

The Influence of Electronic Word of Mouth (eWOM) and Product Quality on Buyer Decisions of MSME Angkringan Moderated Trust

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Abstract

This study aims to determine trust as a moderating variable on the influence of Electronic Word of Mouth (eWOM) and Product Quality on Buyer Decisions. This study uses quantitative methods, with data collection techniques by distributing questionnaires through google form. The results of this study indicate that E-WOM, Product Quality, and trust have a positive and significant effect on buyer decisions, moderating trust on the influence of E-WOM has no effect on buyer decisions and moderating trust on the effect of product quality has no effect on buyer decisions.

Keywords

E-WOM; product quality; buyer decision; trust



I. Introduction

The Internet has an important role in the exchange of information transmission. More than fifty percent or about four billion people in the world use the internet (Alrwashdeh et al, 2019). Currently the development of technology is currently fast, including in Indonesia. It can be said that the internet is an alternative that plays an important role for entrepreneurs to innovate and introduce the products they sell to the public. One of the latest technologies and almost all people use is Internet Technology. The internet has a very big influence in all aspects of life today, because the internet makes work easier for humans. The internet makes it easy to share information, find information, or manage information, it is very easy for a worker, for example an entrepreneur. Electronic Word of Mouth (eWOM) is one that can help entrepreneurs to introduce the products they sell in order to convince consumers in purchasing decisions. Communication is the process of delivering messages by someone to other people to tell, change attitudes, opinions or behavior either directly orally or indirectly through the media (Hasbullah, et al: 2018). Electronic Word of Mouth (eWOM) is a communication medium to introduce products to customers that have been consumed between customers through electronic media.

In previous research, one of the factors that influence purchasing decisions is the Electronic Word of Mouth (eWOM). Electronic Word Of Mouth (eWOM) is defined as a dynamic and continuous process of exchanging information between potential, actual, or former consumers regarding products, services, brands or companies that are available to many individuals and institutions via the Internet (Ismagilova et al, 2017). eWOM is considered an important source of information that influences human behavior (Filieri et al. 2018). Belief in online messages can positively influence consumers' intentions to write or share eWOM (Rahman and Abir, 2020). Another factor that influences purchasing decisions is trust, (Armstrong et al., 2018) argues that communicated trust can protect against competition and build a brand's market. A belief cannot be produced overnight; however, the company's words and actions should help in building the existing trust, trust should be a long term goal and an asset to drive the business successfully (Strauss and

Frost, 2016). The quality of goods is also one of the factors that influence consumer purchases. The perceived quality as a consumer assessor of the overall superiority or superiority of the product (Alhuwasihel et al, 2018). Perceived quality has an influence on decisions regarding (alhuwasihel et al, 2018).

This research is focused on Angkringan SMEs so that their business runs well, and can be better known to consumers in the midst of the progress of today's modern era.

Based on this explanation, the researchers carried out a study entitled "The Effect of Electronic Word of Mouth (eWOM) and Product Quality on Trust Moderated Angkringan Purchase Decisions."

II. Review of Literature

2.1 Grand Theory

The topic of this research is consumer behavior in the purchasing decision-making process. Purchasing begins with need recognition, then followed by information search, evaluation, purchase, then post-purchase evaluation. Based on this scope, the theory that forms the basis of this study is the theory of consumer purchasing decisions. The consumer decision model is also known as the Engel-Blackwell-Miniard. The model was first developed in 1968 by Engel, Kollat, and Blackwell. The model is formed from a six-point decision-making process: the emergence of a need, followed by information seeking, both internally and externally, evaluation of alternatives, purchase, consumption, and post-purchase evaluation. This purchase decision is influenced by three main factors, first the stimuli obtained from marketing efforts. Second, the external environment variable which consists of culture, social class, influence of other people, family, and situation. Third, individual variables consisting of consumer resources, motivation, knowledge, attitudes, personality, values, and lifestyle (Hidayat, 2017).

