrest Li. Shopee partners with more than 70 courier service providers across its marketplace to provide logistical support to its users. Shopee collaborates with various local logistics services, as well as online transportation service providers. From the total number of visits in Indonesia alone throughout 2020, Shopee was able to attract numbers above 90 million visits. Shopee has achieved the first place on the App store and Play store, and also has a huge number of followers on social media accounts. Due to the increasing number of sellers in Shopee who sell the same products, the prospective buyers need to find more information about the seller and products quality. For example, seeing or asking reviews or opinions from other people who have bought the goods. This activity is called the Word of Mouth (WOM), and if this activity was done through the internet, then it is called the Electronic Word of Mouth (eWOM). This Word of Mouth is a factor that determined customer purchase intention. WOM and eWOM is important to influence customer to have a positive or negative judgments on a certain product.

**Research Objectives**

The purpose of this study:
1. To examine the influence of eWOM on customer Purchase Intention partially.
2. To examine the influence of WOM on customer Purchase Intention partially.
3. To examine the influence of WOM and eWOM on customer Purchase Intention simultaneously.

**THEORETICAL FRAMEWORK**

**Marketing**

Marketing is a process of delivering value to customer, it is include all the process from creating the product until the product gets in the customer hand. Marketing starts from the product development process, the distribution method to be carried out, the sale of a product or service, advertising, the strategy to maintain the product quality and so forth.

**Purchase Intention**

Purchase intention is a condition where customer have an interest to purchase certain service or product. Purchase intention is kind of process of decision making of a customer to make a purchase activity and a part of consumption behavior, and purchase intention is a step before actually buy the product. The consumer may form a purchase intention based on factors such as expected family income, expected price and expected benefits from the product. When the consumer is about to act, unexpected situational factors may arise to change the purchase intention (Kotler et al., 2005).
WOM

The way of changing idea, experience after using product and service that offer on the market is called Word of Mouth (WOM). The concept of Word of Mouth has been defined by many expert. One of the expert, Westbrook (1987) describes Word of Mouth as the opinion which consumers communicate to others in an unofficial way after they have used a product or taken a service. According to Babin et al. (2005), there are three indicators of Word of Mouth. The first one is talking, which is the ability of the consumer of talking about their experience or opinion about a certain product or service quality to other people. The second one is recommending, which is the ability of recommending certain product or service to other people. And the last one is encouraging, which is the ability of consumer to encourage other people to use or buy a certain product or service.

EWOM

According to Cheung and Thadani (2010), electronic word of mouth (eWOM) is any positive or negative statement made by potential, actual or former customers about a product or company which is made available to multiples of people and/or institutions and is spread over the internet. Electronic word of mouth can be measured through the indicators states by Chu and Kim (2011) namely: Sopinion seeking, opinion giving, and opinion passing. Opinion seeking refers to a behavior that tend to search for information and advice from others when making a purchase decision. Opinion giving is a behavior that also known as opinion leaders, may exert great influence on others’ attitudes and behaviors. On the other hand, opinion passing refers to the unique characteristics of the internet can facilitate multidirectional communication, with a few clicks of the mouse, consumers can ‘spread the word’ on global scale.

Previous Research

Lee, et al. (2014) attempted to explore whether online word-of-mouth and consumer knowledge relating to medical cosmetics would affect consumer purchasing behavior. In addition, this study also incorporates promotional methods for online shopping, hoping to provide businesses with a tool for marketing their products.

Nuseir (2019) contributed to the marketing literature regarding Islamic countries, in particular the United Arab Emirates (UAE), by assessing the impact of electronic word of mouth (e-WOM) on brand image and on the online purchase intentions of consumers. Using a descriptive research approach, this study used quantitative data to assess how the online purchase intentions of consumers in the UAE are influenced by e-WOM and brand image. E-WOM has a significant impact on online purchase intentions and brand image among consumers. Brand image significantly influences the online purchase intentions of consumers.

Rahman, et al. (2018) measured the impact of electronic word of mouth (e-WOM) on brand image and online purchase intention of shopping products among Bangladeshi consumers. Bangladesh is experiencing rapid growth in terms of e-business and e-commerce. Consequently, the practice of online shopping is gaining popularity in Bangladesh; investigation regarding the impact of e-WOM and brand image on online purchase intention has remained mostly unexplored in Bangladeshi context. Therefore, it will be an interesting finding to see how e-WOM affects the brand image and online purchase intention of shopping products in Bangladesh.

RESEARCH METHOD

Research Approach

The method that will be used in this research is the quantitative approach in order to collect the data. Quantitative research is a research that focus on collecting and analyzing numerical data such as statistics, percentages, etc. according to Schiffman and Kanuk (2010). Quantitative research are aimed at describing a target market – its characteristics and possible reactions of various segments to the elements of the marketing mix. Results are used for making strategic marketing decisions.

Population, Sample Size, and Sampling Technique

Population is a group of object or individual that have the same characteristics that are in the same place. The population in this research is Shopee customer in Manado. Sample is a part of population. Sample that will be taken must be representative, it means sample must have the same characteristics with the population. The number of sample in this research are 100 people that have ever purchase product or service from Shopee. Sampling technique are grouped into two, namely non-probability sampling (non-random) and probability sampling. The sampling technique that being used in this research is non-probability sampling.
Data Collection Method
The collection of the primary data obtained through the questionnaire that will be given to respondent that qualified to the criteria of this research. And for the secondary data is obtained through books and journals that provide the information that relevant with this research.

Operational Definition of Research Variables
Table 1. Variable Definition

<table>
<thead>
<tr>
<th>Variables</th>
<th>Operational Definition</th>
<th>Indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. WOM (X1)</td>
<td>An activity of consumer that already purchase a certain product or service and then sharing their experience, advice, or information about that product or service to other people</td>
<td>- Talking - Recommending - Encouraging</td>
</tr>
<tr>
<td>2. EWOM (X2)</td>
<td>An activity that is quite similar with the traditional WOM, but the difference is this EWOM is conducted through the internet.</td>
<td>- Opinion seeking - Opinion giving - Opinion passing</td>
</tr>
<tr>
<td>3. Purchase Intention (Y)</td>
<td>A condition where customer have an interest to purchase certain products or services.</td>
<td>- Income - Expected price - Expected benefit</td>
</tr>
</tbody>
</table>

Validity and Reliability
Validity test is a tool to test the research instrument whether the instrument correctly measure the phenomena of interest. In other words, validity test is useful to know the validation of the research instrument used by the researcher to obtain data from respondents. Reliability test is useful for determining the level of consistency of a questionnaire that used by researcher.

Data Analysis Method
In this research, Multiple Linear Regression (MLR) will be used as the data analysis method. Multiple Linear Regression (MLR) is a method of statistics in regression that used to analyze the relationship between single response variable (dependent variable) with two or more controlled variables (independent variables). The form of Multiple Linear Regression (MLR) equation can be stated as follows:

RESULT AND DISCUSSION

Result
Validity and Reliability
Validity test aims to test whether the instrument is valid or not. The correlation of each item which are X1, X2 and Y, all produce pearson correlation above 0.30 with a significant value less than 0.05. Based on that results, it can be concluded that the entire item statement is valid. While the Reliability test result shows that all of the variable have a Cronbach’s Alpha score are above 0.60 and can be concluded that the data is reliable.

Multiple Linear Regression
Table 2. Multiple Linear Regression

<table>
<thead>
<tr>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Standardized Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>5.061</td>
<td>.753</td>
<td></td>
<td>6.720</td>
</tr>
<tr>
<td>1 WOM (X1)</td>
<td>.318</td>
<td>.112</td>
<td>.408</td>
<td>2.836</td>
</tr>
<tr>
<td>EWOM (X2)</td>
<td>.217</td>
<td>.111</td>
<td>.280</td>
<td>1.945</td>
</tr>
</tbody>
</table>

a. Dependent Variable: PI (Y)
Source: Research data processed using SPSS 20

From the Multiple Linear Regression equation above, it can be interpreted as follows:
1. The constant of the MLR equation from table above is 5.061. based on the constant value, it explains that if WOM and EWOM are 0 (zero), then the value of customer purchase intention is predicted to be 5.061.
2. 0.318 is the regression coefficient for WOM variable. Meaning if WOM is increased by one unit while other
variables are constant then the customer purchase intention is predicted to be increased by 0.318.
3. 0.217 is the regression coefficient for EWOM variable. Meaning, if EWOM is increased by one unit while
other variables are constant, then the customer purchase intention is predicted to decreased by 0.217.

Testing the Goodness of Fit: Coefficient of Determination ($R^2$)

<table>
<thead>
<tr>
<th>Model</th>
<th>$R$</th>
<th>$R$ Square</th>
<th>Adjusted $R$ Square</th>
<th>Std. Error of the Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>.662*</td>
<td>.438</td>
<td>.426</td>
<td>1.316</td>
</tr>
</tbody>
</table>

*a. Predictors: (Constant), EWOM, WOM
b. Dependent Variable: Purchase Intention

Source: Research data processed using SPSS 20

Based on the table above, the percentage variation in Y which explained by all the X variable together is
43.80%. It means that customer purchase Intention on Shopee customer is influenced by WOM and EWOM by
43.80%, while the remaining 56.20% is influenced by other factors or variables that are not examine in this study.