2.2 Electronic Word Of Mouth (eWOM)

Prahalad and Ramaswamy (Rao, 2021) define E-WOM as "consumers and companies are closely involved in jointly creating unique value products that can have a positive impact on sustainable value for the company". Because consumers engage in positive eWOM related to product brands, they significantly improve brand image and also provide important input or recommendations for the advancement of products or services, thereby participating in the process of co-creating product value which will indirectly affect sales value (Mikalef & Giannakos, 2017).

2.3 Product Quality

Zeithaml (in Huwaisihel, 2018) defines product quality as "consumers' judgments about the superiority or overall superiority of the product". Perceived quality has an influence on consumer purchasing decisions. This condition is considered as one of the most relevant factors in explaining the volatility of product quality on product purchasing decisions.

2.4 Buyer's Decision

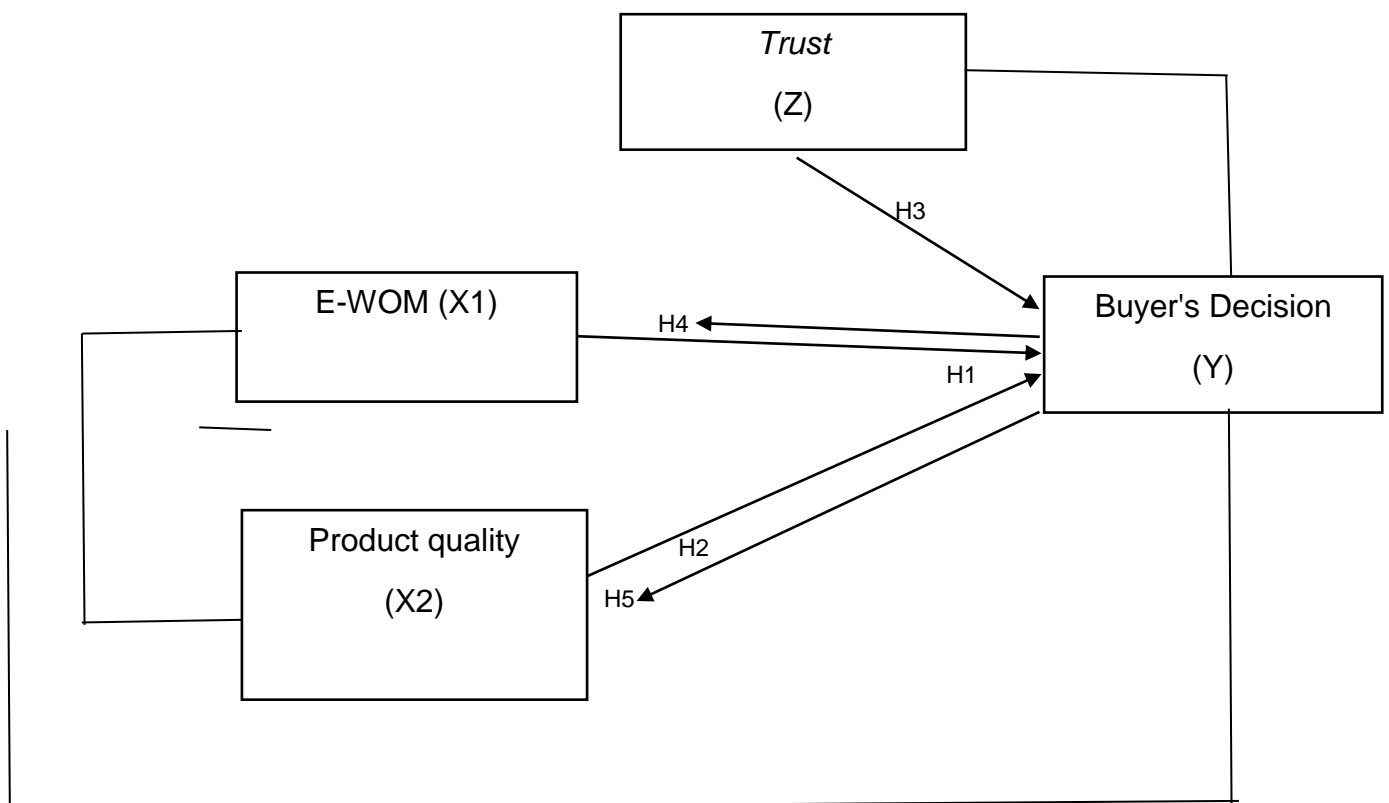
According to (Kotler, P., 2016) usually consumers go through several stages first, namely the introduction of the problem, the search for alternative evaluation information, the decision to buy or not, and post-purchase behavior. So the purchase decision is an action taken by consumers to make a purchase of a product. Therefore, consumer

purchasing decision making is a process of selecting one of several alternative problem solving with real follow-up.

2.5 Trust

Kotler & Keller (in Huwaishel, 2018) defines trust as the company's willingness to rely on business partners. Trust depends on a number of interpersonal and inter-organizational factors such as corporate competence, integrity, honesty and kindness. Product trust is defined as the trust that consumers have in a brand that is built on the perception that the brand is reliable and responsible for the consumer's well-being (Huang, 2017).

2.6 Conceptual framework



2.7 Hypothesis Development

In research (Putri et al., 2021) Hypothesis is a temporary answer to the formulation of research problems, therefore research formulations are usually arranged in the form of question sentences (Imam Gozali, 2010). Based on the understanding of the above hypothesis, a temporary hypothesis can be formulated as follows:

Ha1: E-WOM has a positive effect on buyer decisions

H01: E-WOM has a negative effect on buyer decisions

Ha2: Product quality has a positive effect on buyer decisions

H01: Product quality has a negative effect on buyer decisions

Ha3: Trust has a positive effect on buyer decisions

H03: Trust has a negative effect on buyer decisions

Ha4: E-WOM has a positive effect on buyer decisions by being moderated by trust

H04: E-WOM has a negative effect on buyer decisions by moderated trust
Ha5: Product quality has a positive effect on decisions buyers with moderated trust
H05: Product quality has a negative effect on buyer decisions with moderated trust

III. Research Method

3.1 Population and Research Sample

This type of research uses quantitative methods. Quantitative research method is one type of research whose specifications are systematic, planned and structured from the beginning to the manufacture of research designs. With quantitative methods, researchers collect population and sample data. The population of this research is consumers and potential consumers of Angkringan in Jakarta. After getting the population, the researchers then collect samples. The sample in this study is the consumers and prospective consumers of Angkringan as many as 200 respondents. The way the researcher collects respondents, the researcher uses a google form questionnaire that is shared by social media or directly.

3.2 Variables and measurements

a. Electronic word of mouth (eWOM) (X1)

According to (Gruen, 2006) *Electronic word o* is a means of communication to exchange information about a product that has been consumed between consumers who do not know each other and have met before. Variable eWOM is measured by 5 indicators, namely: Product (P1), Purchase Interest (P2), Communication (P3), Discussion (P4), Consumer Opinion (P5).

b. Product Quality (X2)

Product quality is the ability of a product to perform its function, it includes the overall durability, reliability, accuracy, ease of operation and repair of the product as well as other product attributes. (Kotler & Armstrong, 2012). This study uses product quality indicators that refer to the theory of Margaretha Fiani and Edwin Japariato (2012: 1) consisting of: Taste (P1), Texture (P2), Color (P3), Appearance (P4), Aroma(P5).

c. Buyer Decision (Y)

The purchase decision is " *the selection of an option from two or alternative choices*" (Schiffman and Kanuk, 2007). Purchase decisions are measured by 4 indicators, namely: menu choice (P1), Purchase frequency (P2), Pattern purchase amount (P3), Payment Method (P4).

d. Trust (Z)