Multicollinearity

Table 4. Multicollinearity Test

<table>
<thead>
<tr>
<th>Model</th>
<th>Collinearity Statistics</th>
<th>Tolerance</th>
<th>VIF</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 (Constant)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>WOM (X1)</td>
<td></td>
<td>.280</td>
<td>3.567</td>
</tr>
<tr>
<td>EWOM (X2)</td>
<td></td>
<td>.280</td>
<td>3.567</td>
</tr>
</tbody>
</table>

Source: Research data processed using SPSS 20

Based on the SPSS output table above, the Tolerance value is 0.634 > 0.10 and the VIF is 1.577 < 10. So,
it can be concluded that the independent variable has no multicollinearity relationship and can be used to predict
WOM and EWOM on Purchase Intention.

Heteroscedascity

Figure 1 shows that the spreads does not form a particular pattern and spreads around 0, not just below
or above 0. So it can be concluded that the parameter coefficient for all of the independent variable that being
used in this study did not occur heteroscedascity.
Normality

Table 5. Normality Test

<table>
<thead>
<tr>
<th>One-Sample Kolmogorov-Smirnov Test</th>
<th>Unstandardized Residual</th>
</tr>
</thead>
<tbody>
<tr>
<td>N</td>
<td>100</td>
</tr>
<tr>
<td>Normal Parameters&lt;sup&gt;a,b&lt;/sup&gt;</td>
<td></td>
</tr>
<tr>
<td>Mean</td>
<td>0E-7</td>
</tr>
<tr>
<td>Std. Deviation</td>
<td>1.30303099</td>
</tr>
<tr>
<td>Absolute</td>
<td>.122</td>
</tr>
<tr>
<td>Most Extreme Differences</td>
<td></td>
</tr>
<tr>
<td>Positive</td>
<td>.122</td>
</tr>
<tr>
<td>Negative</td>
<td>-.072</td>
</tr>
<tr>
<td>Kolmogorov-Smirnov Z</td>
<td>1.215</td>
</tr>
<tr>
<td>Asymp. Sig. (2-tailed)</td>
<td>.104</td>
</tr>
</tbody>
</table>

<sup>a</sup> Test distribution is Normal.
<sup>b</sup> Calculated from data.

Source: Research data processed using SPSS 20

The table above shows that the significance value of Asymp. Sig. (2-tailed) of 0.881 is greater than 0.05. From the Kolmogorov-Smirnov test above, it can be concluded that the data are normally distributed.

Hypothesis Testing

F-Test

Table 6. Simultaneous Test (F-Test Output)

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of Squares</th>
<th>Df</th>
<th>Mean Square</th>
<th>F</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>130.909</td>
<td>2</td>
<td>65.454</td>
<td>37.772</td>
<td>.000</td>
</tr>
<tr>
<td>1</td>
<td>168.091</td>
<td>97</td>
<td>1.733</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Residual</td>
<td>299.000</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>299.000</td>
<td>99</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Source: Research data processed using SPSS 20

From the table above, it can be seen that the F<sub>count</sub> value is 37.772 with significance level of 0.000. As the F<sub>count</sub> value is greater than F<sub>table</sub> which is 3.09, it can be concluded that Word of Mouth and Electronic Word of Mouth simultaneously have a significant influence on Purchase Intention.

T-Test

Table 7. Partial Test (T-Test Output)

<table>
<thead>
<tr>
<th>Model</th>
<th>T</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td>6.720</td>
<td>.000</td>
</tr>
<tr>
<td>Word of Mouth</td>
<td>2.836</td>
<td>.006</td>
</tr>
<tr>
<td>Electronic Word of Mouth</td>
<td>1.945</td>
<td>.055</td>
</tr>
</tbody>
</table>

a. Dependent Variable: Purchase Intention

Source: Research data processed using SPSS 20

Based on the SPSS output table above, it can be seen that the t value for Word of Mouth variable (X1) is 2.836. The t<sub>count</sub> value for variable X1 is 2.836 is greater than t<sub>table</sub> value which is 1.988. While the significance value is 0.006 lower than Alpha (0.05). From this data, it can be concluded that Word of Mouth (X1) has a significant positive effect on Purchase Intention. For the Electronic Word of Mouth (X2), the t<sub>count</sub> value is 1.945 is lower than t<sub>table</sub> value which is 1.988. And for the significance value is 0.055 higher than Alpha (0.05). Thus, it can be concluded that Electronic Word of Mouth (X2) has a positive but not significant effect on Purchase Intention.