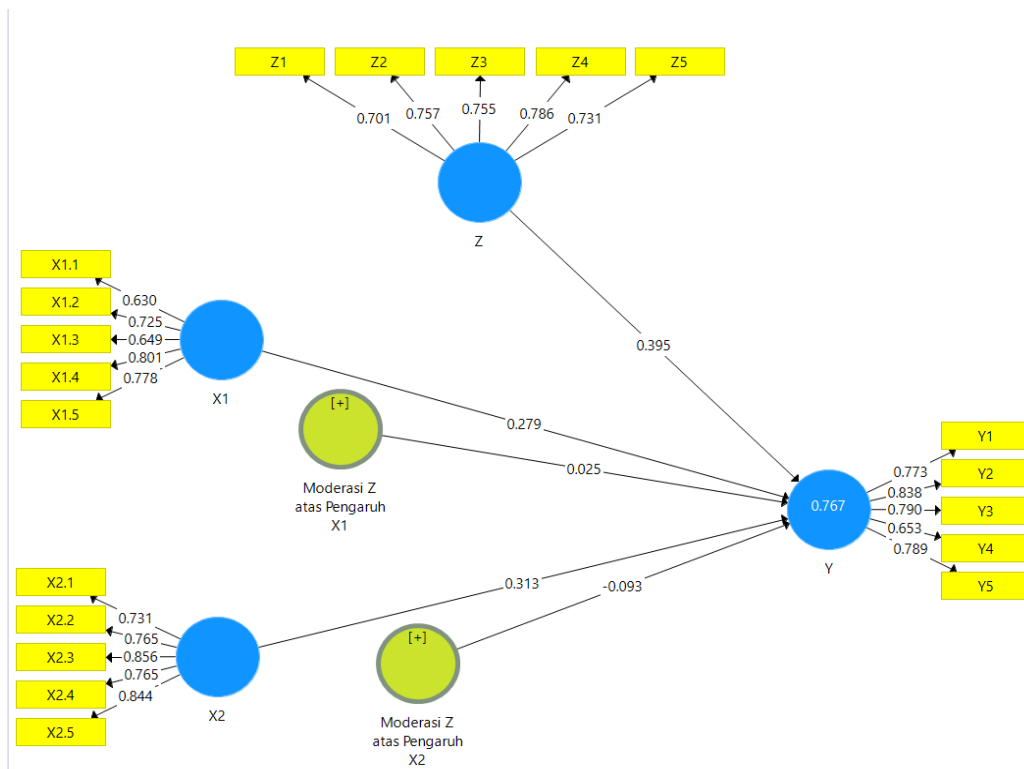
Hong Youl Ha and Helen Perks (2015) stated that, "trust is a benchmark for customers to rely on the brand's ability to perform the functions it plays." which means that trust is a benchmark for customers to rely on the brand's ability to carry out the functions it plays. Trust has 5 indicators, namely: Maintaining Consumer Relations (P1), Consumer Influence (P2), Openness in Consumer Communication (P3), Reducing Consumer Supervision (P4), Consumer Patience (P5)

IV. Results and Discussion

Based on the results of filling out the questionnaire, there are 200 respondents who fill out the questionnaire. After doing the analysis there are two hypotheses which were rejected.

Table 1. Descriptive Statistics Characteristics of Respondents

NO.	Characteristics	Item	Total	Percentage (%)
1.	Gender	a.Male	91	45%
		b.Female	109	55%
		Total	200	100%
2.	Age	<15 Years	1	0.5%
		16-25 Years	157	78.5%
		26 -35 Years	14	7%
		>40 Years	28	14%
		Total	200	100%
3.	Education	SMP	2	1%
		SMA	130	65%
		D3	14	7%
		S1	55	27%
		Total	200	100%
4.	Work	Student	10	5%
		Student	67	33.5%
		Private Employees	74	37%
		Self Employed	22	11%
		etc.	27	13.5%
		Total	200	100%



4.1 Validation Test

The results of the validity test analysis with 200 respondents are as follows: 1) the results of the validity test on the Buyer Decision variable with four indicators declared valid. The results of the overall indicators >0.5 , 2) the results of the validity test on the *Electronic Word of Mouth (E-WOM)* with five indicators declared valid. The results of the overall indicators > 0.5 , 3) the results of the validity test on Product Quality with five indicators declared valid. The results of the overall indicators > 0.5 , and 4) the results of the validity test on the Trust variable (Trust) with five indicators declared valid. Overall indicator result >0.5 .

4.2 Reliability Test

Table 2. Cronbach's Alpha

Variable	<i>Cronbach's Alpha</i>	Information
E-WOM	0.765	Valid
Product Quality	0.852	Valid
Buyer Decision	0.828	Valid
<i>Trust Reliability</i>	0.802	Valid

Tests were carried out to determine the reliability of the research instrument. The research instrument was considered valid when the Cronbach Alpha score <0.7 . Thus, the overall research instrument is reliable.

4.3 Hypothesis

This test includes the significant value of each path coefficient which states that there is a (significant) or no (non-significant) effect between constructs. Structural model testers are used to test the hypothesis between research variables that can be seen from the *P-value* and *T-statistics*, if the *T-statistic* > 1.96 then the effect is based on the values in the *path coefficients* table as shown in the table below:

Table 3. Path Coefficients

	Original Sample	Average Sample	Standard Deviation	T Statistics	P Values
Moderation Trust on the Effect of Electronic Word of Mouth (eWOM) -> Decision Buyer	0.025	0.021	0.063	-0.093	0.399 0.690
Moderation of Trust on the Effect of Product Quality -> Buyer Decision	-0.089	1.513	0.062	0.131	Electronic
Word of Mouth -> Buyer Decision	0.279	0.283	0.064	4,352	0.000
Product Quality -> Buyer Decision	0.313	0.311	0.065	4,842	0.000
Trust -> Buyer's Decision	0.395	0.395	0.070	5,624	0.000

a. Proof of Hypothesis (H1): E-WOM has a Significant Effect on Product Purchasing Decisions

The first hypothesis in this study is H1: There is an Influence *Electronic Word of Mouth (E-WOM)* against Buyer's Decision. The *path coefficient* shows the value of the Original Sample (*Original Sample*) = 0.279, *T Statistics* = 4.352 > 1.96 , *P Value* = 0.000.

This shows that *Electronic Word of Mouth (E-WOM)* is positive and significant on Buyer Decisions.

b. Hypothesis Proofing (H2): Product Quality has a Significant Effect on Product Purchasing Decisions

The second hypothesis in this study is H2: Product Quality on Buyer Decisions. The *path coefficient* shows the *Original Sample* = 0.313, *T Statistics* = 4.842 > 1.96, *P Value* = 0.000. This shows that Product Quality has a positive and significant effect on Buyer Decisions.

c. Hypothesis Proving (H3): There is an Effect of Trust (Trust) on Buyer Decisions

The third hypothesis in this study is H3: There is an Influence Trust in Buyer's Decision. The *path coefficient* shows the *Original Sample* value of 0.395, *T Statistics* = 5.624 > 1.96, *P Value* = 0.000. This shows that the relationship between Trust by Buyer's Decision is influential. Thus that the Trust Positive and significant effect on Buyer Decisions

d. Proof of Hypothesis (H4): There is E-WOM on Buyer Decisions Moderated by Trust)

The fourth hypothesis in this study is H4: There is *E-WOM (Trust)* the *path coefficient* shows the *Original Sample* value = 0.025, *T Statistics* = 0.399 > 1.96, *P Value* = 0.690. This means that *E-WOM* with Buyer Decisions moderated by *Trust* has no effect and is not significant. H4 is declared rejected.

e. Proof of Hypothesis (H5): There is Product Quality against Buyer Decisions Moderated by Trust

The fifth hypothesis in this study is H5: There is Product Quality on Buyer Decisions moderated by Trust (*Trust*). The *path coefficient* shows the *Original Sample* value = -0.093, *T Statistic* = 1.513 > 1.96, *P Value* = 0.131. This means that Product Quality with Buyer Decisions moderated by *Trust* has no effect and is not significant. H5 is declared rejected.

V. Conclusion

The conclusion of this study is that E-WOM and Product Quality are able to influence Buyer Decisions in Angkringan MSMEs and a description of the data analysis that has been carried out, it can be concluded as follows:

1. *E-WOM* has a positive and significant effect on Buyer Decisions on Angkringan MSMEs.
2. Product quality has a positive and significant effect on Buyer Decisions on Angkringan SMEs.
3. *Trust* has a positive and significant effect on Buyer Decisions on Angkringan SMEs.

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