Discussion

As previously explained, the purpose of this study is to analyze is there any effect of Word of Mouth (WOM) and Electronic Word of Mouth (eWOM) on Purchase Intention of Shopee customers in Manado. In this study, the data collected through questionnaire from 100 respondents who are using Shopee and the methodology that is used in this research is quantitative approach. The collected data was processed through SPSS 20 and using multiple linear regression to analyze the data. In multiple regression method, there are two types of variable,
independent and dependent. The independent variables are Word of Mouth (WOM) which is X1 and Electronic Word of Mouth (eWOM) which is X2, and the dependent variable is Purchase Intention which is Y. For the value of coefficient determination (R²) is 0.438 or 43.8%, it means that this study explains that customer purchase intention in Shopee that live in Manado is affected by Word of Mouth (WOM) and Electronic Word of Mouth (eWOM) by 43.8%.

The result of this study indicate that Electronic Word of Mouth (eWOM) does not have a significant influence on Purchase Intention, while Word of Mouth (WOM) does have a significant influence on Purchase Intention. But if both eWOM and WOM tested simultaneously, eWOM and WOM does have a significant influence on Purchase Intention. Based on the results of this study, apparently people tend to seek information that is trustworthy through their family, friends or even acquaintance, because they assume that information from advertisement or other media to be biased or deceptive. This also shows that Shopee customer in Manado still really trust in WOM. This finding is similar with the findings of Aries, Sunarti and Mawardi (2018) that that there is a positive and significant effect of WOM towards Purchase Intention. This results is different with previous research that is conducted by Setiawan (2018) that WOM is not have significant effect towards purchase intention.

From the WOM section, it can be seen that the respondent love to talk or sharing things with one another directly. And with this WOM section, it can be seen that the respondent loves to share things directly but when it comes to online, many of the respondent are not really like it. This finding is similar with the findings of Hendro and Keni (2020) that there is positive but not significant effect of eWOM towards Purchase Intention. This research shows a different result from previous research that conducted by Kajtazi and Zeqiri (2020) that e-WOM have a strong positive and significant effect on Purchase Intention.

This research has investigated the relationship between WOM, eWOM and Purchase Intention. The results obtained from this study indicate that even though partially WOM have a positive and significant effect on Purchase Intention and eWOM do not have enough significant effect on Purchase Intention, WOM and eWOM simultaneously are have significant effect on Purchase Intention. WOM and eWOM do have influence towards purchase intention of Shopee customers that live in Manado. The customers are affected either they are have the intention to purchase the product or not anymore. People that live in Manado mostly love to talk about things. They like to share information with one another either it is an important information or just to satisfies their desire to share things. In this case, when they purchased a product or service from Shopee, they tend to share their experience or opinion of the product or service that they bought. If the quality of the product or service is good, they will usually tell their friends or family. Otherwise, when they are the one that want to purchase a product or service, they will seek information from other people or ask the opinions from others so they can consider whether they are going to buy the product or service.

CONCLUSION AND RECOMMENDATION

Conclusion

Based on the findings and the discussion of this research, it can be concluded that:

1. The results shows that Word of Mouth (WOM) has a positive and significant effect on purchase intention. Customers of Shopee in Manado tend to believe Word of Mouth (WOM) when they have an intention to purchase a product. That means H1 is accepted.
2. The results show that Electronic Word of Mouth (eWOM) has a positive but not significant effect on purchase intention. Customers of Shopee in Manado does not really affected by Electronic Word of Mouth (eWOM)
3. According to the results of all data the analysis in this study, than it can be concluded that H0 which is WOM or eWOM has no effect to purchase intention is rejected. H1 which is WOM has significant effect on purchase intention is accepted. H2 which is eWOM has significant effect on purchase intention is rejected and the last one is H3 which is WOM and eWOM have simultaneous effect on purchase intention is accepted.

Recommendation

1. As the technologies keep developing eWOM will be an important thing for a customer to have a purchase intention on a product. Because of this, the seller on Shopee need to pay a lot of attention to customer eWOM.
2. The aim of this research is to examine the relationship of eWOM and WOM to Purchase Intention, the case study is the Shopee customer who live in Manado. In order to gain more various result, the future research needs to consider the limitations of the research that the researcher makes. The point is that because this
REFERENCES


